

LCQ22: Passenger transport services by taxis and hire cars

Following is a question by the Hon Chan Siu-hung and a written reply by the Secretary for Transport and Logistics, Ms Mable Chan, in the Legislative Council today (December 11):

Question:

Under the existing legislation, New Territories taxis and Lantau taxis have their designated operating areas, while urban taxis operate in most areas in Hong Kong. There are views that as the Northern Metropolis is the engine of Hong Kong's future development, the inaccessibility of New Territories taxis to Kowloon and Hong Kong Island will hinder the development of "dual-core planning" of "South-North dual engine (finance-I&T)" in Hong Kong, hence the territory-based taxi demarcation arrangement has become obsolete. In this connection, will the Government inform this Council:

- (1) whether it will review the categorisation of various types of taxis in the light of the South-North dual-engine planning for the Northern Metropolis, and consider lifting the restrictions on the designated operating areas of various types of taxis; if so, of the specific timetable and details; if not, the reasons for that;
- (2) of the policy considerations and criteria adopted by the Government for the issuance of new taxi licences, including whether the public demand for taxi services is taken into account;
- (3) given that Hong Kong's population has increased from about 6.16 million in 1995 to about 7.5 million in mid-2024, whether the Government will issue additional taxi licences accordingly to meet the new population's demand for personalised point-to-point transport services;
- (4) of the reasons why the Government has not issued new urban taxi licences and New Territories taxi licences since 1994; and
- (5) whether it will examine the feasibility of increasing the number of hire car permits (and lowering the application thresholds) and issuing licences for other types of taxis in order to facilitate the entry of service providers into the hire car market?

Reply:

President,

Our reply to the Hon Chan Siu-hung's question is as follows:

To maintain sustainable development and effective utilisation of limited road resources, the Government has adhered to a public transport oriented transportation policy, with heavy rail as the backbone, complemented by high

capacity mass carriers (i.e. franchised buses and light rail) and other public transport services (e.g. public light buses, taxis) which play a supplementary role. Currently, taxis constitute the majority of personalised point-to-point transport services. Taxi service provides an alternative to private cars for passengers who are willing to pay higher fare in exchange for personalised service. As for hire cars with permits, they mainly supplement services that are not provided by existing public transport modes, with a view to meeting specific travel needs.

(1) At present, there are 18 163 registered taxis in Hong Kong, of which 15 250 are urban taxis, 2 838 are New Territories (NT) taxis and 75 are Lantau taxis.

According to the law, both NT taxis and Lantau taxis have designated operating areas. The relevant permitted operating areas are specified in Schedule 7 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E). On the other hand, urban taxis are not subject to the relevant requirement and can pick up passengers and take them anywhere (except Tung Chung Road and roads in South Lantau).

The Government's objective in introducing NT and Lantau taxis is to ensure that there are sufficient taxis to provide taxi services to the rural area in the NT and remote area. NT taxis' permitted operating area is mainly confined to the north-eastern NT (i.e. north of Sha Tin) and the north-western NT (i.e. north of Tsuen Wan), so as to ensure that there is an adequate provision of NT taxi services in their permitted operating areas. In response to the changing circumstances and requests from NT taxi operators and NT residents, the Government reviews the permitted operating areas of NT taxis from time to time and makes appropriate adjustments, including allowing NT taxis to provide service at certain locations, such as the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, Sha Tin Racecourse, Prince of Wales Hospital in Sha Tin, and Hang Hau MTR Station. The Government will continue to maintain communication with the trade, and review the situation as appropriate, taking into account factors such as the original roles and operating areas of different types of taxis, transportation development in the New Development Areas and the commencement of major infrastructure facilities.

(2) to (4) The Government has all along followed the established practice in considering the need to issue new taxi licenses. Relevant considerations include the public demand for taxi services, operating conditions of the taxi trade, and the likely impact of the increase in the number of taxis on traffic conditions.

The public demand for taxi services is affected by different factors. Apart from population growth, the development of the overall railway network and other public transport services also need to be taken into consideration. As regards the operating conditions of the taxi trade, taxi operation has been affected by the epidemic and economic factors over the past few years. Although the overall public transport patronage gradually recovered since the re-opening of the border with the Mainland in February 2023, the taxi trade is still facing some difficulties in its operation. According to the trade,

there are still a small number of idle taxis now. Having considered the market demand and relevant factors, we have no plan to issue new taxi licenses at present.

As opposed to the number of taxis, we are of the view that the public is more concerned about the overall quality of taxi service in recent years. In view of this, the Government introduced a series of measures to enhance the quality of taxi service, including the introduction of a new taxi fleet regime, with a view to encouraging healthy competition among different taxi fleets, as well as between fleet and non-fleet taxis. This may motivate the trade to strive for excellence and make concerted efforts to enhance the quality of taxi service. The Transport Department (TD) announced the result of the application for Taxi Fleet Licences in July this year and issued conditional grants to the five selected operators. The operators are currently gearing up and will gradually commence operation before July 2025.

Besides, to better understand passengers' demand for taxi services and the operating condition of the taxi trade, the TD conducts surveys annually on the overall taxi service level. It includes the collection of data about the number of taxi journeys, passenger waiting time and occupancy rate of taxis at major taxi stands and roadside observation points across the territory, as well as collection of feedback from the taxi trade and passengers. The latest survey was conducted in early 2024 and the results indicated that the supply of taxis has remained largely stable in recent years.

In future, we will continue to collect market information through different channels, closely monitor the supply of taxi services and maintain communication with the taxi trade, so as to ensure the stability of taxi services and the healthy development of the trade.

(5) To facilitate the entry of new service providers into the hire car market, the TD has introduced relevant measures, including allowing interested applicants for hire car permits (HCPs) to make a request for "pre-application assessment" without the need to submit vehicle registration documents, so that they may purchase vehicles after knowing that their HCP applications are likely to be approved. Meanwhile, in respect of applications for private service (limousine) HCPs, even if the applicants cannot provide hiring records or valid hire service contracts, they may provide adequate justifications on the proposed business model and document proof to support their applications. The TD will give special consideration to these applications.

In addition, with a view to enhancing personalised point-to-point transport services, the TD is studying and examining the overall demand and supply of such services, including conducting surveys on passenger demand and changes; as well as considering relevant information including the current operation modes and regulatory arrangement in respect of the provision of personalised point-to-point transport services in Hong Kong and other places. After taking into account findings of the study in a holistic manner and listening to the views of stakeholders, the Government will formulate legislative proposals including the regulation of the types and number of

vehicles for providing compliant services, as well as the licensing requirements for the vehicles and drivers in 2025.