

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 18 January 1984****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE ACTING GOVERNOR (*PRESIDENT*)
THE HONOURABLE THE CHIEF SECRETARY
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
SIR JOHN HENRY BREMRIDGE, K.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. MICHAEL DAVID THOMAS, Q.C.

THE HONOURABLE DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.
SECRETARY FOR DISTRICT ADMINISTRATION

DR. THE HONOURABLE HARRY FANG SIN-YANG, C.B.E., J.P.

THE HONOURABLE FRANCIS YUAN-HAO TIEN, O.B.E., J.P.

THE HONOURABLE ALEX WU SHU-CHIH, C.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE MCGOVERN, O.B.E., S.J., J.P.

THE HONOURABLE ALAN JAMES SCOTT, C.B.E., J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE WONG LAM, O.B.E., J.P.

DR. THE HONOURABLE THONG KAH-LEONG, C.B.E., J.P.
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.
SECRETARY FOR TRADE AND INDUSTRY

THE HONOURABLE CHARLES YEUNG SIU-CHO, O.B.E., J.P.

THE HONOURABLE JOHN MARTIN ROWLANDS, C.B.E., J.P.
SECRETARY FOR THE CIVIL SERVICE

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.

THE HONOURABLE ANDREW SO KWOK-WING, O.B.E., J.P.

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E., Q.C., J.P.

LAW DRAFTSMAN

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WONG PO-YAN, O.B.E., J.P.

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR HOUSING

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, O.B.E., J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE COLVYN HUGH HAYE, C.B.E., J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, J.P.

THE HONOURABLE CHEUNG YAN-LUNG, M.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING

THE HONOURABLE PIERS JACOBS, O.B.E., J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE CHAN NAI-KEONG, J.P.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, J.P.

COMMISSIONER FOR LABOUR

THE HONOURABLE CHAN YING-LUN

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M.

THE HONOURABLE JAMES NEIL HENDERSON, O.B.E., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE GEOFFREY THOMAS BARNES, J.P.

SECRETARY FOR HEALTH AND WELFARE (*Acting*)

ABSENT

THE HONOURABLE ROGERIO HYNDMAN LOBO, C.B.E., J.P.

THE HONOURABLE LO TAK-SHING, C.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, C.B.E., J.P.

THE HONOURABLE LYDIA DUNN, C.B.E., J.P.

THE HONOURABLE MARIA TAM WAI-CHU, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. JENNIE CHOK PANG YUEN-YEE

Papers

The following papers were laid pursuant to Standing Order 14(2):—

Subject *L.N. No.*

Subsidiary Legislation:—

Census and Statistics Ordinance Census and Statistics (Annual Survey of Transport and Related Services) Order 1984	11
Census and Statistics Ordinance Census and Statistics (Annual Survey of Storage, Communication, Financing, Insurance and Business Services) Order 1984	12
Census and Statistics Ordinance Census and Statistics (Annual Survey of Imports and Exports of Services) Order 1984	13
Census and Statistics Ordinance Census and Statistics (Annual Survey of Building, Construction and Real Estate Sectors) Order 1984	14
Census and Statistics Ordinance Census and Statistics (Annual Survey of Industrial Production) Order 1984	15
Census and Statistics Ordinance Census and Statistics (Annual Survey of Wholesale and Retail Trades, Restaurants and Hotels) Order 1984	16
Trade Descriptions Ordinance Trade Descriptions (Marking) (Gold and Gold Alloy) Order 1984	17
Legal Notices Nos. 1 to 5 of 1984 Corrigendum	19

**MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT)
BILL 1984**

Resumption of debate on second reading (11 January 1984)

Question proposed.

DR. FANG:— Sir, I would first wish to express my sincere appreciation of Your Excellency's prompt decision, in response to the request of the Unofficials, to convene a special sitting this afternoon to resume the debate on the Motor Vehicles (First Registration Tax) (Amendment) Bill 1984 and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Amendment) Bill 1984.

Notwithstanding the Secretary for Transport's explanation that the proposals embodied in these two Bills still had to go through the legislative process, and therefore did not represent a final decision, the taxi trade reacted with unaccustomed swiftness and determination to these proposals. The action they chose to take and the events following are now a matter of record. This is not the time to discuss the civil disorder which followed in the wake of the taxi-operators' agitation. I expect that there will be an enquiry and I hope, in due course, a report will be made to this Council. All right-minded persons must join Your Excellency in deploring the hooliganism and violence which took place on black Friday, the 13th but they are a sobering reminder of the fragility of our society. The restraint and good sense exercised by the Royal Hong Kong Police Force carried the day and I believe I speak for the whole community, as well as for the Unofficial Members of this Council, when I express our admiration and appreciation of their discipline and performance in a very trying situation.

Let us look now, Sir, at the package of proposals presented to the taxi-operators. These aligned taxis with private cars for first registration tax purposes—increasing six-fold the tax payable on new vehicles and replacement vehicles; the flat annual licence fee for taxis was abandoned and, instead, fees double those of private cars were prescribed representing for most a four-fold increase in licence fees. We are told these measures would increase the cost of operating a taxi by about 7½%; and that they reflect the role of taxis as a form of personalized transport. Taxi-operators are expected to meet these sharply increased overheads plus inflation and are told they may increase their fares by 17% from 1 February—this against their long outstanding request for a 33% increase in fares *without* the unwelcome surprises of increased first registration tax and annual licence fees.

Whilst I appreciate the need for the Revenue Protection Orders, I am bound to observe that no allowance was made for a number of hardship situations one of which being taxi-operators who had recently tendered successfully for licences on the basis of the previous fee levels but who had not yet registered their vehicles—we are told that there are some 873 vehicles in this situation—and the increases also struck particularly hard at owner-operators due to replace their taxis. Moreover, the Administration's declaration that taxis are to be regarded as a form of personalized transport does not appear to be applied consistently since taxis are regarded as public vehicles for fare control purposes and as private vehicles for tax purposes. Finally, the 7½% assessment of the increased cost to the trade seems highly questionable.

The reactions of the trade were decisive and disruptive. Whilst the manner in which they chose to demonstrate their dissatisfaction is to be regretted, there can be no doubt of the sincerity and depth of feeling of individual taxi-operators at what they believe to be threatening forces to their very livelihood. Their predicament appears to have attracted general public sympathy. My Unofficial Colleagues and I could not fail but react to this groundswell of public opinion.

At long meetings with the taxi trade representatives we touched on all aspects of the package. I must also acknowledge with appreciation the readiness with which the Secretary for Transport made himself available to assist us. Our deliberations were not helped by the highly charged atmosphere in which they were conducted nor by the concurrent civil disturbances. Nevertheless, it was the unanimous view of us all that the package as a whole represented an unreasonable burden to many taxi-operators and that it does not take adequate account of the complex position and problems of the taxi trade. I will leave to my colleagues to elaborate on our reservations. In the heat of the situation it is very possible that some of the Administration's findings and intentions have been misunderstood. But there is misunderstanding too on the Administration's side and I believe that it is for the Administration to show that the proposed measures are fair and reasonable. It is our view that they failed to do so and for this reason the Unofficial Members this afternoon propose to oppose these Bills.

This past week has been a trying period for us all but there are valuable lessons to be learned. There is no doubt that the Administration misjudged the impact of the packages of proposals and their reception by the trade. Consensus support is continually stressed, and rightly so, as the strength of our Government. This has never proved more important than now, given our present delicate position. I urge a serious re-think of the entire package, not as a sign of weakness and capitulation but as an earnest indication of an open Government sensitive to public reaction and willing to reach just and fair solutions to whatever problems may confront our community. It says much for our style of Government that the officials of the Council can, this afternoon, have a material say in the future of the two Bills now before Council and I hope the validity of our reservations will be clear to all.

Sir, for the reasons I have just given, it is my intention to oppose the second reading of these Bills.

MR. TIEN:—Sir, let me say at outset that I deplore the inconvenience which the public has suffered in the past week and above all, I deplore the scenes of violence which we witnessed last Friday, January 13. The joint efforts and swift action taken to defuse a potentially explosive situation must be commended. I would also like to pay tribute to the Police Force in handling the unruly elements on the streets of Kowloon so efficiently.

On balance, however, I support my Unofficial Colleagues in opposing the measures introduced by the Secretary for Transport on tax increases for taxis. As I see it, they seek to regulate and reform the taxi trade by fiscal means and run counter to a basic principle on which our free enterprise system depends. They dramatically change the circumstances in which the taxi trade must operate and they are out of step with an idea which we cherish in Hong Kong, namely the right to conduct business in a stable environment with a minimum of state intervention.

The best government is the least government and the proposals by the Secretary for Transport are a departure from our well-trying free market system because of the disturbance to the normal order of everyday life caused by their suddenness and severity. They offer a broad-brush solution to a problem of great complexity. I am not surprised that public sympathy is on the side of the taxi trade in this case.

For these basic reasons, Sir, I shall vote to reject these Bills.

MR. ALEX WU:—Sir, I oppose the passage of the two amendment Bills despite the statistical arguments with which they were advanced.

Indeed I think that their weakness lies in the very fact that the measures proposed are defensible only in statistical terms.

It is one thing to gather information by statistical means. But it is quite another to base public policy on it to the extent of dismissing as irrational, and therefore unacceptable, any opposition which claims no better credentials than common sense and experience.

We are in some danger of falling under government by experts which is as bad in its way as government by demagogues.

I cannot go along with an argument which says that because only 7 per cent of people surveyed said they used taxis for urgent purposes, taxis are no longer essential. Do they not continue to be essential to those 7 per cent? Do they not provide a service while other public transport services fall into slumber?

Playing about with names does not seem to me to be any more convincing. Whether we call it public transport or personalized public transport we cannot get away from the fact that it is essential for a significant number of people and desirable for a great many more.

I believe that the reliance on such mode of public transport has increased and will be increasing as more and more private cars are being taxed off the roads. While I have no doubt that there is scope for better management of the public transport mixture, I do not think we would get it right if we approached it from this 'We know what's best for you even if you don't' point of view.

One of our newspapers performed a valuable public service by printing in full on the 16 January the text of the speech with which the Secretary for Transport introduced these measures last week. The editor explained that the measures had been prepared in good faith as would be seen when the speech was printed in full.

'Regrettably' wrote the editor, 'in these times, when the chips are down, the small print tends to be ignored and gut reactions win the day'.

That raises one obvious question: if the whole speech was so important to an understanding of the situation why wasn't it printed in the first place?

It also raises a much more important question of practical government. Is it seriously suggested that in order to understand and accept a piece of Government policy the man in the street has got to read a 4 000 word speech complete with statistical tables and footnotes.

The Hong Kong man in the street is not the first and will not be the last to ignore the small print and to react from the gut, especially when his livelihood is involved.

It is the duty of administrators to take that into account when they introduce new policies and I do not believe they did so sufficiently on this occasion.

I urge that the viability of the taxi industry be given a fuller study and the same attention as that to other public utilities so that taxis may continue to serve members of the public whenever they are needed. We must not be out of touch with the world as it exists rather than as experts would have it.

Sir, I support my Unofficial Colleagues in opposing the motion.

REVD. P.T. MCGOVERN:—Sir, my opposition to the two Bills before us is not on account of the pressure of the peaceful though illegal industrial action of the taxi drivers last week, nor on account of the danger to public order on Friday evening. The timing of reaching the decision was. The decision itself is on account of the contents of the package with which we were presented. It is also on account of the fact that the contents were presented in package form. The contents of the package are not necessarily related issues other than that they are concerned with taxis. The fact that they were tied into a package, if I may mix my metaphors, turned them into a can of worms. Let's open the package and look at some of the issues involved.

There was a traffic problem of too many taxis on overcrowded roads. As far as taxis are concerned that problem has been solved by the gazetted resolution temporarily limiting the number of urban licences.

Another problem. From the operators premium point of view it appears that the supply of taxis is now enough to meet demand. That too has been solved by the limitation of numbers.

Another problem. There is a financial problem in that the taxi trade has become or is becoming unprofitable for both owners and drivers, and I would add, particularly for owner drivers. That problem has been solved, or partly solved, by the other gazetted resolution tabled last Wednesday by which taxi fares would be increased.

As the problems of numbers have been solved by resolution, there is obviously no need to introduce fiscal measures to restrict numbers. Also it was implied by the Secretary for Transport in his speech on the eleventh (Para. 36) that raising revenue was not the main purpose of these Bills.

And that, if I may mix my metaphors again, brings us to the real snake in the grass in our can of worms. It is the gradual growth of what started as warped thinking around 1976 to what has now turned into plain wrong thinking. Just as a spade is a spade, so a Taxi is a Taxi—and no amount of personalized jargon can turn it into the equivalent of a private car. A Taxi is a Public Vehicle. If it is treated as such, when taxi problems are re-examined it will avoid a lot of confusion and disagreement. If the idea that a taxi is a private car rears its head again, that idea should be firmly scotched. By the way, I point out that the amendments which were gazetted last week concerning taxi fares come under the legal heading of Road Traffic (*Public Service Vehicles*) (Amendment) Regulations. (*laughter*) Public Service Vehicles. They are a public service by law and therefore we are here to legislate according to the law, and any other jargon is illegal.

A last point. The reporting in the media of the progress of this Bill has been somewhat distorted. Apart from the timing, all that is happening today is the ordinary constitutional process. It is also, I hope, a demonstration that the limited democracy of an appointed unofficial membership of Legislative Council can work. The role of Legislative Council is to debate Bills sent to us by Executive Council. If we think Executive Council has been badly informed or is making an error of judgement, it is our duty to put a different point of view in the hope that it will convince the Administration that there is a better course of action to be pursued. In that spirit of debate, I oppose both motions.

MR. PETER C. WONG:—Sir, by about 8.30 p.m. on Friday last week, after extended discussions with the taxi trade, it became apparent to the 12-member team of Unofficial Members handling the dispute, that time was not on our side. A round of telephone calls and consultations followed and by about 11.30 p.m., the team was ready to resume its talks with the taxi representatives. As everyone knows, with positive assurances from Unofficial Members, the taxi strike was called off within a matter of hours. The police were then able to concentrate their efforts on unruly elements and the situation was contained by about 2 a.m. Hong Kong woke up the next morning with a sigh of relief—everything had returned to normal.

Over the past few days, Unofficial Members have reviewed carefully the rapid events that had occurred—a post-mortem of an unprecedented episode. I remain convinced that the team had made the correct decision. It was not a hasty or emotional decision, but one that was taken after careful debate, recognizing that the overall interest of the community should be our foremost consideration. It was an independent decision taken without any intervention by the Administration.

The whole incident was certainly regrettable. But it would not be right to blame it on one person. It was a Government decision and Government should be responsible for its action.

In concert with my fellow Unofficial Members I will not support this Bill nor will I support the Road Traffic (Registration and Licensing of Vehicles) Regulations (Amendment) Bill 1984. My reasons are simple and obvious—

1. The whole community, in particular the taxi industry, was taken by surprise by the sudden hefty increases in fees and charges.
2. The arguments put forth for such drastic increases were far from convincing.
3. It appears that consultation had not gone far enough. Apparently, the 1983 review had not taken fully into account the human factor—the impact of the increases on the livelihood of the drivers, owners and operators in the taxi industry.
4. It is worth noting that according to the 1983 review, the number of passengers carried in taxis in September 1983 was 1 030 000. This is a respectable figure as the M.T.R. over the same period carried only 1 175 000 passengers daily. The 2 bus companies combined carried 3 537 000 passengers or roughly 3½ times the number carried by taxis. Judging from these figures, it is difficult to refute that taxis are not providing a useful public transport service.
5. The point that taxis are not economic road users is well taken. But that does not follow that swift and drastic increases without warning have to be effected at a stroke of the pen. This is as unwise as it is unpopular. Events of last week speak for themselves.
6. Taxis are described as a form of ‘personalized’ public transport. But the fact remains that they are a form of public transport. I am not entirely convinced that because they are not economic road users, taxis should be denied in total any preferential treatment that is accorded to public transport. A further re-think on this vital issue is essential.
7. I cannot accept the argument that taxis are not essential carriers merely because the General Household Survey showed that almost 60% of taxi trips are for social and recreational purposes, that 22% are made to and from work or on business journeys, and only 7% for urgent trips. As no figures are given regarding other forms of public transport, it is difficult to make any intelligent comparison or assessment. Nevertheless, it appears to me that although a substantial percentage of taxi trips are for social and recreational purposes, it does not in any way alter the public transport nature of taxis. To use this argument for the increases is in my view treading on tenuous ground.
8. The proposed increases in their present form are excessive and inequitable and therefore highly unacceptable.

Judging from what is reported in the media, public opinion is against the new measures. My advice to the Administration is to heed public opinion, re-assess the whole situation in the light of what has transpired, and then come back to this Council with a more balanced and equitable proposal at an appropriate time. I will be happy to support any revised measures provided they are fair and reasonable.

The disturbances that erupted on Friday evening must be strongly condemned. The culprits should be severely dealt with according to law. The handling by the police of a very explosive and serious situation deserves our praise and appreciation.

The taxi dispute serves as a timely reminder that Hong Kong is as susceptible as ever to civil disturbances. It behoves the Government to improve its machinery to gauge public sentiment and reaction. It is true that industrial action within the law is a constitutional right in any free society. But if Hong Kong is to maintain its stability and prosperity, caution and restraint must be exercised when any action taken is likely to affect the community and may lead to disastrous and unforeseen consequences.

Sir, for the reasons stated above, I regret that I will not be able to support the motion.

MR. WONG LAM delivered his speech in Cantonese:—

督憲閣下：在未討論此兩項法案內容之前，本人就想最近報章所提的兩項論點表示個人意見，其一是增加稅收問題，其二是諮詢問題。

有關這兩項法案，本人相信其出發點是為解決交通問題而非為增加稅收，因為較早時政府經已通過凍結增發的士牌，這方面的稅收損失頗大，而新增的兩項稅收即使獲得通過，相信也未必能為庫房帶來額外的收入。

另外是諮詢方面（A 本人也瞭解到雖然原則性問題可以事先廣泛諮詢，但在提及實際稅收增幅方面，要政府在未將提議呈交立法局前即作公開諮詢，也有一定程度的困難。

瞭解上述兩點，相信有助於此兩法案的討論。

談到法案本身，本人認為難以支持。首先是政府認為的士並非公共交通工具的看法，實在沒有說服力，政府發的士牌，每個收費以數萬或十多萬計，明顯地已將的士與私家車有所區別，承認兩者確有不同，否則政府便不應發的士牌，而容許所有私家車皆可作營業用途。

事實上，的士在多方面仍有其為公眾服務的價值，非其他公共交通工具目前所能完全替代，這點即使運輸司在其演辭中亦有提及（當然實際例子比他所舉的更多）。雖然目前大型交通工具服務大有改善，但不能因此而認為祇有乘載多人者方是公共交通工具。如果政府認為的士每次載客量少，並非最有效利用路面的交通工具，則不妨准許的士同時乘載互不相識的乘客，以目前的士每天載客過百萬人次，高達全港乘客人次五分之一而言，強說的士沒有公共交通作用是令人難以接受的。至於乘客乘搭的士的用途根本不是問題重心所在。相信其他大型交通工具乘客的用途，根本也是大同小異。政府雖可鼓勵市民乘搭大型交通工具，但容許市民作一選擇也是必要的。如果政府認為的士數目太多，引致交通擠塞，最直接的處理方法是不再增發的士牌照。大幅增加各項與的士有關的稅收雖然可以打擊部份的士從業員繼續經營下去，但其效果並不直接。明顯地，這種做法並非適當的措施。

另一方面，此次加稅幅度實在太大。雖然政府認為祇會增加的士經營成本百分之七點五左右，但政府並無同時講出令人信服的計算數字來支持其說法。本人認為必須注意的是不少的士從業員都是向財務機構借錢買車經營的事實，所以任何計算都不應忽略利息對他們的打擊。新的法例使的士從業員於買車時需向財務公司多借約四萬元，以目前利息約兩分計算，其每月還款相信較以前多出近千元；加上新的牌費平均每月要多付四百多元，換言之，每部車每月支出較以前多出一千五百元左右，這數字當然未必極為準確，而且多少會

因人而異，但相信不會大錯，對的士經營成本而言，增幅恐怕不祇百分之七點五，而對的士從業員而言，打擊相信會比政府估計為大。

督憲閣下，本人雖然非常同意政府應該有效地處理本港的交通擠塞問題，但認為在目前港人受到政治前景不明朗，經濟仍未完全復甦的情況下，任何政府措施都應極度謹慎，對每一行業，每一階層的市民（無論有能力或無能力表示抗議者），都應盡量減少過分的衝擊，這次有關的士的加稅，時間上的處理可算極不當，的士商人近年經營成本增加，在加價問題上與政府已有磨擦，這次加稅的安排，無異火上加油，實有檢討之必要。

但從另一角度而言，本人對的士從業員罷駛阻街的行爲，絕不苟同。這種偏激的處理方法，很容易引致社會動盪，從而使五百多萬市民（包括的士從業員在內）受損，正如一月十三日晚歹徒即已利用交通阻塞乘機滋事，引致部分地區的不安，使部分商人及車主蒙受無辜的損失，任何政府的施政，沒有可能百分之一百令人滿意，表達不滿的途徑甚多，以罷駛阻路的方法來表達實在是極度危險的。希望的士從業員明白對社會的責任，以此為戒。

督憲閣下，本人反對此項動議。

(The following is the interpretation of what Mr. WONG Lam said.)

Sir, before discussing these two Bills, I would first like to express my own views on the two questions recently raised by the press, namely, the question of tax increases and the question of consultation.

I personally believe that these Bills are intended as a means to solve the traffic problem, not to increase revenue. The moratorium on fresh licences which the Government has agreed upon earlier would mean a considerable loss as far as revenue is concerned, and I wonder if the tax increases proposed by the Bills could offset such a loss.

As for the question of consultation, while it is possible for the Government to consult the public on broad principles before introducing a Bill, I am sure that there will be considerable difficulty if the Government is to conduct public consultation before the actual amount of tax increase proposed is put before the Legislative Council.

It will facilitate the discussion of the Bills if we bear these two points in mind.

As for the Bills themselves, I find it hard to give my support. First of all, the Government's argument that taxis are not a means of public transport is not at all convincing. By charging tens or hundreds of thousands of dollars for each taxi licence issued, the authorities have apparently made a distinction between taxis and private cars and acknowledged their differences. Otherwise, no taxi licence should have been issued and all private cars should have been allowed to do business.

In fact, there are still many ways in which taxis can justify their worth as a service to the public and, as yet, cannot be entirely replaced by any other mode of public transport. This point has also been raised by the Secretary for Transport in his speech (although in actual fact there are more cases than he cited). It is true that the service provided by our existing modes of mass

transport has been improved considerably, but that does not constitute sufficient grounds for us to claim that only high-capacity vehicles can be called public transport vehicles. If taxis are accused of not effectively utilizing the road surface on account of their low capacity, they should be allowed to carry, on the same trip, passengers who are not acquainted with each other. At present, taxis carry over a million passengers a day, comprising one-fifth of the total number of commuters in Hong Kong. The argument that taxis are not a means of public transport is therefore hardly acceptable. The reasons for travelling by taxi is certainly not a key issue. People travel by other means of mass transport for more or less the same reasons. The Government may encourage members of the public to use high-capacity modes of transport, but they should also be given a choice. If the Government considers that there are already too many taxis and that these taxis on the road are causing traffic congestion, then the best direct method of dealing with the problem is to stop issuing more taxi licences. Although imposing sharp tax increases on taxis may stop some taxi operators from continuing their business, yet the effect is not direct. Obviously such a method is not an appropriate one.

On the other hand, the tax increases proposed by these two Bills are indeed too large. Although the Government considers that such increases will only raise the taxi operating cost by around 7.5%, yet no convincing figures have been provided in support of this assertion. I personally feel that one thing should not be overlooked, and that is: quite a large number of taxi operators borrow money from financial institutions to pay for their vehicles. Therefore, whatever method we adopt in doing the calculations, we should always take into account the impact caused by the interest charged. Under the new legislation, a taxi operator at the time of purchasing a vehicle may be required to borrow an additional amount of around \$40,000 from the financial institution. With the present interest rate standing at 2% per month he will be required to repay an additional sum of \$1,000 per month as compared with the old rate. Furthermore, the new annual licence fee will cost him an extra \$400 odd per month. In other words, there will be an additional overhead cost of approximately \$1,500 per month for each taxi. Although this figure may not be strictly accurate and may vary from person to person, yet it is believed that there will not be any big discrepancy. As far as the operating cost of a taxi is concerned, I am afraid that the increase in operating cost would be well above 7.5%, and as such, the impact on taxi operators would be greater than that estimated by the Government.

Sir, while I agree that the Government should take effective steps to solve the problem of traffic congestion in Hong Kong, I am of the opinion that any measures adopted must be extremely cautious when Hong Kong is in a state of political uncertainty and when our economy is only just beginning to improve. Care must be taken not to give too serious a blow to the people in every trade and every stratum (whether or not they have the ability to protest). The decision to increase taxi registration tax and licence fees is very untimely. Because of the

increasing operating cost in recent years, taxi operators are already having conflicts with the Government over the question of a fare increase. The increase in tax and licence fees only worsens the situation and needs to be reviewed.

From another point of view, I find it hard to sympathize with the taxi-operators who used their cars to block the roads. Their drastic action could easily have led to social disorder, causing harm to the five million people of Hong Kong (including the taxi-operators themselves). On the evening of 13 January, some unruly elements took advantage of the blockage and started disturbances in certain districts. As a result, some shops and car-owners have suffered uncalled for losses. No government policy can be one hundred percent satisfactory to all. There are many ways to voice our discontent, and it is extremely dangerous for taxi-operators to go on strike and block the roads. It is hoped that the taxi-operators will learn a good lesson and remember their obligations.

Sir, with these remarks, I oppose the motion.

MR. CHARLES YEUNG:—Sir, the Secretary for Transport on the introduction of the Motor Vehicles (First Registration Tax) (Amendment) Bill 1984 spoke also on the Road Traffic (Registration and Licencing of Vehicles) Regulations (Amendment) Bill 1984 as well as the policy package including the two public Revenue Protection Orders for not permitting interested parties to register taxi or to renew annual licences at the old rates pending the legislative decision of this Council.

My understanding from the Secretary for Transport is that the whole package is a transport policy but not a revenue matter; but I stand to be corrected if I have misunderstood the Government position so as to avoid being possibly accused of deliberate misrepresentation.

Traditionally taxis have been viewed by the general public as the most common and efficient form of public transportation providing point-to-point and 24-hour-a-day service available to them. The popularity of taxis is well demonstrated by the high demand justifying the treble increase of the number of taxis since 1976, 160% passengers increase and the keenness and price paid for obtaining a taxi licence. The corollary is that job opportunity is open to possibly 29 000 taxi drivers supporting some 120 000 people. In addition there is also a large number of people engaged directly and indirectly in work or business in connection with the taxi trade or taxi operation. Therefore the traditional social and financial aspect is an important ingredient in consideration of taxis in the transport scene.

The freeze on the number of taxis on the grounds of a satisfied demand and even on transport policy is justifiable but to employ financial stricture as a means of constraint to taxi operation to ease road conjection will need very good reasons to sustain it. Even if the constraint by financial means is justifiable, the strident impact on the taxi trade should be cushioned by

graduation and the injustice to some minority should be alleviated. As an example I can see injustice being done to those 830 people who have successfully tendered for the new taxi licences but have not yet had their taxis registered.

In employing financial means to constrain taxi operation an important feature has to be considered very carefully, namely, a taxi licence is a form of investment or property in the hands of the licensee by virtue of the price paid for its acquisition either from Government or in the market and the taxi operators are not free to use market force to regulate their income as the Government is in control of the taxi fare. Therefore it is incumbent on the Government to be fair and reasonable to them and certainly should not without very cogent reason deprive the taxi owners of their just returns in investment nor lower the taxi drivers of their standard of living. In this respect, the indirect taxation on fuel surcharge on taxis imposed in February 1983 has to be taken into account. From the representation of a taxi trade organization, I was informed, subject to correction, that of the 17% fare increase to be effective on 1 February 1984, the cost of operating a taxi if the Bills under consideration were to pass would be 13.8% after taking into account the indirect tax on fuel surcharge of 65¢ per litre aforesaid leaving only 3.2% net increase to offset the general inflation since the last increase in October 1982 as well as the expected rate of lower ridership resulting in the hike in fare.

In this connection I would turn to public consultation. This Council was informed by the Secretary for Transport that 'Particular care was taken to obtain a wide range of opinion as well as facts, and all District Boards were invited to discuss an information paper and to put forward their views. The 14 urban and New Territories Taxi Associations were also consulted'. This statement gives an impression that all District Boards and the 14 taxi associations were consulted on the package proposed or on the use of financial means to constrain taxi operations, but I was informed that it was not the case and therefore I should appreciate it if the Secretary for Transport would someday report the actual consultation to this Council. Unless there is deliberate mis-representation from the source of information from the District Boards and the taxi trade, it is obvious that there is certainly a communication gap which had lead to misunderstanding and irritation.

Even the principle underlying the proposed package is unfaultable and strident impact of the package is defensible, the method of handling the delivery leaves a lot to be desired. Hong Kong is governed by the consensus of the people. In respect of the proposed package, the sympathy of the public is with the taxi trade mainly on the point of the unprecedented and sudden manifold increase in direct taxation on the taxi trade, but the public, as far as I can ascertain, is not for the industrial action taken by the taxi operators for reason of inconvenience caused and the possible upset of the tranquillity and orderliness of the society in this sensitive political and economic climate. However the public understand the sentiment of the taxi operators as they themselves feel the impact of the recent financial stringency caused by inflation,

falling of income in real terms and the general increase of transport costs. The explanation to the public from the Secretary for Transport on the package unfortunately did not produced the assuaging effect and to the taxi operators engaging in the spontaneous industrial action some of remarks were interpreted as a challenge which they sought to respond to with resolute action.

The role of legislators as I see it is to enact legislation for the best interest of the community and acceptable to the public so as to uphold the dignity and respect of law which underlines the stability and prosperity of a society. I am not unconscious of the fact that a government should not yield under threat or pressure to the unreasonable demand of a sector of the community otherwise the place will be ungovernable. Therefore in the consideration of telescoping the process of legislation and in making decision on the merit of the two Bills in question with the view to achieving the optimum effectiveness of the mechanism of check and balance of our governmental system at the right time, I have never lost sight of the two principles mentioned above.

The development of the social situation in the last weekend together with the general feeling of the public towards the issue and their desire for civil orderliness and my own judgment on the matter. I support the decision that the proposed package should not be implemented without further consultation with the public and the thinking by the Administration on the two Bills before this Council therefore should not be passed at this moment. If I should have erred at all, which I do not believe to be so, the error is solely to accede to the wish and well-being of the general public to which it is my duty to reflect and act.

For the reasons given above, Sir, I shall have to oppose the motion.

DR. HO:—Sir, I rise to speak against the Motor Vehicles (First Registration Tax) (Amendment) Bill 1984 and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Amendment) Bill 1984.

These Bills if enacted will create a financial burden far too hefty and far too drastic for the taxi operators resulting in a threat to their livelihood. The taxi operators whether registering a taxi for the first time or replacing an ageing taxi will have to pay first registration tax at six times the previous level, an annual licence fee at four times the previous level and an additional diesel engine surcharge of \$2,000 per annum.

Sir, increase in taxation must be gradual and congruent to the economic viability of the trade concerned. Sudden huge increases will lead to resistance, as happened in this case.

I personally do not subscribe to the view that taxis are a form of personalized transport and therefore should be treated as private cars. It is true that increases in passenger patronage of taxis being more than twice that of all other forms of mass public transport in the recent years is due to the low taxi fare structure. But more significant is the fact that demand for taxis continued to grow because

other forms of public transport are unable to meet all traffic needs of the community. It is obvious that the disabled, the elderly with difficulties in physical movement, the sick and the injured, mothers with young children, pregnant women, passengers with bulky personal effects and persons on emergency errands, will not be able to commute by our crowded mass carriers, such as the M.T.R. and the franchised buses. Therefore, to these categories of people, taxis are their only means of travelling. Taxis are therefore not merely supplementing, but complementing other forms of public transport in performing an important role of 'keeping Hong Kong moving'. In addition, in many parts of the territory, taxis are rendering a very much-needed feeder service in linking up major transport interchanges.

For the smooth and efficient implementation of policy decisions, thorough consultation with the people who will be directly affected is essential. In this respect, the views and reactions of the taxi users and the taxi operators should be invited not only on the broad principles of public transport, but more importantly on the financial implications arising from the policy proposals. Tax and fare increases in transport policy are bread-and-butter issues, and should warrant more widespread public consultation than that conducted in the case of these two Bills.

Finally, the two Bills have generated considerable feelings of antagonism in taxi drivers against the Government. Taxis were stopped and parked along all major roads as a protest, causing consideration inconvenience and posing a real threat to civic stability. At this moment of political delicacy in Hong Kong, any legislative proposals that are likely to bring about a divisive effect on the community, should be handled carefully.

With these remarks, Sir, I oppose the motion.

MR. SO delivered his speech in Cantonese:—

督憲閣下：去年十月底，在本局辯論總督施政報告時，本人指出本港物價高漲和通貨膨脹，使市民飽受其苦，政府有責任在可行範圍內設法抑制各項物價，解救民困。

今次辯論中的兩項法案提高的士的首次登記稅和每年的牌照費用，未免操之過急，增幅之大亦令人嘩然，並不符合本港以民生為念和力求穩健的一貫政策。

還有，同時宣佈增加百分之十七的的士收費要等到二月一日才生效，而狂增牌費則為了保障稅收要在法案首讀之日的凌晨實施，未免是聲東擊西，實在不大公平，不但的士行業人士有「未見官先打三十六板」之感，市民亦有加價「被轉嫁」的憂慮。

閣下，單是基於此點理由，便值得當局考慮撤回此兩項法案，和暫時凍結的士加價，重新把的士政策作檢討和廣泛的諮詢。否則，本人祇好投反對票。

(The following is the interpretation of what Mr. SO said.)

Sir, in the debate on the Governor's policy address in this Council at the end of October last year, I pointed out that rising prices and rampant inflation had

brought great hardship to the people. The Government had the duty, as far as possible, to contain the prices in order to relieve the people of difficulties.

The subjects of this debate, i.e. the two Bills to raise the first registration tax and annual licence fees of taxis, are rather inopportune. The wide ranges of the increases have provoked resentment, which is contrary to Hong Kong's consistent policy of caring for the people and try to do the best in maintaining stability.

Furthermore, it was announced at the same time that the increase of 17% in taxi fares would be effective only from 1 February. Yet the fantastic increase of licence fees was implemented from zero hour on the day of the first reading of the Bills for the sake of protecting public revenue. Such a feint is really too unfair. Not only those engaged in the taxi trade had the feeling of 'getting 30 strokes before seeing the magistrate', but the citizens also had the anxiety of having been 'passed with the buck'.

Sir, just for these reasons alone, Government should consider to withdraw these two Bills, and freeze the increase of taxi fares for the time being, pending a review of the taxi policy and extensive consultations. Otherwise I shall have no alternative but to say 'No' during the voting.

MR. F. K. HU:—Sir, the question of first registration tax, annual licence fee and the diesel engine surcharge for the taxi cannot be considered in isolation. The role of the taxi must be considered in the context of the overall transport policy and the part taxis should play together with public transport in moving passengers from one place to another for various purposes, bearing in mind what the road can bear in terms of mobility and congestion, and recognizing that taxis, like private cars, are the least efficient users of road space.

If the waiting time for taxis were increasing because of the inadequate service of public transport such as Mass Transit Railway, Kowloon-Canton Railway and public omnibus service, there would be room for increasing the number of taxis. However, ever since 1982, there has been steady reduction in the average waiting time for taxis in the Urban Area. It would have been appropriate at that time to stop issuance of taxi licences, yet regrettably action has not been taken until now to freeze the limit of urban taxis.

The general public should understand that taxis are a luxurious mode of transport available at the time and place convenient to those who are willing to pay for the privilege of convenience. Taxis provide an alternative to other modes of public transport which should be operated at fare levels reasonable to the majority of the general public. Taxi fares, on the other hand, should bring reasonable return to the taxi owners and drivers whose investment and effort must be suitably rewarded. While fair consideration should be given to allowing a reasonable return for owners and operators, taxi services should maintain a fair balance between the interests of users and operators by providing efficient

and reliable transport and the interest of the community at large by reducing the congestion in our road system. This is a long term taxi policy which I fully support.

These two Bills are aiming at fulfilment of the long term taxi policy, but they overlook the immediate financial implication and burden to the taxi owners and drivers who simply cannot afford them. The Secretary for Transport, in his speech on 11 January 1984, quoted the Green Paper and White Paper on Internal Transport Policy as follows:

‘if road congestion had to be eased in Hong Kong, and provided alternative public transport was conveniently available, there would be a case for *gradually* reducing the importance of the taxi to the level to be found in many other cities.’

While I basically support the Government’s long term taxi policy, I have great reservation on the provision of these two Bills which, instead of *gradually* reducing the importance of taxis, *abruptly* and *drastically* increased the first registration tax, and the annual licence fee and imposed a diesel engine surcharge for taxis to such an extent that it may force the taxi owners and drivers out of business. This will not only cause unemployment problem for the taxi drivers, financial disaster for the taxi owners, but also great inconvenience to the general public by the possible sudden shrinkage of availability of taxis.

The implementation of the long term taxi policy must be gradual and by stages in order to reduce the impact on taxi owners and drivers as well as the general public. I would welcome the Administration’s re-introduction of the Bills within the spirit of the long term taxi policy which I support, but in a more moderate way acceptable to all parties concerned.

Sir, for the reasons I stated earlier, I oppose the Bills and shall vote accordingly.

MR. BROWN:—Sir, the fact that the Unofficials oppose this Bill, and indeed the next Bill on the Order Paper, is of course well known, and this afternoon my colleagues are explaining the reasons why we believe these proposals need to be returned for further consideration and consultation, for it is our view that in their present form there is insufficient balance between the economic issues on the one hand and the social/political issues on the other. Having said this, however, I recognize that the measures are not really intended for revenue raising as such, taxation aspects being merely part of the means to achieve transport policy.

My colleagues have already drawn attention to some of the specific areas which cause us concern, both in regard to the justice of some of the proposals, the steepness of some of the tax increases and the suddenness of their introduction. On my part I would like to address that important question as to whether the Unofficial Members of this Council merely gave in to pressure by

adopting the stand they have taken. This is of the utmost importance, for were it to be true it could have most unfortunate implications for the future conduct of our affairs.

Phrases such as ‘caving into pressure’, ‘giving into blackmail’ etc. have emotional impact, and the events of last week may well be viewed by some members of the public in this light and with natural concern as to the possible consequences.

It was unfortunate, but I accept unavoidable, that the need for Revenue Protection Orders necessitated these Bills being introduced without warning so that the contents came as a surprise to both the taxi trade and to Unofficial Members. As the Secretary for Transport said in his speech introducing the Bills—as indeed he said with some emphasis—this method of introduction was not intended to indicate a foregone conclusion, ‘an important point, sometimes misunderstood and sometimes, unhappily, deliberately misrepresented’ to use his actual words.

It is a matter for regret that Unofficials were denied by events the usual period to study carefully the Bills before resuming their debate on the 25th of this month. Had they been able to do so their reservations would doubtless have led to much the same end result as we anticipate today without the trauma of the disgraceful scenes our citizens were forced to suffer last week. It is a matter of fact that the situation which developed made the need to study these proposals extremely urgent. And this Unofficials did whilst simultaneously receiving representations from those affected.

If there was any ‘giving in’ it was to the need for an urgent decision rather than the content of the decision itself. As Dr. FANG has already said we are all grateful to the Administration for accepting our suggestion that this debate be advanced to today. Although the term war is perhaps too strong to describe the situation *vis-a-vis* the confrontation which arose with the taxi trade, it would perhaps not be inappropriate to recall from that respected sage Sun Tsu (孫子), from his book the ‘Art of War’ (兵法) the observation, ‘Only one who knows the disastrous effects of a long war can realize the supreme importance of rapidity in bringing it to a close’. It was, and it remains the judgement of the Unofficial Members of this Council that it was the speed with which they reached their agreed position on these Bills, and their subsequent announcement to this effect, which defused the dangerous situation. A dangerous situation I might add which threatened that very stability we all recognize as having such special importance at this time. I would like to add my voice to those who have already paid tribute in this context to our Police Force who reacted with such competence and professionalism to events which took most of us by surprise.

Sir, there is always a temptation in situations like this for conclusions to be drawn that one side has lost and the other side has won. In this case, whatever the outcome of this debate, perhaps the victory goes to our system of

government which allows Unofficials to oppose Bills they believe require further consideration by the Administration. Above all, however, I believe the public will endorse the outcome as a victory for common sense.

I endorse the views expressed by Dr. Harry FANG and my other Unofficial Colleagues and I oppose the Bills.

MR. CHAN KAM-CHUEN:—Sir, in the past week, the peace and order of Hong Kong has been disrupted directly by thugs and indirectly by the taxi trade over the increase in the first registration tax and licence fee proposals and the misunderstanding of the Revenue Protection Orders, these have been used in the past in many cases regarding revenue and in a similar case for private cars. I take this opportunity to praise the sandwich class for abiding by law when a similar increase was made on their cars.

These two Bills have become very emotional issues and the public, including those who were forced out of their taxis, will know where the responsibility for damage and inconvenience should lie.

When all accusing fingers are pointed at the Secretary for Transport, I must stress that if there are any rights or wrongs in these two Bills, it is the whole Government and not any individual person who is responsible. Furthermore, as a member of the Transport Advisory Committee, I am also responsible for passing these recommendations in principle, although I did not know about the details of their implementation, i.e. when, how and by how many stages etc. There is nothing wrong with the representativeness of the T.A.C. When something happens, it is always those outside the committee who thought they had a better idea. How exact is the science of hindsight!

I have said that I have sympathy on the taxi driver's diminishing return for their day's work and I am going to say this again. It is no use showing them high sounding economic figures which they cannot comprehend. If you talk about daily necessities, such as rent and food they understand them better. Let us compare taxi fares with their lunch which must be eaten outside and some restaurants reserve a table exclusively for them to come in turn. In the post-war years and before the oil crisis, the flag fall was \$1 (subsequent mile was 80)¢ which would buy them a plate of rice with beef. Has the fare or flag fall caught up with inflation?

In Hong Kong's free economy, there are not guarantees for any business to make profit, but taxi merchants have a valid point in the timing of the increase. Before tendering for their taxis they must have done their costing on a set of known conditions, such as tender price, capital and recurrent expenses etc. The sudden big increase throws their sums out of balance through no fault of their own. Perhaps, at a given date all recently tendered taxis should be registered at the old rate and the next lot of taxi tender should be given the new rate.

There lie the two keys for a solution and any amendments or future bills should take into consideration the hardships of the taxi trade aired recently.

I take this opportunity to praise the Police and other disciplinary forces concerned for their professionalism in handling the riot, and the taxi drivers for being so sensible in quick dispersal of their taxis during the riot as flying objects would shatter their windshields and a fire would result in a scene akin to the burning of Rome. If they are not covered by riot insurance, their livelihood would be gone. Those who wish to play two governments to achieve their selfish aims should be condemned as they are holding the five million people of Hong Kong in ransom. This is not in accordance with the aim of all governments who wish to maintain Hong Kong's stability and prosperity.

With these observations, Sir, I keep my option open until voting.

MR. SWAINE:—Sir, I have little to add to the points already made by my Unofficial Colleagues. My only comment is that it is only right that Government should seek to rationalize its transport policy. It must not be forgotten that at the end of the day we are dealing with people. I fear that the impact of these Bills on a substantial portion of our community has not been fully appreciated. I will therefore join with my Unofficial Colleagues in opposing the motion.

MR. STEPHEN CHEONG:—Sir, I would like to begin by expressing my wholehearted endorsement of the level-headed presentation made by the Honourable WONG Lam and the Honourable Bill BROWN.

Other Colleagues who spoke before me also covered a lot of ground. I shall endeavour to be brief and to concentrate on what I believe to be new points.

In any country or territory in the world, formulating transport policies is never an easy task. It requires very careful balancing among various conflicting interests of the community. Many a time, painful decisions have to be made, which may seem unreasonable to one particular sector of the community whilst in fact those decisions made were in the interest of the common good.

In Hong Kong, given our unique topographical conditions, it is often an unenviable responsibility to try to develop a set of balanced but efficient policies. In fact whoever does it is arguably in a no-win situation, for, in trying to work for the common good he finds it next to impossible to satisfy everyone. Indeed, my experience on the Transport Advisory Committee suggests that sometimes, the best that can be hoped for is very often the least undesirable option.

Before opposing both Bills, therefore, I feel I must preface my remarks by saying that, in all fairness, I am firmly of the opinion that the Secretary for Transport has done his best under very trying circumstances. I say this even though I must admit that at times during past debates over various transport

issues, in forums outside this Chamber, my ego has been somewhat dented by my inability to match his sharpness and intellect.

Sir, I am opposed to the two Bills being debated this afternoon. This is because I cannot reconcile the logic behind the proposal to increase the level of first registration tax, the annual licence fee and the diesel surcharge with the logic behind the proposal to impose a temporary moratorium on the issue of taxi licences. In my opinion, the two proposals, if implemented together, will generate contradictory effects. We were told by the Taxi Review Report that taxis were major contributors to road congestion, especially those which tend to cruise along busy urban areas in an attempt to pick up a fare. Secondly, we were told that public opinion, as monitored by the Census and Statistics Department's General Household Survey, and supplemented by reports from various District Boards, indicates that there has been a meaningful reduction in waiting times for taxis. On the strength of these two indicators, and in order to ease the burden on our road system, a temporary moratorium on fresh licences in urban areas is to be introduced.

Let us now examine the likely effect on road congestion if the proposed fiscal measures are adopted. The Taxi Review Report tells us that taxis are largely a mode of transport catering for very personal needs and, in many ways they perform a role very similar to that of private motor vehicles. The fiscal measures thus attempt to equate the treatment of taxis with private cars. Considered in isolation, and perhaps for revenue purposes, the fiscal measures do appear to have a logical base, but if they are examined in the context of the need to reduce road congestion, they will have the effect of generating even greater congestion. The reason is simple. We were advised that taxi operators are already operating on relatively thin profit margins and on a knife edge of liquidity. The increased charges are unlikely to be absorbed, and the proposed increases are bound to be passed on to consumers, in the form of increases in fares. With the present level of fares, already 40% of all taxis are cruising around empty. This implies that the current-level of fares has already given rise to a certain level of consumer resistance. If fares are to be increased further, the level of patronage will surely be reduced further. This means more empty taxis will cruise around to a greater extent than at present. This must in turn cause even greater congestion, leading to more time being lost in conveying people and goods, with all that that entails for the efficiency of our economy.

Another point, though a relatively minor one, baffles me completely. This relates to the proposed level of increases in first registration tax, annual licence fees and the diesel surcharge. The Administration has been at pains to try to convince the public that taxis perform a role similar to that of private cars. Why, then, is it proposed that taxis should be taxed at a higher level than private cars? Why penalize taxis?

In this connection it seems to me that the Administration tends to regard the taxi trade as being a homogenous group of people. They clearly are *not* that.

The structure of Hong Kong's taxi trade is unique, and very different from that in other countries.

There are the taxi merchants, who own the vehicle and the licence, and make a fairly good living by renting out both. Then there are the owner/drivers who may have invested their hard-earned savings in a taxi and a licence, and depend on both to earn a livelihood. Finally, there are the taxi drivers who in practice are part employee only. Their level of income is dependent partly on their labour but more so on the generosity of the terms and conditions imposed by the taxi merchants regarding the sharing of gross receipts. I was given to understand by a group of taxi drivers recently (in early January 1984 before the measures were introduced), Sir, that the practice has been for any increase in operating costs to be borne partly by the taxi drivers and that any fall in gross receipts would have a disproportionately adverse effect on their level of remuneration. In other words, it is the taxi driver alone who suffers a reduction in real income and it is this group of people which suffers most. It seems to me that the difficulties faced by the drivers, who represent a numerical majority in the trade, are not readily understood by the Administration. This is one facet of the trade that I believe the Review Committee has not examined adequately.

Given the importance of the need to understand the conditions and difficulties under which taxi drivers earn their living, and having regard to the fact that there is no organisation that represents their interests, the Transport Department should consider ways and means by which the views of the taxi drivers could be tapped and brought to the attention of those who formulate transport policy. This is a communication gap which I am convinced must be closed—before this package can be brought into balance.

With these remarks, Sir, I oppose the motion.

MR. CHEUNG YAN-LUNG:—Sir, in introducing the Bills on 11 January 1984, the Secretary for Transport made a detailed and lucid presentation on the Government's policy on taxis. But the events of the past week indicate that the Government has failed to take note of the prevailing views and sentiment of the taxi trade, and indeed, of the general public.

To a large extent, I believe that the circumstances which led up to the taxi strike could have been avoided by better two-way communication. In particular, I think that if the taxi drivers and the public were better informed about the purpose and function of the Public Revenue Protection Orders, the whole issue would have been seen in a different light. As it was, many jumped to the conclusion that the proposed increases had already come into effect.

History has a way of repeating itself, so I call here and now for a very careful review of the consultation process taken before formulating this policy and the public relations measures taken in the events leading up to the taxi strike. There is a lesson to be learnt here and we should prevent similar incidents from occurring in future. In a strike, there are no winners but only losers, the drivers

losing their wages, the operators losing their earnings, the public being inconvenienced by losing its means of transportation and the Government losing its credibility.

Taxis are functionally public service vehicles. In fact, over one million people travel by taxis daily, or one in five of our population.

The increases in first registration tax and annual licences for private cars in 1982 have resulted in a decrease in private car travel but inevitably a corresponding increase in demand for public transport, while the Government has tried its very best to develop and improve public transport facilities, it is evident that the man in the street still finds it difficult to gain access to public transport during peak hours, let alone travelling in relative comfort. Therefore taxis are playing an important role in keeping Hong Kong moving.

Under the present circumstances, I do not agree to the policy of treating taxis as personalized transport. Taxis are there to serve and benefit the public and not for personal pleasure. Therefore the argument to increase the first registration tax and license fees for taxis because they are personalized transport do not hold and the policy should be given further consideration.

Taxi drivers perform one of the most thankless jobs in Hong Kong. The job is uncomfortable, tiring, frustrating and relatively financially unrewarding. The proposed increases will largely add to the financial burden of the small operators and the employed taxi drivers. Is it desirable under the present economic climate?

I urge the Authorities to reconsider the taxi policy in the light of recent events. Meanwhile I propose that the Bills before us be deferred until after the economic and political implications have been carefully assessed. I must emphasize that my opposition to the Bills at this time is not due to pressure or intimidation. I condemn the strike action taken by the taxi trade, not only because it showed complete disregard for the public, but also because it indirectly provided an opportunity which bad elements have exploited. The recent events were widely reported all over the world and in such a sensitive time, this sort of publicity can only do Hong Kong harm.

With these remarks, Sir, I do not support the motion.

MRS. CHOW:—Sir, as I understand, the unexpectedly strong reaction from the taxi trade against the proposed legislation is due to the following:—

- (1) The Bills as well as the Revenue Protection Orders were ill-timed, as the end of the lunar year is always recognised as a period which requires extra spending, and purses are invariably tight.
- (2) The suddenness and proportion of the proposed increases came as a shock to those affected, some of whom faced immediate hardship as a result of it.
- (3) It is felt that there was injustice in the proposed legislation.

- (4) Taxi operators objected to the handling of the publicity related to the announcement and subsequent explanation of the Bills.

Having given careful consideration to grievances voiced as well as to the Administration's arguments as presented in the Secretary for Transport's speech last Wednesday, I have decided to oppose the Bills for the following reasons:—

- (1) The timing was wrong.
- (2) Whatever consultation had been undertaken had obviously not been adequate and thorough enough to take into consideration the views of the taxi trade.
- (3) I do not agree with the logic and the philosophy on which the proposed Bills are based.

As the Secretary for Transport stated quite clearly, the primary objective must be to 'keep Hong Kong moving'. However, apart from the moratorium on urban taxis, I fail to see how any of the other proposals in the package would help to 'keep Hong Kong moving' any more smoothly than it has done. In fact the increase in taxi fare might lead to a drop in demand, resulting not so much in additional taxi movement, for whether vacant or occupied they would remain on the road anyway, but in more empty taxis cruising, thereby pushing up the distance presently covered by vacant taxis. If the purpose is to upgrade the efficiency of taxi transport, then surely any measures introduced should be aimed at cutting down the cruising time of vacant taxis.

One of the major objections, which I share, is to the Administration's proposed taxes on taxis. These proposals are based on the rationale that taxis are no longer a mode of public transport, and therefore should be considered on par with private cars. Hence the First Registration Tax for taxis is raised to the same level as private cars, and the Annual Registration tax for licenses was raised to twice that of private cars.

To deny taxis public transport status can hardly be justified, especially when the number of passengers they carry per day, (1.03 million) as shown in the review conducted in September 1983, was almost as great as the M.T.R. (1.17 million).

The reasons for using taxis were quoted by the Administration to justify the point that taxis were not essential carriers. However I fail to see how this should disqualify taxis from being what they are—a mode of transport widely used by a fairly major portion of our travelling public.

In case we should forget, the reason for introducing astronomical increases to F.R.T. and A.L.F. for private cars was to discourage, by fiscal means, purchase of new vehicles in particular, and the possession of vehicles in general by private motorists. As the number of vehicles for taxis is already being directly controlled by Government, how can the same argument apply here? What is to be achieved by increasing the F.R.T. six times and the A.L.F. four times? If we are to determine A.L.F. according to distance travelled, are we applying the same criterion to all modes of transport using the road surface basing on the rate used for private cars. Or are taxis being singled out?

As for the surcharge on diesel engines, this was introduced in May 1982, I recall, because there was going to be an indirect tax on petrol and none on diesel fuel. Last year the indirect tax on diesel was introduced, but the surcharge remained. This already represents a double tax on diesel engines for private cars. The fact that twice the amount is now proposed for taxis seems doubly unfair.

But the unfairest point of all, in my view, is the Administration's excessive control over the viability of the taxi trade. On the one hand it seeks to control supply and demand, as well as potential revenue to the trade, by regulating the number of licenses issued and the fares charged. On the other it determines a substantial proportion of the operating costs of the trade through tendering, registration tax, annual license fee and surcharge on diesel engines, leaving little room for operators to manoeuvre. This is certainly an exception to the overall spirit of free enterprise on which much of Hong Kong's success is based.

Sir, with these remarks, I oppose the motion.

DR. IP delivered her speech in Cantonese:—

督憲閣下：基於下列理由，本人反對通過上述兩項法案：

第一，對於在舊有計算稅收方法生效時投得而仍未登記的八百七十三架的士，這即時生效的首次登記稅加價對他們是不公平的。

第二，新修訂法案規定的士每年繳交的牌費增幅實在太大，法案之修訂亦太突然，所選擇的時間亦不恰當。

第三，修訂法案中仍有許多細節需要詳細考慮。

的士從業人士對這兩項法案之強烈反應，我相信一方面是因為他們不滿意法案的內容，而另一方面也是不滿意提出該等法案之方法。

假如提出使用「保障公共稅收令」，以確保某一新法案之生效日期，是在財政預算期間，相信是較易為人接受，因為有足夠的心理準備，我認為我們應逐漸減少在其他時間內使用「保障公共稅收令」。

我相信一定有其他保障公共稅收的方法。其中一個方法就是在法案提交立法局通過時，清楚說明在法案通過後生效日期將追溯至首讀的日子。最近有兩項法案「一九八三年長俸（增加）（修訂）法案」和「一九八三年娛樂稅條例（修訂及追認效力）法案」，就是「被視為」在三讀前一個日期開始生效的。至於實際追收增收費用的技術問題，相信有高度工作效率的香港政府，一定可以找出實際可行的方法的。為了減輕受影響人士的困難，政府方面多做手續也是值得的。另一個方法是設法彌補一個現有的有關法案的漏洞，這漏洞就是任何人可以於車牌到期前四個月內不需提出任何有效理由而下而將車牌續期一年，或隨時取消未到期之車牌，並取回相對之車牌費。

假如將來再次引用「保障公共稅收令」，在註釋內應清楚說明根據「保障公共稅收令」第六條，例如該法案不獲通過時，會退還超額稅款。那麼，即使市民不懂得法律條文，也會明白該法案的有關部份。

即使沒有發生是次的士罷駛，騷亂事件和造成損害，我也會在本法案原定提交立法局的日期反對不加修改而通過這法案。的士罷駛是不必要的，騷亂事件令人不安，造成損害更是遺憾，而時間上的壓力是過於迫切。我誠心希望這次事件以後不會重演。

假如香港市民對行政立法兩局非官守議員有一定的信心，就應讓議員們有足夠時間去做他們應做的事。假如我們希望香港繁榮和安定，我們每一位市民也是有義務去分擔好市民的責任的。

我認為這項法案在提出時，不應同時引用「保障公共稅收令」，更應先行諮詢立法局議員的意見，而另一方面，有關的人士亦應該給予充分時間讓議員們進行內部討論，一次或二次會見有關人士的代表，讓議員有時間對修訂條款達成協議，然後才按照正常程序通過法案。這是立法局非官守議員慣常的工作方法。

督憲閣下，本人謹此陳辭，反對這兩項未經修訂的法案。

(The following is the interpretation of what Dr. IP said.)

Sir, I oppose both Bills for the following reasons:—

Firstly, one Bill imposes an *unfair increase* in the first registration tax on those 873 taxis tendered under the previous tax schedule, which have yet to be registered.

Secondly, the *increase in the annual licence fee for taxis are too high, too sudden and wrongly timed.*

And lastly, many points in the Bills need to be questioned.

I believe that the *strong reactions* to these two Bills are due both to the *contents* as well as to the *method of their introduction.*

People are more likely to accept a Revenue Protection Order for a Bill at a time they are most expecting one, i.e., around the time of the budget. The use of this Order at other times perhaps should be phased out.

There must be other ways for revenue protection. One of which is by specifying in the Bill the effective date to be retroactive from the date of the first reading. Recently two Bills ('Pension (Increase) Amendment Ordinance 1983' and 'Entertainment Tax Amendment and Validation Ordinance 1983') were 'deemed to be effective' on a date preceding the final reading. The subsequent collection of higher fee charges is a technical problem which an efficient Government like ours can manage. Any difficulties encountered are worth the trouble as it *imposes less hardship on the people affected.* Another way, relevant to these bills, is by plugging the existing loophole which allows anyone *effectively to renew* their annual licence within four months preceding expiration of the licences, and to cancel their unexpired licences and to obtain appropriate refund, *without the need to produce valid reasons.*

In the future, if any Revenue Protection Order is to be introduced for a bill, the explanatory memorandum should include notes on the possibility of Refund of excess duty provided in *section 6 of the Revenue Protection Ordinance*, if the bill fails to be passed. The public is then not presumed to know the law, but be informed about the relevant parts which relates to the bill in question.

I would have opposed these Bills without amendment on the *original date* of the Legislative Council sitting, even if there were *no taxi strike, no riot and no casualties*. The strike was unnecessary, the riot disturbing, the casualties regrettable and the time available inadequate. I sincerely hope that what happened this time will not be repeated.

If the people in Hong Kong have faith in UMELCO, they must allow its members to do their job in good time. If we want Hong Kong to enjoy prosperity and stability, we must play our part as responsible citizens.

I would prefer to have seen these bills introduced without the Revenue Protection Order, after consultation with the Legislative Council. I would prefer to have had more time for in-house discussions, for UMELCO to have met more representatives and if need be, a second time; so as to arrive at a compromise on the amendments before the bill is passed into law. This is the way the Unofficial Members of the Legislative Council normally work.

With these comments, Sir, I oppose these two Bills without amendments.

MR. CHAN YING-LUN delivered his speech in Cantonese:—

督憲閣下：今日提交本局二讀的兩則法案，建議的士首次登記稅增加六倍，牌費增加四倍，以及徵收柴油附加費每年二千元共三項費用。

因為上述收費突然增加，的士車主換車時便要多付大約二萬五千元的登記稅，而將近換牌的車主更需要在短期內準備七千二百元額外牌費及柴油附加費。

新法案對於八百七十三位以往投標成功而尚未買車者尤其不公平，因為他們在投標時並未有預算一部車要多支出三萬二千二百元的各項增收費用。

運輸署提出加價的一個理由是士在交通系統中應被視為私家車，而非公共交通工具，但我並不同意這個論點，因為根據統計資料顯示，一九八三年九月的士載客量差不多與地下鐵路相同。

我個人認為對於現時之的士行業來說，上述收費的增幅過大，同時未有充分顧及車主、司機及投標成功而未及出車者的困難。

正如先前非官守議員已經說過，我希望運輸署更深入瞭解的士行業，試探受影響人士的意見，然後重新制訂一套可以接受的政策。

督憲閣下，本人謹此陳辭，反對法案通過。

(The following is the interpretation of what Mr. CHAN Ying-lun said.)

Sir, the Bills tabled today propose a six-fold increase in first registration tax, four-fold increase in annual licence fees and the imposition of a diesel engine surcharge of \$2,000 per year at one go.

Due to the sudden increases a taxi owner would have to pay about \$25,000 more on registration tax for replacing a taxi, and those who are about to renew their licences will immediately face the problem of having to raise an extra \$7,200 to pay the increased fee and the diesel engine surcharge.

The Bills are particularly unfair to all of the 873 successful tenderers from the previous tender exercise because they had not anticipated the additional cost of \$32,200 for purchasing a new taxi when they submitted their tenders.

According to the Transport Department, one of the justifications for these increases is that taxis should be treated like private cars and not public transport in the transport hierarchy. However, I myself find it hard to accept this agreement as statistics show that in September 1983 taxis carried almost as many passengers as the M.T.R.

In my opinion, the rate of increases proposed in the package are too high for the current taxi-trade, and not adequate consideration has been given to the hardship on individual taxi owners, drivers and those tenderers who have not yet purchased their taxis.

As suggested by my Unofficial Colleagues, I hope the Transport Department would really take a deeper look into the taxi trade and above all sound out those who would be affected by the proposals before coming up with a more acceptable policy next time.

With these remarks, Sir, I oppose the passage of the Bills.

MRS. FAN:—Sir, I appreciate that it may not be easy to formulate a bill that can be readily acceptable to all parties, particularly one that deals with licensing and taxation fees for taxis. I fully support the observation of Mr. Stephen CHEONG on the difficulty of achieving balanced transport policy. However, it is the duty of this Council to ensure that bills passed are fair and equitable, and in the best interest of the community as a whole. The Bills, as presented, have caused great concern in our community, and in particular, an emotional response from the taxi trade. The latter group especially the taxi drivers saw the Bills as a direct threat to their livelihood. The proposed increase in first registration tax, annual licence fees and diesel engine surcharge are indeed steep, and the sympathy of the community is largely towards the taxi trade on this occasion. While the figures quoted by the Secretary of Transport lent some grounds of support to the proposed package of measures, the question remains whether such a level of increase, implemented at one stroke, is indeed too heavy a burden for the taxi trade. After listening to the representations of the taxi owners and drivers and the points raised by my colleagues this afternoon, I have come to the conclusion that the increases proposed in the two Bills should be subjected to further consideration.

The Bills were introduced into this Council last Wednesday, and, if approved, would mean that a number of taxi owners would have to pay the proposed annual licence fee and diesel engine surcharge at the end of the Lunar Year. Around this period, the majority, if not all, of Chinese families incur additional expenditure in accordance with local custom. Any large amount of cash outlay which is not budgeted for during the year can cause financial difficulty. There is,

therefore, grave doubt in my mind as to the appropriateness of the timing of the proposed increases.

During last Thursday and Friday, local citizens and visitors to Hong Kong suffered considerable inconvenience caused by the action of some members of the taxi trade. While their sentiments and grievances are understandable, and have my sympathy, I nevertheless regret that they have chosen such a drastic method to express their feelings. I believe there are more appropriate and far more rational methods that can be adopted to achieve the same aim without disturbing other members of the community. The taxi service fulfills a community need, but if taxis are perceived as instruments for blocking traffic, public support and sympathy is bound to deteriorate very quickly.

Sir, with these comments, I shall oppose the second reading of the two Bills in question.

MRS. NG delivered her speech in Cantonese:—

督憲閣下：運輸司在上星期三之立法局會議中提及「的士是一種私用交通工具，在政策上而言，應被視作與交通系統中的私家車一般，而非如公共交通工具一樣。」之一段建議，本人不敢苟同。

據調查所得，百分之六十之的士乘客利用的士作為社交活動之交通工具，百分之二十以的士作為上班和業務需要之用途，百分之七利用的士作為緊急之用途，足見的士已成為市民日常交通工具之一；但凡巴士、小巴所不能到達的地方，我們都要依賴的士作為交通工具，又如家人因病送院診治，因急事要趕路，或因扶老攜幼難於迫上巴士等等情況下，的士就是我們的必需運輸工具了，政府實不應抹煞的士對大眾交通的貢獻。

運輸司又提到「當局特別審慎收集廣泛的意見和事實，而各區議會均被邀請討論資料文件並提出意見，當局亦曾經諮詢十四個的士聯會的意見，並留意到市民經傳播界發表的意見。」本人對此亦有所保留，倘運輸司所言屬實，定不會有「的士」罷駛抗議事件發生，足見諮詢程序及深度有檢討之必要。

深盼政府日後推行任何政策之前，必須作充份之民意探討，不可重蹈覆轍。

本人謹此陳辭反對該項動議。

(The following is the interpretation of what Mrs. NG said.)

Sir, the Secretary for Transport said at the meeting of the Legislative Council last Wednesday that 'taxis are a form of personalised transport and should be treated in policy as private cars but not as a means of public transport.' I cannot agree with this observation of his.

According to the results of a survey, 60% of the taxi passengers use taxis as a form of transport for social activities, 20% use taxis for going to work and for business purposes, and 7% for emergency purposes. This is enough to prove that taxis have become a daily means of transport for the citizens of Hong Kong. We should take a taxi whenever we want to go to places not served by bus and minibus. If we want to send an ailing family member to the hospital or

are in a hurry to attend urgent matters, or when we are going out with old people or young children which makes boarding a crowded bus difficult, taxis become the necessary means of transport. The Government surely should not ignore the contribution of taxis towards the general public.

The Secretary for Transport also mentioned that 'the authorities have been particularly careful in collecting a wide spectrum of opinions and facts. District Boards have been invited to discuss (the relevant) information papers and to give their comments. The Government has also consulted the 14 Taxi Operators' Unions and has taken note of public opinion expressed through the mass media.' I also have reservation about these remarks. If what the Secretary said were true, the taxi strike would never have happened. This reflects a need for a review of the process and depth of consultations.

I earnestly hope that in implementing policies in future, the Government will sufficiently sound out public opinion in order to avoid committing the same mistake.

Sir, with these remarks I oppose the motion.

MR. POON:—Sir, in making the proposals for the increase in First Registration Tax and Annual Licence Fees on taxis and in recommending the proposed increase in taxi fares, Government had conducted a comprehensive review with consultations on traffic matters to determine policy. It is unfortunate that the timing and implementation of such policy have caused so much controversy and disturbances.

I can understand that the taxi trade is complex and fragmented and the statistics and evidence collected by Government may not be totally correct. However, I feel that since this is such a major issue affecting the livelihood of many taxi-owners and operators and the transport facilities for many people in Hong Kong, a more in-depth study of the financial aspect of the taxi operators and more detailed information from those in the business would have given Government a better understanding of their problems. The representations received by Legislative Councillors greatly stressed that 7½% of the proposed fare increases would not cover the increased burden from such new levies. It is important to remember that one of the main considerations of imposing a new tax is 'affordability'. From the information supplied to us, it is evident that many taxi operators are either making small losses or just breaking even and several taxi firms have gone out of business. Their profit as well as taxi drivers' income have significantly decreased. Therefore, there is genuine hardship if the proposed sharp and sudden increases are introduced at this time, however justified as a transport objective.

I therefore oppose the two Bills.

MR. YEUNG PO-KWAN delivered his speech in Cantonese:—

督憲閣下：今次抗議政府狂加的士首次登記稅和牌費之的士罷駛事件，進而間接引起街頭暴亂，從任何角度來看，都足以使人感到非常遺憾。

本人原則上支持及同意較早前本局其他非官守議員提出反對動議的理由。

本人深信全港市民皆希望能居住在一個繁榮安定的社會，而任何一件看似輕微事件，若處理不當，皆能導致社會危亂，而使市民感到不安。今次的事件就是一個最佳的明證。政府可以從此次事件中吸取教訓，本人現在提出數點意見，希望政府可以考慮：

- 一、今次政府以「保障公共稅收令」在憲報號外公佈增加的士首次登記稅及牌照費，即時生效。「即時生效」一詞，就足以引起受影響人士憂慮及反感。任何人在全無心理準備及在全無選擇餘地的時候，都極有可能本能地作出一種反對行動或抗拒的行為。在政府聲明中，說運輸司的建議，尚未經立法局三讀通過，並非已成法例，而各部門首長一項重要的工作就是要清楚向市民交代及解釋政府的政策。任何偏差，不論人為與否，都能導致不必要的誤會，而預期效果亦不能達到。
- 二、政府在提出任何建議前，應慎重小心甚至反覆考慮該等建議是否具備公眾可以接受的理由，特別該等建議是與受影響市民的經濟負擔有關者，不論建議的目的是增加稅收與否，受建議法例影響人士的經濟負擔能力應該是考慮的首要條件。如果一方面能力辦不到而另一方面又強制執行，效果必不能達到而後果亦會變為嚴重。
- 三、今次警方在處理的士罷駛事件所採取的適當行動及對暴亂行動採取強硬有效的方法，是值得讚許。特別是警務處長及行動處長在廣播中清楚向市民表明香港是一個法治社會，任何罪行行為，警方是絕對不能容忍的，而又明確地向市民提出他們應作出之合作態度，以防止事件繼續惡化。
- 四、根據報告，今次騷亂者多是青年人，甚至包括學生，大部份有刑事罪案紀錄而又沒有組織成份。因此政府各有關部門，應該重新檢討，青年人犯罪的複雜因素及應採取之適當有效預防措施。我們應該明白，祇有真實資料加上正確的分析，才有助於避免類似事件再發生。

督憲閣下，本人謹此陳辭，反對該項動議。

(The following is the interpretation of what Mr. YEUNG Po-kwan said..)

Sir, no matter from what angle one looks at the recent strikes of the taximen in protest against the dramatic increases of first registration tax and annual licence fees of taxis, and the street disturbances which they indirectly precipitated, these incidents were truly regrettable.

I support and agree with the grounds of objection raised by my Unofficial colleagues just now.

I firmly believe that in principle all Hong Kong people wish to live in a prosperous and stable community. An incident, however slight it may appear, if badly handled, may lead to social crisis, and give people an uneasy feeling. The recent incidents are good examples, from which the Government may draw lessons. I now wish to raise a few points and hope the Government will consider them:

- (a) This time the Government published the 'Protection of Revenue Order' in an extra issue of the *Government Gazette* to increase the first registration tax and annual licence fees of taxis, with immediate effect. The term 'immediate effect' was enough to provoke anxiety and resentment from the people. Anyone without psychological preparation and confronted with a situation of no choice, by instinct would be extremely likely to resort to actions or behaviour to resist them. In the Government's announcement, it was said that the proposal of the Secretary for Transport had not yet gone through the third reading and therefore had not yet become law. One of the important functions of heads of Government departments is to explain clearly to the people the Government's policies. Any deviation, whether through human errors or not, may possibly lead to unnecessary misunderstanding and fail to achieve the expected effects.
- (b) Before the Government proposes anything, it should carefully and repeatedly consider whether the proposal is endowed with reasons acceptable to the public, in particular if the proposal would affect the financial burden of the people concerned. Whether the objective of the proposal is to increase public revenue, the pre-requisite consideration should be the financial ability of the people affected to shoulder the burden. If on the one hand this is beyond their ability, and on the other the proposal is to be implemented by force, it will be certain to fail in its objective and the consequences would be serious indeed.
- (c) The police deserve our praise in taking appropriate action in handling the taxi strikes, and strong and effective methods in dealing with the disturbances. In particular the Commissioner of Police and his Director of Operations clearly told the people in broadcasts that Hong Kong was a society governed by the rule by law, and criminal acts would absolutely not be tolerated by the police. They explicitly urged the people to cooperate in order to prevent the incident from deteriorating.
- (d) According to the reports, those involved in the disturbances were mostly young people, even including students. Most of them had previous records and the whole incident was unorganized. Government departments should therefore review the complicated reasons of juvenile delinquency and take appropriate and effective measures to counter them. We must understand that only true data plus correct analysis and assessment, can help avoid repetition of similar incidents.

Sir, with these remarks, I oppose the motion.

4:30 p.m.

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, I think at this point I need to suspend the sitting for 15 minutes or so. Council will therefore resume at about 4:45 p.m.

4:50 p.m.

Council resumed.

SECRETARY FOR HOME AFFAIRS:—Sir, the occasion of this debate must raise questions as to why it ever came about. The initial proposals were made on Wednesday morning following surveys, studies and policy reviews running for more than a year. They had, as Mr. BROWN said, come to honourable Members as a complete surprise. Yet within three days Members had concluded that they were not acceptable. How had this unprecedented situation come about? Had nobody involved considered the likely outcome or done a ‘human impact study’ as one paper so picturesquely put it?

My task to-day is to present the events leading up to last Wednesday’s announcement in the form of a human impact study for the human aspect was always an important consideration.

As background we knew that we were dealing with an industry composed of many small and large operators with very varied experiences. A proposal for a 33% increase in fares had been submitted some time ago—though some operators had objected to this. The analyses available showed that costs had risen only 10% since the last fare rise. In meetings with the Transport Department taxi owners had expressed impatience at the lack of a decision on their application, yet it looked as though it was going to be impossible to justify.

If the outcome was to be that the justifiable fare increase was to be less than asked for it was expected that taxi users would be relieved but operators would be discontented. No actual expressions of relief by way of public comment were expected from taxi users but the operators were expected to express a good deal of opposition and take strong action to press their views.

In the event, the speed of the operators’ reaction to the package of proposals when they were announced, and the determined and effective way they both deprived users of their services and caused extensive inconvenience to thousands of others was unexpected and was not forecast. It was not forecast within the Government. It was not forecast by commentators. It was not forecast by the media either on publication of the revenue protection orders or after presentation of the package in full in this Council. Indeed it was not until the extent of the traffic disruption was obvious for all to see that anybody began to say with commendable hindsight that stoppage of service was an inevitable consequence of the measures proposed.

Clearly the measures proposed caused immense resentment among operators. Their reactions were almost instinctive for the initial demonstrations of discontent were taking place before the full package of measures had been announced.

But what of the package itself? What was there in it which was so offensive?

The measures proposed were based on a study which showed that taxis were *not* essential carriers in the context of a vastly improved transport system and were an increasing cause of congestion. This developing trend could not continue indefinitely without unacceptable consequences in terms of increasing congestion for the great mass of users of transport facilities. The measures were intended to slow down or reverse the trend. The policy aim had been endorsed by the Transport Advisory Committee but what would be the consequences to the parties most directly involved? The long term human impact consequences could be demonstrated but what of the short term and immediate?

Those affected can be divided into two groups: the taxi users, whose concern would be the standard of service and the fares charged; and taxi operators who were concerned to make a reasonable profit.

In order to ascertain taxi users' views and assess the impact of any proposed changes on them both subjective and objective tests were made. The subjective test included both a series of questions by the Census and Statistics Department in one of their General Household Surveys and the distribution of an information paper and a questionnaire to District Boards. This enabled the Boards to express their views on the adequacy of taxi services in their districts and the sort of impact fare increases will have. To Mr. Charles YEUNG, Mrs. Pauline NG, and Mr. P. K. YEUNG I would say that this was the part played by District Boards. The Boards were not consulted on this policy package. Objective tests included such studies as waiting times at taxi stands.

From these studies it was concluded that the present number of taxis was thought to be adequate, that fares were reasonable but could be raised by a margin without seriously inconveniencing the users.

The measures proposed were, in their impact on taxi users, in the matter of standards of service and fares, likely to be accepted.

I should like to point out here that the simple proposition made by Fr. MCGOVERN and Mr. WONG Lam that the effect of taxis on congestion can be regulated by limiting the number of licences is fine for non-taxi road users and for taxi operators, who would enjoy increasing profits with increasing demand. It would not be so fine for taxi users who would encounter a declining standard of service as fixed supply came up against increasing demand.

In the event no protest about the quality of service or fares has been heard in the last week or in the debate to-day though I am not sure whether Mr. So, on grounds of objecting to inflation, objected to the taxi fare rise. The forecast as to the human impact of proposals on taxi users does not seem to have been far out.

Turning to the operators the fundamental issue is the impact of any measures on operating profits. To say this is easy but what are the operating profits? The regulation of tariffs to generate reasonable profits of public utilities is a familiar

problem. There we are dealing with a few companies whose efficiency of operation, whose income and expenditure are all capable of study in detail. And I might remind Mrs. CHOW that bus companies' activities are regulated in much greater detail than taxis. This approach is impossible in the case of taxis operating in so many varied ways and in many cases without detailed records.

Although profits cannot be assessed directly the adequacy of the general level of profits can be deduced if it is accepted that at some time in the past profits were at the level required to sustain operations, to maintain the market value of the taxi licence itself and to attract new comers to bid substantial premia for new licences—the bulk of which are taken up not by the small operators themselves but by entrepreneurs who expect to on sell them at a profit. If profits after the last fare increase were adequate then it is reasonable to conclude that profits can be restored to the old level if fare income is now to be increased by the same percentage as the percentage increase in costs.

The proposals for fare increases are generally based therefore on increases in costs—costs such as drivers' real or, in the case of an owner driver, notional wages, the cost of maintenance, of fuel etc. Data on all these costs are supplied by representative associations and can be checked against the experience in other fields.

So long, then, as fare income is increased by the same ratio as costs, profits should also increase by the same ratio and be maintained at an adequate level. The impact on operators of this policy too seems to be basically acceptable.

But, on this occasion, there was an added complication. For transport policy reasons, which were in principle endorsed by the T.A.C., and having regard to the need for the package to be neutral in fiscal terms, which were in principle substantial, tax increases on previously low rates were proposed. Advice on transport policy is properly sought from the policy body, though the District Boards' input to the taxi review would naturally be valuable to the T.A.C.

Although these tax increases were large in percentage terms the impact of a few thousand dollars of tax on the total annual operating costs, which can go into six figures, was not great. Even so it was considered that the impact of increased taxation should not diminish the taxi operators' profits. The money to pay the taxes was to be generated by an increase in fare income over and above that justified by an increase in other operating costs.

The increase in taxes would not therefore bear on taxi operators' profits.

If fares were to be increased in the same ratio as costs; if an additional fare increase was to be made to cover additional taxation; then profits should return to an acceptable level. Such a proposition should not have generated opposition even if one relied only on Mr. WU's gut reaction. No doubt those Members who assert that the combination of tax increases and fare increases taken together would threaten the taxi operators' livelihood have figures to support this. No

such conclusion could be drawn from the figures available to the Government but Mr. WONG Lam does doubt the Government's conclusions.

Perhaps one should conclude from the taxi operators' spectacular reaction that the real figures, wherever they may be, do indeed show that fare increases do not cover increased costs and proposed taxes. This would be a rational explanation of their concern but would run up against the results of the researches of the Transport Department. Certainly an urgent review of the figures is necessary.

We can however detect other influences at work because the demonstrations in the New Territories took place before the size of the fare increases had been announced. The necessity for the midnight gazette of the taxes, the psychological impact of the *percentage* increases in the taxes, the dramatic television scenes of the green taxi parade, the extremely effective communication system in taxis, the camaraderie of the drivers, the atmosphere that had built up in the period of waiting for a decision on the fare increase application, the timing of extra charges before Chinese New Year, as Mrs. CHOW, Dr. IP and Mrs. Rita FAN pointed out, and the thought that the sacrifice of two days wages and the colossal traffic snarl must achieve something—all these contributed.

Emotion clearly played a large part in the taxi operator's actions. There was undoubted public sympathy for the operators. Such effects are very difficult to analyse in retrospect when calm has returned. They are quite impossible to predict.

I would however say again that the proposals were for a policy aim designed to improve the use of the transport infrastructure by everyone. In its impact on the taxi users it was assessed as acceptable both as to the standard of service and in the increase in charges. In its impact on taxi operators it was anticipated that the income generated by increased fares would both restore profitability to former levels and cover increased taxation.

Little that has been said to-day has thrown doubt on the wisdom of these aims.

I should now like to give an account of how the Government's information services were deployed to attempt to explain what was afoot, to give circulation to statements and factual information.

The Revenue Protection Orders were issued at midnight at the beginning of 11 January together with a press release explaining that they were part of a comprehensive series of measures and fare increases to be explained in Legislative Council that day. The tax increases never stood by themselves.

The text of the Secretary for Transport's speech was broadcast in English and Chinese on delivery and released in full text and summary by press release on Wednesday afternoon. The full text was released but, in answer to Mr. WU's point, the Government is not, in Hong Kong, in a position to order the press to

print its releases. That evening a television broadcast in Chinese was put on to explain the measures.

At 8.45 the following morning 12 January a briefing of evening newspaper reporters was held to answer questions. A full press conference by the Secretary for Transport was held at 11 a.m.

During the afternoon and early evening taxis caused traffic dislocation in central areas, their representatives held long meetings with UMELCO.

Greater congestion began to build up on Friday morning and it was decided that regular bulletins would be issued every hour on the hour to all media but particularly by radio as the drivers were listening to this. The first of these was on the 10 a.m. news making it clear that the grievances were being studied in Government and by UMELCO.

Throughout the day statements on various aspects of the matter, as well as news of various meetings were issued. At 1 p.m. the Director of Information Services gave an explanation of the use of Revenue Protection Orders for, as Mr. CHEUNG Yan-lung said, there was much misunderstanding of these. At 3.35 p.m., in response to a call by taxi operators for a thorough study of the taxi trade, a list of the contents of the 1983 Taxi Review was issued and copies of the bulky review itself were made available in the GIS newsroom.

At 5.35 p.m. notice of the Acting Governor's broadcast at 6.30 p.m. was given. The text, subsequent to delivery and transcription, was issued at 7.50 p.m. A UMELCO statement followed at 8.35 p.m. The Secretary for Transport and an Assistant Secretary went on television again in the evening. Further announcements about transport services and the cancellation of the race meeting followed. The text of the Commissioner of Police's broadcast and that of the Deputy Commissioner, Operations, Mr. LI Kwan-ha, was issued at 11.55 p.m. The final UMELCO statement went out at 1.00 a.m. on 14 January. Regular reports were despatched to Hong Kong Government offices in London, New York, Brussels and Geneva.

All this represented considerable activity. I believe that the regular and frequent issue of reliable statements ensured that wild rumours, which so often thrive in such circumstances, were kept at bay. I myself heard of none.

It is difficult for anyone who believes his livelihood is threatened, to keep calm, make reasoned representations and await the outcome of consultations. This is true but at the same time I do think that our system of Government has a remarkably good record of not behaving so recklessly as to damage those providing important services to the community. Given the strength of feeling expressed by the taxi operators and reflected by Unofficial Members it is not unreasonable that these measures should now be re-examined.

THE ATTORNEY GENERAL:—Sir, at this late stage of the debate I intervene, before the Secretary for Transport winds up, merely to bring together some of the themes woven into this debate that have a constitutional or legal impact.

I strongly support the conclusion reached by several Unofficials, notably Dr. FANG in his impressive leading speech, that the failure of a legislative proposal is a demonstration of the *strength*, and not the weakness, of the constitution. A system of checks and balances (to pick up Mr. Charles YEUNG's phrases) is a necessary feature of the Government of a free society if it is to be well governed *and* capable of absorbing the major shocks and pressures that are bound to come its way. In the United States there is need for the executive to secure a majority in the Congress. In the U.K. there is the need for the government of the day to trim its proposals to avoid significant loss of party support in the House of Commons. And in Hong Kong, there is the need to win the support of the Unofficial Members in Legislative Council for the specific measures proposed by Government. While the Unofficials are not delegates of the public, they are appointed to interpret and expound the views of the public and to participate in reaching a final judgement upon the public interest. They are a fundamental check within our system of government by consensus. And they are surely never hurried in their consideration of bills. They are given all the time they need to deal with representations and formulate their views. Government representatives have often—indeed I have done so myself—qualified remarks on reform and legislation by saying that this or that proposal is 'subject to the views of Executive Council and ultimately Legislative Council'. This is no empty phrase, it means exactly what it says. We in Government may always hope that by consulting widely and striving to get it right, we will in due course obtain that necessary support. But there will always remain the final opinion of Members of the Legislative Council in which there is anyhow a clear majority of Unofficials. This Council is the ultimate safeguard if the Government were to misjudge what is politically acceptable in Hong Kong. Sir, for these reasons I therefore see today's events not as a loss of face for Officials but rather as a vindication of the *system*, its effectiveness, and above all its ready response to the political mood and judgement of the community.

Another aspect of our uniquely developed version of consultative democracy placed into focus by recent events is the role of the Administration in relation to the Executive Council. Policy secretaries have a departmental brief. While they must keep a wary eye open upon the broader scene, it is their primary role to concentrate upon policy issues of a segment only of Government business; and they must fight hard to promote those policies which they think will best serve the public in the areas of their departmental responsibility.

Executive Council on the other hand with its wider membership and prime status must have its finger on the pulse of the whole panorama of policy issues facing Government and all relevant political constraints. Executive Council can and does refuse the Administration's proposals, where it perceives that informed and popular opinion is clearly against departmental policies. If it were to fail to read the warning signs correctly, the ultimate check and balance in the system is the Legislative Council at least so far as legislation and the raising of taxes is concerned. But when that happens able and vigorous Secretaries who

have pushed their departmental briefs fairly and properly, and successfully persuaded the Executive Council to support their policies, ought not then to be singled out for blame. Calls for the resignation of a Secretary because a bill proves unacceptable to the Legislative Council does no service to the process that I have described.

Little more needs to be said about that wretchedly misunderstood animal the Public Revenue Protection Order. Whether measures which include tax changes are treated as raising revenue or elements in transport policy, it simply does not do to have citizens rushing around renewing licences to avoid increases known to be in the pipeline. If this happens and the measures are later confirmed, not only do those who failed to join the queue feel unhappy and aggrieved, but the Revenue is deprived of its anticipated scoop into the coffers. All this is unseemly and unfair and for those reasons Public Revenue Protection Orders are made. This respectable creature of the legislative process has an ancestry in many other areas of the world. The making of the order does not mean that the legislative proposals to support it are in any way prejudged. Indeed Members will recall that the Secretary for Transport said last week in relation to their use that they only protected revenue 'pending the legislative decision of this Council'. The law makes it perfectly clear (as Dr. IP pointed out) that if Legislative Council does not pass the measure, the Protection Orders fall and money collected under them is refunded to those who have paid. As Mr. CHEUNG Yan-lung emphasised, the gazetting of the order was widely misunderstood on this occasion and wrongly taken to mean that Government had legislated on the stroke of midnight with irrevocable effect.

Sir, finally I would say a word about the events of the last week. It is one of the freedoms enjoyed under the law that members of the public may speak their minds loud and clear; and taxi drivers did so. They exercised their right to make representations to UMELCO for that is the obvious avenue for protest against legislative proposals. Equally they exercised their right to make representations to officials because Government is duty bound to hear and consider views and criticism of proposed measures even after the Executive Council had caused bills to be introduced into the Legislative Council.

Taxi drivers, certainly those who are owner drivers, are also at liberty to refuse to work and so to cause members of the public as much inconvenience as is involved in finding other ways to make a journey. This is not a society in which its citizens can be forced to work against their will.

The taxi drivers however went further and they chose to defy the law. Massive obstruction of the streets is simply *not* permissible. It is no justification that it was done because feelings ran high. Taxi drivers had ample opportunity to make their protests by legitimate means.

Given the sudden and dramatic circumstances in which they took their spontaneous but illegal action, it was highly commendable that the taxi drivers, and the police who faced them in the streets, acted with so much dignity and

restraint. There were some ugly scenes and incidents, and a total blockage of traffic in Tai Po that was deplorable, but for the most part the taxi drivers cooperated in allowing traffic to flow. They responded to requests to keep access to buildings clear and in these ways minimised the inconvenience to the rest of the community who, in consequence, continued to show support for their cause. But despite the good sense and laudable restraint during those hours when the taxi drivers took to the streets, the hooliganism and looting in Nathan Road would not have occurred *but for it*.

The lesson to be drawn is neither new nor original. It is this: when the rule of law is challenged, the community is put at risk. For in the end we have nothing but respect for the law to keep the peace. Those who set out to break the law bear a heavy responsibility for the consequences. As the Old Testament prophet put the matter: 'he who sows the wind may reap the whirlwind'. In a crowded busy community like Hong Kong, it behoves us all to make our protests within the law. For, as Mr. Peter C. WONG reminded us, Hong Kong is an open society which affords ample scope for its citizens to make their point by constitutional means.

SECRETARY FOR TRANSPORT: — Sir, Unofficial Members have this afternoon spoken cogently and clearly and with one voice upon these two Bills. The Secretary for Home Affairs and the Attorney General have commented on certain important aspects, and I shall now wind up the debate on the second reading of the first Bill. My remarks, as do those of all Members, relate to both Bills.

Sir, it is not disrespectful to remind Members that a week ago I spoke at some length setting out the process by which these measures had reached this Council; about the long and careful effort to get evidence and opinions on the whole spectrum of the taxi trade and its operations, and its place in the transport hierarchy as it has changed over the years. I outlined the background and present position in detail; spoke of the development of policy over the years; of the findings of the extensive 1983 Taxi Review (a copy of which I have here); and explained that the General Household Survey had included a special series of questions on taxis; that District Boards had been consulted; that the taxi associations had been consulted; and that the policy package had been examined by the T.A.C., whose advice was then forwarded to the Governor in Council. The policy package and these two Bills were presented in this Council on the direction of the Governor in Council. My speech set out in detail the policy proposals and the reasoning behind them. It is inappropriate today to go over in great detail all of this again but I would like to emphasize lengthy research and the great care with which the Review was carried out and the proposals were prepared, although a number of points made today by Unofficials call for detailed reply.

Mr. Stephen CHEONG said 'In any country or territory in the world, formulating transport policies is never an easy task. It requires very careful

balancing among various conflicting interests of the community. Many a time painful decisions have to be made which may seem unreasonable to one particular sector of the community whilst in fact the decisions were made in the interest of the common good'. Mrs. Rita FAN spoke in similar terms. Their words are greatly appreciated and I am sure generally understood.

The Attorney General and Secretary for Home Affairs have described the constitutional process under which this Council debates legislation after its introduction into Council, and the consultative processes before it is introduced. I shall not repeat their words, but would add that at the beginning of my speech last Wednesday in this Council, I said that the proposals were not a foregone conclusion and debate should not be inhibited. And from the initial reactions of Unofficial Members after that speech, it was evident that a forceful debate and proposals for modifications would be forthcoming. But events developed quickly, and Unofficials have made very clear their doubts about the timing and method of presentation of these Bills and the related measures.

Mr. BROWN in his speech referred to the unfortunate but, as he said, unavoidable need for Public Revenue Protection Orders to be made before the Bills were introduced. This inevitably came as a considerable surprise to the taxi trade and to Unofficial Members and to the general public, and has been criticised as pre-emptive and provocative. This feeling cannot be denied, but as Mr. BROWN said, I did last week point out that they are holding measures while the legislation which Council is now discussing goes through the due process of debate and amendment. May I, Sir, explain in detail why the Orders were necessary, following what the Attorney General has said on this subject—although he too obviously hoped I would be brief.

First, as to annual licences: existing regulations for the issue of licences provide, for the convenience of vehicle owners, that up to four months before the due date of expiry of a current licence, they may renew the licence at the current rates for a period of up to one year from the date of expiry of the current licence. So any taxi licence with less than four months left before it expires, can be renewed at the old rate for a period of one year from the date of expiry of the current licence.

The existing regulations also provide that any vehicle owner may cancel his licence at any time, and if more than three months remain of the validity of the licence, he can get a proportionate refund. He can then immediately thereafter take out a new licence for a full year at the current rate.

Dr. IP mentioned both these provisions, which are for the convenience of licence holders—for people who may be absent from Hong Kong or who for other reasons wish to renew licences in advance; and because it must be open to a licence owner to cancel his licence and if appropriate to receive a refund. But in the present matter, if a Revenue Protection Order had not been made, virtually all present licensed taxi owners would have been able, in greater or

lesser degree, and entirely properly within the regulations, to renew their licences at the old rates for periods up to a year or more, subsequent to the eventual enactment of the legislation, after debate and amendment.

First Registration Tax was covered by a separate Revenue Protection Order. The taxi industry in Hong Kong has for several years been expanding at the rate of 1 800 new taxis each year plus in this connection replacements of existing taxis. The distributors of the most popular models therefore hold in stock a substantial number of taxis and because there is a known regular demand can bring forward quite quickly from overseas additional new vehicles. So there was the problem that new taxis could be brought forward quite quickly in substantial numbers for registration at the old rates of tax, although not enough to satisfy the large numbers of licences issued and about to be issued (some 870) for which taxis have not yet been registered.

It is not only therefore a matter of the protection of the revenue, but the fact that some licence holders would be able to register taxis at the old tax rate whereas others would not be able to. I will return to the matter of the loss and gain of revenue involved in the package, in a moment.

The Administration completely accepts that using Revenue Protection Orders in this instance has caused acute presentational problems, notwithstanding the valid reasons for so doing. It would have been greatly preferable to find another way of proceeding which would have reasonably safeguarded the revenue, would not have permitted the possibility of unfair advantage, and at the same time and most important, would have given adequate notice of intended measures so that they could be debated in the usual way over as long a period as the Legislative Council deems necessary. This problem deserves and will get close-study perhaps, as Dr. IP suggests, retrospective legislation may be the solution.

May I return to the aspect of protection of the revenue. I said last week that these proposals were not designed to increase the revenue from the taxi trade and its passengers; and the effect would be a net gain of about \$12 million. Since, then, the premia offered at the December tender for licences show that in fact the net gain would be about \$7 million. Let me explain this.

One element of the policy package was to freeze the issue of urban taxi licences for a period of two years and to monitor the position meanwhile. This would result in a loss of revenue of about \$176 million. In the present budgetary situation, this could not be accepted. It was therefore proposed to balance the loss by the increase in registration tax and annual licences; and the resulting increase in taxi operating costs would be met by the inclusion of about 7.5% increase in taxi expenditure in the total increase of about 17% in taxi fares. Paragraphs 28-36 of my speech last week refer to this, and I am grateful to Mr. WONG Lam for referring to this point. The S.H.A. has also covered it earlier this afternoon.

Despite Father MCGOVERN and Mr. Charles YEUNG's doubts, these are *not* revenue-raising measures. They stem from the transport policy conclusion that taxis should be treated as private vehicles in tax and licence terms, but in order to reflect their considerably greater use of congested areas than private cars, and to offset the revenue loss, the annual licence fee should be twice that of a private vehicle. This point was raised by Mr. Stephen CHEONG.

Dr. Ho Kam-fai said that 'the increase in passenger patronage taxis by more than twice that of all other forms of mass public transport in recent years is due to the low taxi fare structure'. That is definitely the case. It also reflects growing prosperity over the period. And I agree with him that the disabled, the elderly, the sick and injured and other categories of passenger, must have taxi services available. The proposals however would not alter the availability of taxi services; they recognize the continuing need for taxis, but also the fact that in a fairly widely held view there are now sufficient urban taxis. A fare increase of 17% would still leave us with probably the cheapest taxi service in the world.

It is certainly not true, as was alleged in a radio programme recently, that the Administration regards taxis as a luxury, or that they should be reduced in number. It was stated clearly in my speech last week—and at a subsequent press conference—that they are a most efficient service as well as being cheap. The proposals would not alter that, I would ask Mr. Peter C. WONG to note this.

Mr. Stephen CHEONG also observed that to freeze the issue of taxi licences, while increasing fares, would increase consumer resistance and hence patronage reduction, causing further vacant taxi cruising and thus greater congestion. I appreciate his line of argument but experience tells us that if there is no freeze and the offer of new licences continues, they will be taken up; thus more taxis will come onto the road, bringing greater competition and congestion, and affecting levels of profitability; in other words, the same outcome as he predicts. Officials and Unofficials have struggled with this conundrum for many years—that even when the taxi trade says that its profitability is declining rapidly, fresh licences continue to be tendered for at not inconsiderable premia. 'Big tenderers' and 'regular tenderers' dominate the tender exercises.

In the five tender exercises surveyed by the Review, 19 tenderers for 300 urban Taxi licences obtains 65% of the total and 10 tenderers for 150 N.T. taxis obtained 70% of the total, Licences thus obtained are transferred rapidly, as the big tenderers prepare for the next tender opportunity. For example, following the August/September 1982 tender exercise, 98% of the urban taxi licences obtained had been transferred to other owners in less than a year; and so had 82% of N.T. taxi licences. Why companies or individuals continue to tender is therefore not related to operating a taxi as a service on our roads; and a freeze of the issue of licences would affect the professional tenderers in the background, rather than the owner-operator. passenger demand is not affected by a freeze, and would not in our judgment be significantly affected by a 17% increase in fares; and it was forecast that demand would continue to increase, and be taken

up within the present unpaid mileage to which I referred last week (para. 20 of my speech).

Mr. Stephen CHEONG thinks that the Administration tends to regard the taxi trade as a homogeneous group of people. The Administration actually agrees that they are not, and that the structure of the trade is complex. It would be a great advantage to have one, or at least fewer than the present sixteen Associations, to deal with. There are obvious difficulties in receiving and communicating comprehensive information in an industry where the vast majority of vehicles are owned by owner-drivers. But even that is an oversimplification: many taxis are also rented out to drivers, regularly or occasionally.

The Transport Department has well established and regular meetings with these Associations. All were asked to respond to a detailed questionnaire in the course of the Review—with 18 subject areas, including the sufficiency or not of taxi number; the economics of the trade; and its operations. 14 of the 16 Associations responded—and the results are summarized in the review report.

The questionnaire included the following open invitation:

‘The Government is undertaking a review of taxi operations, and the views of the Associations are sought so that the review can be as comprehensive as possible. It is suggested that each Associations should give its consolidated views and comments on the issues listed below after having consulted its members. The Associations are also invited to give comments and views on issues other than those listed below’.

This was also the form of words used in putting forward the information paper for discussion by District Boards. It is regrettably not possible to put to District Boards the direct question ‘Should tax and annual licence fees for taxis be increased?’ because this would have caused the sort of activity which I mentioned earlier when talking about Revenue Protection Orders. The S.H.A. earlier spoke upon this point.

Something more needs to be said about how applications for fare increases are processed. Taxi operators and the consumers are keenly interested, and their views on the appropriate level almost certainly do not coincide. The Administration finds itself in the middle, and must prepare proposals to T.A.C. and to the Governor in Council. It has always been difficult to evaluate what level of increase is justified when the taxi operators put in their claim. I trust what I now say will not be misunderstood. These claims are usually in the form of a statement of expenditure, accompanied by a brief statement of revenue. They are not supported with great detail by way of a report or survey. They are, in the nature of things a first claim; and I think it is not unfair to say that as in the case of claims for increases in many fields, the claimant might well be surprised if the first statement was accepted without examination or argument by the Transport Department. Certainly, taxi passengers expect the Administration to examine very carefully any claim for fare increases.

It is particularly difficult, because the trade is made up largely of individual operators, to form a satisfactory overall picture of expenditure and revenue. On the revenue side, and I trust that this point too will not be misunderstood, revenue off-the-meter cannot be estimated with any accuracy. It is perhaps for this reason that the claim put forward by the operators does not usually include an element to service the premium paid for the taxi licence. In passing, in any case it would be difficult to place a meaningful interpretation of the cost of premia in recurrent expenditure because for many taxis the cost of premia has been paid off, and had been bought at different levels of price over the years; and there is a big difference between current urban and N.T. taxi premia.

Over the years therefore it has seemed reasonable as the Secretary for Home Affairs has said that claims for increased fares should be considered basically in the light of changed expenditure as surveyed from time to time. For example, in respect of the claim made last year, the Transport Department requested about 15% of taxi operators to provide meter revenue figures over a period of a week, and expenditure figures over a longer period.

One half of the operators so approached responded with information and from these responses a pattern of expenditure and of meter revenue was established. This was then compared with the figures obtained from a similar survey at the time of the last request for a fare increase.

This is not a matter of plucking figures from the air or of horse-trading, but an attempt to get satisfactory evidence and to analyse the results, taking into account the interests of the operators and of the public. The Review itself points out that to improve this system, increasing co-operation from the operators in producing their revenue and expenditure experience will be most helpful as Mr. Alex WU would surely agree.

A suggestion was recently put forward that the taxi industry should be free to set its own fares. This is perhaps what Dr. Francis TIEN had in mind, although I may be inferring too much from his remarks; but it can, I think, be inferred from Mrs. CHOW's remarks. To thus let the fare market determine its own level is not an unattractive proposition, as it would remove the responsibility from the Government. On reflection, however, I think it will be seen that the result of kerbside bargaining would increase congestion; that at taxi stands, passengers waiting in line behind the taxi being bargained with would become most impatient; and when demand is high, for example, on race days, rainy days, late at night or in remote areas, taxi operators would be in an unreasonably strong position to demand high fares. The Government bears the responsibility that the taxi industry should be reasonably stable, notwithstanding that it is made up of a large number of individual operators.

Several Unofficials have criticized the categorization of taxis as 'personalized transport'. I recall that in introducing these Bills I referred to this description as 'an odd phrase, perhaps, but one which aptly defines their principal use'. I also pointed out that it is a view which has had at least seven years currency in policy

terms. Now, Sir, it is obvious that taxis provide a service to the public; no one will argue about that. The point being made is that they are not in the same category as public transport which has concessionary rates of taxes licences and tolls. Taxis primarily cater for individual needs; they do not proceed on fixed routes at prescribed frequencies, catering for large numbers of people travelling in the same direction in regular volumes; and the General Household Survey showed that for some 80% of taxi journeys, public transport alternatives were available. Thus the taxi to a very large extent acts as a sort of private hire car or substitute for private car. I emphasize that this does not deny their role as an adjunct to public transport but it does not put them in the same category as buses or railways.

May I here remind Council of the problems of present and future congestion which we have discussed on previous occasions, and to Mr. F. K. HU has referred. The community has a very large investment, continually growing in the transport network, both road and rail. This investment is part of public expenditure both capital and recurrent in a large number of programmes. The decade of expansion in the '70s whetted the appetite of the community, for the further expansion of programmes. We are now in a different situation, and the rate of expansion has to be reduced. Transport policy is clearly defined that public transport and goods vehicles take priority over private transport. Taxis which function largely as a form of private transport, are identified as private transport very much more than public transport, although it is not a perfect black or white situation. In our transport network, there is room in sensible proportions for all forms of transport. It is inevitable that the community's investment in the network requires, notwithstanding the arguments about free enterprise and unrestricted competition, a degree of allocation by priorities.

I have, Sir, attempted to explain and amplify the reasoning behind the policy package. The Administration accepts that the timing, lack of gradualism and presentation of these measures have caused great concern among the Unofficials who have explained fully their reasons for opposing the Bills. This is the very reason why they and we sit in this Council, that legislative proposals should be examined and debated after Unofficial Members have heard public opinion and expressed their own opinions and sought amendments as necessary and voted accordingly if necessary. As Mr. BROWN said the need on this occasion was for an urgent decision rather than about the content of a decision, which is why we are here today in this specially arranged sitting of Council.

The Administration, Sir, respects the reasons for which Unofficial Members have expressed their strong opposition to these Bills. I hope it does not at this point sound stubborn or churlish to say that the Administration believes that the policy package is basically right in its approach but obviously needs suitable modifications that will in due course render it acceptable and place the taxi in its correct place in the transport scene, while bearing in mind the necessity to safeguard the reasonable livelihood of taxi operators, and to ensure a stable, efficient and fairly priced industry.

The Official Members of this Council will not therefore vote for these Bills. It follows, Sir, as Dr. FANG and Mr. Peter WONG among others, have urged that the various proposals in and related to these Bills as outlined in their introduction last week as an interrelated package, should be reexamined. They will have to be resubmitted to the Executive Council for further consideration as a matter of urgency; and this will be done. All concerned should be assured that the views which have been expressed today will be included in that resubmission.

Sir, I beg to move.

Question put.

The motion was defeated.

ROAD TRAFFIC (REGISTRATION AND LICENSING OF VEHICLES) REGULATIONS (AMENDMENT) BILL 1984

Resumption of debate on second reading (11 January 1984)

Question proposed.

Question put.

The motion was defeated.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday 25 January 1984.

Adjourned accordingly at a quarter to six o'clock.