

LCQ21: Problems faced by taxi trade

Following is a question by the Hon Frankie Yick and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (September 29):

Question:

The findings of a research have pointed out that the taxi trade has been facing in recent years a number of structural problems, including low and rigid taxi fares, drivers earning an income lower than the average level of the overall transport sector, as well as ageing and shortage of drivers. In this connection, will the Government inform this Council:

(1) given that it has been an established practice for the Government, when setting the fare levels of taxis, to maintain sufficient differentials between taxi fares and those of other public transport modes (the differentials being five to seven times and three to four times for urban taxis and New Territories taxis respectively) in order to minimise the competition between the former and the latter, how such differentials are determined and computed; of the current actual differentials between taxi fares and those of the various public transport modes; if such differentials are lower than the target levels, whether the Government has plans to increase the differentials so as to bring them back to the target levels, with a view to improving drivers' income;

(2) of the number of holders of a valid full driving licence for taxis and, among them, the number of those who were active taxi drivers, in each of the past three years, with a breakdown by the age group to which they belonged (i.e. aged 29 or below, 30 to 39, 40 to 49, 50 to 59, 60 to 69, 70 to 79, and 80 or above); apart from shortening, from three years to one year, the period for which an applicant for a driving licence for commercial vehicles (including taxis) must have held a private car/light goods vehicle valid full driving licence, the new measures in place to address the problems of ageing and shortage of taxi drivers; and

(3) whether the Government will, by drawing reference from the relevant measures of New South Wales of Australia, introduce the following measures to enhance the competitiveness of the taxi trade: (i) implementing flexible fare arrangements (e.g. fares for peak and late night hours being higher than those for other hours), (ii) providing subsidies to drivers for carriage of wheelchair-bound passengers on a per trip basis, and (iii) providing interest-free loans to assist the taxi trade in expediting the replacement of existing taxis by new models that can accommodate wheelchair-bound passengers; if so, of the details; if not, what alternative measures that the Government has in place?

Reply:

President,

My reply to the various parts of the question raised by the Hon Yick is as follows:

(1) In reviewing the applications for taxi fare adjustment, the Government has all along been considering various factors such as the financial viability of taxi operation, taxi operating costs, reasonable fare differential between taxis and other public transport modes, overall supply and demand situation, service quality as well as public acceptability of the magnitude of fare increases.

The fare differential between taxis and other public transport modes is the ratio between the average fare per taxi passenger and the average fare per passenger of other public transport modes. The former is calculated based on the average fare per taxi trip (including charges for waiting time) and the average number of passengers per trip; while the latter is calculated based on the total fare revenue of various public transport modes and their respective total number of passengers.

To effectively manage demand for taxis and road traffic load, it is the Government's established policy to maintain a reasonable fare differential between taxis and other public transport modes. According to the advice of the Transport Advisory Committee, the established practice is to maintain the fare differential between urban taxis and other public transport modes at five to seven times, and that between New Territories (NT) taxis and other public transport modes at three to four times (Note). The existing fare differential between urban taxis and other public transport modes is around 6.59 times while that between NT taxis and other public transport modes is around 4.84 times, both largely maintain at the established level.

(2) The number of people holding a valid full driving licence for driving a taxi in the past three years, broken down by age groups, is tabulated below:

Age groups	Number of people holding a valid full driving licence for driving a taxi		
	2018	2019	2020
29 or below	1 070	1 179	1 312
30-39	9 101	9 066	8 851
40-49	22 286	21 368	20 683
50-59	73 866	67 129	60 118
60-69	86 725	86 746	87 412
70-79	16 244	19 979	23 207

80 or above	1 232	1 399	1 444
Total	210 524	206 866	203 027

According to the estimate of the Transport Department (TD), the current number of active taxi drivers is about 46 000. To attract more new blood to join the taxi industry, the Government has relaxed the requirement for applying a commercial vehicle (including taxi) driving licence since October 1, 2020, from the original requirement that the applicant must have held a driving licence of private car or light goods vehicle for at least three years to at least one year. In addition, the TD has also enhanced the taxi written test with effect from February 14, 2020, including adjusting the content, number of questions and passing criteria such that the examination can better suit the practical needs, with a view to attracting more new comers who are interested in joining the taxi trade and thereby alleviating the problem of manpower shortage in the trade.

(3) The Government has been maintaining close communication with the taxi trade to explore suitable measures to assist the trade in enhancing the service quality and improving its operating environment. We are aware of the suggestion of allowing taxis to adopt flexible fares, such as charging a higher fare during peak hours and late-night periods. In fact, at present, passengers can voluntarily provide tips according to their needs when hailing taxis through telephone or mobile applications to speed up the matching process during peak hours or for passengers with special needs. We consider that the existing arrangement can already provide sufficient flexibility for taxi drivers to efficiently respond to the passenger demand.

The Government has all along committed to promoting the concept of "Transport for All" and has been working with public transport operators to improve public transport facilities and establish a barrier-free transport system to take care of the needs of various passenger groups including the elderly and persons with disabilities. At present, there are around 2 000 wheelchair-accessible taxis in the market. In view of the actual needs of different wheelchair-bound passengers (e.g. some larger electric wheelchairs may require more spacious taxi compartments), the Government is actively discussing with the taxi trade and vehicle suppliers on the introduction of other taxi models that can carry wheelchair-bound passengers, so as to facilitate the introduction of new taxi models while ensuring vehicle safety. In addition, the Government also provides subvention for the operation of the Rehabus service to provide point-to-point special transport services for persons with disabilities who have difficulties in using general public transport. As regards the suggestion of providing subsidies to each taxi driver who carries wheelchair-bound passengers, it involves the use of public money and the Government must be careful and prudent in considering the matter.

On the loan front, in view of the continued impact on the transport sector by the pandemic, the Hong Kong Monetary Authority (HKMA) together with the Banking Sector SME Lending Coordination Mechanism (Mechanism) announced in September 2021 that the Pre-approved Principal Payment Holiday Scheme

would be further extended for another six months to end-April 2022. Also, the HKMA and the Mechanism have suggested that banks should exercise greater flexibility in handling new financing applications from taxi operators for vehicle replacement. Banks do not need to rigidly adhere to the 85 per cent loan-to-value ratio cap, provided that prudent risk management principles are observed and new loans are only used for the purchase of new vehicles. In order to further alleviate the cash-flow pressure faced by the transport sector, the Mechanism encourages banks to actively consider extending the maximum loan tenors for existing taxi loans from 25 years to 30 years with regard to the situation of individual borrowers. Moreover, the Government has announced extending the application period of the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (the Scheme) till end-June 2022 and extending the maximum duration of principal moratorium under the Scheme from 18 months to 24 months; the application period for principal moratorium has also been extended to end-June 2022.

Note: Given the relatively small number of Lantau taxis and that the intra-district public transport within Lantau are mainly buses and taxis, there is no fare differential set for Lantau taxis.