

ExCo approves Lantau and urban taxi fare adjustments

The Chief Executive in Council today (September 23) approved Lantau and urban taxi fare adjustments (details given in Annex 1).

A spokesman for the Transport and Housing Bureau said that in considering the taxi fare adjustment applications from the taxi trade, the Government had taken into account all relevant factors, including changes in costs and revenue of taxi operations; public acceptability; and the revised taxi fare structure policy as recommended by the Transport Advisory Committee (TAC), which is that the taxi fare structure should be front-loaded and thereafter on a varying descending scale of incremental charges.

"The Government was aware that there had been substantial increases in the operating costs, including fuel, repair and maintenance costs, of the trade in recent years, exerting considerable pressure on the taxi operators, in particular, the rentee-drivers and owner-drivers," the spokesman said. "The approved adjustments maintain a balance between helping the taxi trade to cope with operation difficulties and catering for consumer interests."

The adjustments are also in line with the revised taxi fare structure policy recommended by TAC after extensive public consultation, the spokesman added.

The taxi trade, after having in-depth discussion among themselves, submitted fare adjustment applications to the Transport Department (TD). As for urban taxis, two mainstream fare adjustment applications were submitted. Both applications proposed increasing the flagfall fare by \$2 from \$16 to \$18, and increasing the incremental charge by \$0.1 to \$1.5. One of the applications proposed setting the incremental charge at \$1 from 8km onwards, whilst the other application proposed an incremental charge

of \$1 from 11km onwards. As for Lantau taxis, the taxi trade proposed increasing the flagfall charge from \$12 to \$15, increasing the incremental charge from \$1.2 to \$1.3 for up to 20km and maintaining the incremental charge at \$1.2 from 20km onwards. The TD has, after receiving these applications, communicated with the trade through formal taxi conferences. The Government has also consulted the TAC and the Panel on Transport of the Legislative Council. The TAC's advice is attached at Annex 2.

Statistics show that the average monthly net incomes of Lantau taxi rentee- and owner-drivers in early 2008 were lower than in 2004 by 3.2% and 10.4% in real terms respectively.

As for urban taxis, the average monthly net income of an urban taxi rentee-driver in early 2008, after the \$1 flagfall fare increase was implemented in February, was still lower than in 2004 in real terms by 7.7%, whereas an owner-driver's had decreased by 3.5% in real terms.

The new fare increase approved for urban taxis will allow passengers to enjoy lower fares for longer distances. Under the approved fare adjustment, the flagfall charge will increase from \$16 to \$18 and the incremental charge will increase from \$1.4 to \$1.5 for up to 9km and decrease to \$1 from 9km onwards (i.e. when the total fare has reached \$70.5). The fare change for urban taxis will be more or less neutral for a trip costing about \$85 at present. It means that, after the approved new fares are implemented, there will be a fare reduction for trips costing about \$85 or more. A taxi trip costing about \$100 at present will have a fare reduction of about 4.5%. The extent of fare reduction will increase with journey distance and will reach about 20% for a taxi trip costing about \$300 at present. The average fare increase rate is 7.67% for Lantau taxis, and 7.8% for urban taxis, with the \$1 flagfall increase implemented in February this year taken into account.

Taxis provide personalised point-to-point transport services as an additional choice for passengers. The operating environment of the taxi trade has become increasingly difficult due to rising operating costs and increasing competition from other modes of public transport especially in the longer-haul transport sector. The approved taxi fare adjustments will enable the taxi fare structure to align more with those of other modes of public transport such as railways, franchised buses and green mini-buses to increase taxi service's competitiveness. This could also help restore a level-playing field for taxi operators on the one hand and benefit passengers through the provision of more competitive taxi services on the other hand.

As the scales of taxi fares are prescribed in Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations, legislative amendments are necessary to effect the adjustment. The amendments will be tabled at the Legislative Council on October 8, 2008, for negative vetting. Upon completion of relevant procedures, the new fares will be implemented on November 30, 2008.

The spokesman said taxi drivers would be required to display in a prominent position inside a taxi the fare conversion table specified by the Commissioner for Transport until the taximeter has been calibrated to reflect the new fares approved by the Chief Executive in Council.

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