

TAC releases Report on Review of Taxi Operation

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The Transport Advisory Committee (TAC) today (June 5) released the Report on Review of Taxi Operation and put forward a series of recommendations to enhance the taxi trade's competitiveness with a view to benefiting the public and the trade.

In releasing the review report at a press conference, the TAC Chairman, Ms Teresa Cheng Yeuk-wah, said, "at the invitation of the Government, the TAC launched a review on the mode of operation and the quality of taxi service in Hong Kong in 2007, which aims at broadening the taxi trade's business opportunities, and at the same time benefiting the public through provision of competitive taxi services to meet their needs.

"Public consultation was launched from October 2007 to January 2008 to invite the public and the taxi trade to express views on promoting the taxi trade's development. Over 6,000 written submissions were received."

Having analysed and considered carefully all views from the public and the trade and made reference to the experiences of taxi operation in some other places, TAC made recommendations on (i) the mode of charging; (ii) the mode of service; and (iii) the quality of taxi service, with a view to increasing taxis' competitiveness and benefiting the public and the trade.

On taxi fare structure policy, TAC recommended that the policy on the fare structures of the urban, New Territories and Lantau taxis should be changed from "front-loaded and the subsequent incremental charges being calculated at the same rate" to "front-loaded and thereafter on a varying descending scale for incremental charges".

Ms Cheng explained that the recommendation was made having

regard to the fact that relatively more views received during the consultation were in support of lowering fares for long-haul trips and raising fares for short-haul trips and that the recommended change could align the taxi fare structure with those of railways, franchised buses and green mini-buses to increase taxis' competitiveness. It could also help restore a level playing field for taxi operators whose business has been affected by the discount gangs who offer discounts for medium- and long-haul trips. Taxi operators would be given a fair and transparent opportunity to propose fares for longer haul trips at competitive rates to suit market conditions.

Ms Cheng said that the above recommended changes would also benefit passengers through the provision of more competitive taxi services, especially for longer haul trips as the new fare framework allows the taxi trade to propose fares at a varying descending scale for these trips in the light of the market situation.

"TAC has considered whether it should specify the length of journey distances for short-, medium- and long-haul trips and their respective fares. However, the TAC notes that the views of members of the taxi trade on fare levels are diverse as witnessed by the huge number of different fare restructuring proposals submitted to the TAC during the consultation. Besides, having regard to the changing market situation, TAC considers the best approach is to create this framework of fare structure policy which will then enable the three different types of taxis to propose adjustment to their fare structures having regard to the changing market situation," she said.

"While recommending the above policy change, the TAC is of the view that the existing considerations for handling taxi fare adjustment applications should remain unchanged. The TAC also notes that the taxi trade has submitted several different fare adjustment proposals to the Transport

Department (TD) and the TD will continue to maintain discussion with the trade. The TAC hopes that the taxi trade will continue to work towards reaching a consensus.

"As for the taxi fare regulatory regime, the TAC notes that diverse views were received during the consultation period. The majority of views is satisfied with the existing uniform mode of charging based on travelling mileage, waiting time and other additional services provided for taxi services in Hong Kong.

"The TAC recommends that Hong Kong in the longer term, when suitable conditions exist, should consider moving towards a more flexible taxi fare regulatory regime, such as allowing individual taxi operators to apply to the Government for setting different fare scales subject to the maximum flagfall and subsequent incremental charges prescribed by the Government. This will eventually allow an even greater choice to passengers and competition among the trade," Ms Cheng said.

"Nevertheless, the TAC cautions that Hong Kong does not yet have the suitable conditions for making such a change at the present stage. This is because in other places which currently adopt more flexible taxi fare regulatory regimes, such as Tokyo, its taxi trade structure is dominated by a few taxi companies and 70% of the taxis are corporate-operated. The majority (70%) of taxis in Hong Kong, however, are operated by individual rentee-drivers. There are over 30,000 taxi operators in Hong Kong. Allowing individual taxi operators in Hong Kong to apply for setting different fare scales could create a lot of confusion to passengers and give rise to practical difficulties in processing the large volume of applications. In the longer term, Hong Kong could consider the feasibility of allowing more flexibility in the taxi fare regulatory regime when Hong Kong's taxi trade market structure develops to one which is more similar to those in places such as Tokyo in terms of the mix of individual/corporate taxi owners and when the difficulties mentioned above have been

resolved," she added.

As far as fare bargaining is concerned, the TAC is of the view that taxi passengers should pay according to the meter.

The TAC has looked into the practices of over 10 other cities and noted that most of them do not prohibit fare bargaining by taxi passengers. For those cities which prohibit fare bargaining by taxi passengers, such as Beijing, Shanghai, Vancouver, Toronto, Melbourne and Seoul, none impose a penalty on passengers for fare bargaining.

Ms Cheng explained, "We notice that some members of the taxi trade strongly request that legislative amendment should be made to forbid fare bargaining by passengers. But the public's views on this issue are diverse. The TAC has considered carefully the desirability and feasibility of legislating against fare bargaining by passengers. The TAC agrees that taxi passengers should pay according to the meter, but supporting this principle does not equate to concurring in taking the extreme course of action to enact legislation to impose a penalty on passengers for fare bargaining.

"First, under the current legislation, taxi drivers can refuse to accept lower fares requested by passengers and assault on taxi drivers by passengers is forbidden. Therefore, legislative safeguards are already in place to protect the interests of taxi drivers. Thus, the crux of the matter does not lie in enacting a new legislative provision. Rather taxi drivers should make full use of the protection they enjoy under the existing legislation.

"Second, the Police are of the view that there will be difficulties in collecting evidence of such bargaining activities as without the driver's agreement and consent, a taxi passenger would not be able to obtain a discounted fare. Having a legislative prohibition against fare bargaining by passengers would therefore be extremely difficult to enforce

as neither a willing driver nor a satisfied passenger is likely to make a report to the Police. Likewise there might also be evidential problems if the taxi drivers agreed to give the discount and accepted the discount fares despite the fact that it could have been initiated by the passengers.

"In addition, if a mere verbal enquiry could attract criminal penalty, this would deter the public, including tourists, from using taxi services. No other cities in the world penalise passengers on this.

"Taking into account the above, the TAC does not consider that legislating against fare bargaining is a desirable and effective measure."

Prof Jim Chi-yung, Chairman of the TAC Public Transport Services Subcommittee, which is in charge of the review, explained the various recommendations made by the TAC on the mode of taxi service. "The TAC recommends the introduction of premium taxis in Hong Kong. On the one hand, this could broaden the taxi trade's business opportunities. On the other hand, the segmentation of taxi services could help to cater for passengers' different needs and improve taxi services," he said.

"The TAC also recommends the introduction of personalised 'fixed route fixed fare taxi services' in Hong Kong. The TAC suggests the implementation of these services on a trial basis between cross-boundary control points and the airport. It is because these points are relatively more well defined and frequently visited by tourists," he continued.

"As the recommended change made by the TAC on taxi fare structure policy will already allow varying descending fares to be charged for incremental distances to benefit passengers on a territory-wide basis, the TAC does not recommend the implementation of personalised 'fixed route fixed fare taxi services' on a territory-wide basis at present to avoid

creating too many changes at the same time, which may cause confusion to passengers and the trade."

For the introduction of premium taxis and personalised fixed route fixed fare taxi service, there are some practical issues that have to be resolved with the taxi trade. The taxi trade is encouraged to put forward concrete proposals to the TAC and TD. The TD will continue to discuss with the trade to sort out the related practical issues. The TAC will engage the public as appropriate when concrete proposals agreed among the taxi trade members are available.

The TAC also supports the introduction of wheelchair-accessible taxis in Hong Kong and encourages the taxi trade to continue to explore the appropriate vehicles for the use of wheelchair-bound passengers in Hong Kong. The TAC notes that the TD will step up its efforts in working with other relevant departments to smoothen this introduction process and in helping the taxi trade to further communicate with the manufacturers.

On enhancing the quality of taxi services, the TAC made the following suggestions in the report:

(i) The TAC recommends encouraging more taxi drivers to participate in training programmes and suggests that shorter and more focused training courses should be organised to cater for the mode of operation of taxi drivers;

(ii) The TAC suggests implementing a series of measures to enhance the "Taxi Driver Commendation Scheme" to provide more incentives for taxi drivers to improve service quality, such as by providing more prizes and designing more conspicuous commendation plates to help passengers to identify quality drivers;

(iii) The TAC suggests producing a label for display inside taxis to inform passengers of the availability of the

"Travelling Hong Kong Phrasebook for Taxi Drivers" and that consideration may be given to including more languages in the next edition of the phrasebook;

(iv) The TAC suggests that the existing taxi driver identity plates should be upgraded. The TAC notes that the TD will develop enhanced measures to maintain the quality and uniformity and record of the taxi driver identity plates issued; and

(v) The TAC welcomes the introduction of new technology which could help to enhance the quality of taxi services. It also supports the Government to facilitate the trade's initiative to introduce such technology.

In rounding up, Ms Cheng and Prof Jim said that the TAC considered that the above-mentioned recommendations as a whole could bring in greater flexibility to the taxi fare structure and were conducive to the development of more diversified and better taxi services. These would help enhance the taxi trade's business opportunities as well as competitiveness and benefit the public.

Copies of the Report on Review of Taxi Operation are available at the TD's Licensing Offices. The report can also be downloaded from the TAC's website:

[www.thb.gov.hk/eng/boards/transport/land/tac.htm](http://www.thb.gov.hk/eng/boards/transport/land/tac.htm)

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