

**New Territories Taxi Fare Adjustment Application**  
**Transport Advisory Committee's Advice**

This letter sets out Transport Advisory Committee's advice to the Chief Executive in Council ("CE-in-Council") on the fare adjustment application of the New Territories (NT) taxi trade.

In advising on the taxi fare adjustment application, TAC has taken into account the following guiding principles -

- (a) the need to ensure the financial viability of taxi operations, taking into consideration changes in revenue and operating costs;
- (b) the need to maintain an acceptable level of taxi service in terms of taxi availability, passenger waiting time and feedback from passengers;
- (c) the need to maintain a reasonable differential between taxi fares and those of other public transport modes;
- (d) the likely public acceptability of the proposed fares; and
- (e) taxi fare structure should be "front-loaded" and thereafter on a varying descending scale of incremental charges, as recommended by TAC in its Report on the Review of Taxi Operation issued on 5 June 2008.

Members noted that the operating costs of the NT taxi trade had been increasing in recent years, exerting pressure on the trade's operating condition. The average monthly net income of NT taxi rentee-drivers in the first half of 2008 were lower than both in 2004 (the year of full conversion to LPG mode) and in 1997 (last year of fare increase prior to the \$1 flagfall charge increase in February 2008) in real terms. Other than the \$1 flagfall charge increase in early 2008, which was proposed by the trade as a temporary measure to partially offset the increase in operating costs pending their discussion on a longer-term fare restructuring proposal, the NT taxi fares have not been increased for over ten years while the general price level has increased.

On NT taxi trade' application, TAC notes that the dividing line of 8km proposed by the NT taxi trade for the descending scale for incremental charge is similar to the 9km dividing line in the recently approved urban taxi fare adjustment and about 94% of NT taxi trips are of journey distances at or below 8km. TAC considers the proposed 8km dividing line for NT taxi fares acceptable. On the other hand, TAC considers that the proposed average fare increase rate of 9.49%, and the proposed flagfall charge increase of \$2 from \$13.5 to \$15.5 in the application are on the high side, having regard to public acceptability and changes in the revenue and operating costs of NT taxis. TAC is of the view that the Administration's recommended option, which represents an average fare increase rate of 4.95% with a modest increase of \$1 in flagfall charge from \$13.5 to \$14.5, provides a better balance between the interests of the taxi trade and those of passengers.

Having taken into account all the relevant circumstances and information provided, TAC supports the Administration's recommended option for NT taxi fare adjustment.

I would be grateful if you would kindly convey TAC's advice to the CE-in-Council for consideration. TAC's advice may be released for public information in due course after the Council's decision is announced.