



Inviting Views from the Trade and the Public for Quality Taxi Services

Introduction

Taxi services are closely linked with our daily lives. The Transport Advisory Committee (“TAC”) is conducting a review on the mode of operation and quality of the taxi services in Hong Kong. The review seeks to identify feasible and appropriate improvement measures to broaden the taxi trade’s business opportunities, and at the same time benefit the public through the provision of competitive taxi services to meet their needs. You are cordially invited to participate and express your views on how to promote the development of taxi services, contributing to higher quality taxi services that can better meet the market needs.

The objective of this consultation document is to give an overview of the taxi operation in Hong Kong and a number of large overseas cities, as well as the changes in the operation of Hong Kong taxi services in recent years. You are welcome to comment on issues relating to the fare charging mechanism and the types and quality of taxi services in Hong Kong set out on pages 9 to 10 of this document. Please complete the questionnaire on pages 9 to 10 and send it back to us by 31 January 2008.

TAC will analyse the views received from the taxi trade and the public. Taking into account various suggestions, TAC will draw up options for further consultation with the taxi trade and the public, with a view to selecting appropriate options to be put forward to the Government for consideration. The review, including the consultation exercises, is expected to take about a year to complete.

Role of taxis in Hong Kong

Taxis is a public transport mode providing “point-to-point” personalised service to passengers. In our public transport system, taxis provide supplementary passenger service whereas railways and franchised buses are major transport service providers.

To date, 18,138 taxi licences have been issued in Hong Kong, of which 15,250 are urban (red) taxis, 2,838 New Territories (green) taxis and 50 Lantau (blue) taxis. These three types of taxis operate in separate areas. Most of the taxi licences (75%) are owned by individuals, while the remaining 25% are company-owned. A majority of the drivers (about 70%) are rentee-drivers and the remaining 30% are owner-drivers.

The average daily taxi patronage is about 1 million, accounting for approximately 10% of the total passenger volume of public transport in Hong Kong. The Transport Department has conducted surveys at some of the taxi stands on Hong Kong island, in Kowloon and the New Territories. In the 1997 survey, the maximum passenger waiting time at 80% of the surveyed taxi stands did not exceed 15 minutes, and the maximum passenger waiting time at the remaining 20% of surveyed taxi stands was 16 to 30 minutes. In 2006, the maximum passenger waiting time at 80% of the surveyed taxi stands did not exceed 7 minutes, and the maximum passenger waiting time at the remaining 20% of surveyed taxi stands was 8 to 23 minutes. In general, the taxi services can meet the demand of passengers on normal days.

Mode of taxi operation and fare charging mechanism

A passenger can hail a taxi on the street or hire one through telephone booking. Currently, taxi fare can only be paid in cash.

Charge according to the taximeter: uniform maximum taxi fare is based on the mileage travelled, waiting time and other additional services. It is recorded by the taximeter. Urban, New Territories and Lantau taxis have separate fare tables governing the flagfall charge, incremental charges and charges for additional services. Taxi fare scales are determined by the Chief Executive in Council. Taxi drivers can neither charge more than the amount recorded by the taximeter nor solicit passengers by offering fare discounts. Under the existing legislation, fare bargaining on the part of the passengers is not an offence, but no taxi passenger shall hire a taxi, knowing or having reason to believe that he cannot pay the legal fare and with intent to avoid payment of the legal fare; dishonestly endeavour to avoid payment of a legal fare; or having failed or refused to pay the fare demanded by the driver of a taxi, either refuse to give the driver of the taxi his name and address or give, with intent to deceive, a false name or address.

The current fare scales of the three types of taxis are as follows:

Fares		Urban Taxi	New Territories Taxi	Lantau Taxi
Flagfall charge	The first 2 km	\$15	\$12.5	\$12
Incremental charges	Every subsequent 0.2 km / every minute of waiting time	\$1.4	\$1.2	\$1.2
Additional charges	Telephone booking Per piece of baggage/ every animal or bird	\$5 \$5	\$4 \$4	\$5 \$5
	The legislation also prescribes the charges for using tolled tunnels and the Lantau link, as well as surcharges for using cross-harbour tunnels and the Lantau link.			

Hiring taxi as a whole (chartered service): The owner of a taxi may hire out the taxi as a whole for a certain period of time at a self-determined rate by entering into a contract with the hirer.

Regulation of taxi services

Under the relevant subsidiary legislation of the Road Traffic Ordinance (Chapter 374), no taxi shall provide more than five seats for passengers. The dimensions of a taxi shall not exceed 6.3 metres (length) x 2.3 metres (width) x 2 metres (height) and the weight shall not exceed 3 tonnes. All taxis are required to undergo detailed examination by the Transport Department annually. There is no specific requirement on the vehicle type of taxi, but at present almost all taxis in Hong Kong are of the same vehicle type.

The legislation stipulates that no taxi driver shall:

- solicit passengers;
- refuse hire or select passengers;
- overcharge;
- fail to take the most direct route to the destination;
- carry any passenger other than the hirer without the hirer's consent (commonly known as "taxi pooling");
- tamper with taximeter or use taximeter not complying with the legislation;
- fail to take all reasonable precautions to ensure the safety of passengers; and
- behave improperly. For example, under the Smoking (Public Health) Ordinance (Chapter 371), no driver shall smoke in a taxi.

Like all other drivers, a taxi driver who has committed certain traffic offences is liable to having driving-offence points recorded in addition to such penalties as fine or imprisonment. Once a total of 15 points have been recorded within a period of two years, the driver will be temporarily disqualified from driving.

Under the Air Pollution Control (Vehicle Design Standards) (Emission) Regulations (Chapter 311J), all taxis registered on or after 1 August 2001 shall be operated on unleaded petrol or liquefied petroleum gas only.

Measures to enhance service quality

The Government has implemented a number of schemes to improve the quality of taxi services, which include setting up the Quality Taxi Services Steering Committee to promote better service quality; introducing the Taxi Driver Commendation Scheme; distributing the "Taxi Service Standards" booklet to drivers; providing free self-learning compact discs on "Workplace English and Putonghua Programme for Taxi Drivers"; launching the "Friendly Taxi Campaign"; publishing a practical language handbook for taxi drivers to serve tourists; and issuing quarterly newsletters, etc.

Challenges faced by the taxi trade in recent years

Over the past decade, new towns and major infrastructures were developed in the remote areas of Hong Kong, leading to an increase in passenger demand for long-haul public transport services. Meanwhile, other public transport modes, including railways and franchised buses, have continued to enhance their network coverage and service standards, providing passengers with comfortable, convenient and efficient public transport services. From time to time, they also provide different kinds of fare concessions for long-haul routes.

The competitiveness of the taxi trade in the transportation market, particularly in the long-haul sector, is encountering a number of challenges. To increase patronage, some taxi drivers resort to taxi pooling or covertly offering fare discounts to solicit passengers, while some others agree to offer such discount to passengers who bargain for it. This has caused considerable concern in the taxi trade. Some consider that these phenomena affect fair and transparent competition among taxi operators. There are also concerns about the occasional confrontations between drivers and passengers over fare bargaining.

TAC's review

TAC is conducting an independent study to examine the operation of taxi services in Hong Kong and changes in the operating environment. It aims to explore whether there are feasible and appropriate improvement measures to broaden the taxi trade's business opportunities, while facilitating the trade in providing competitive taxi services that meet passengers' needs so as to benefit the public. You are invited to express views on the questions set out on pages 9 to 10 of this document.

Reference materials on overseas taxi services

TAC has made reference to the taxi services in Singapore, Tokyo (Japan), London (the United Kingdom) and New York (the United States of America). Situated across Asia, Europe and North America, these cities' economic activities are similar to those in Hong Kong.

Singapore

Mode of operation

There are about 23,000 taxis in Singapore, most of which are corporate-operated. To encourage diversified modes of service with flexibility and competitiveness, the Government has deregulated taxi fares in 1998 and liberalised the supply of taxis in 2003.

A passenger can hail a taxi on the street or hire one through telephone booking. Apart from normal taxis with four passenger seats, passengers can choose premier taxi services provided by luxury taxis/taxis of larger sizes. Premier taxi services are available for pre-booking only. According to the premier taxi operators, some of their taxis are wheelchair accessible and some have seven passenger seats.

Payment of taxi fares can be made by cash, credit card and charge card.

Charges

Taxi operators are allowed to set taxi fares on their own, including flagfall and incremental charges as well as fixed fares. However, they are required to submit the new fares to the Administration for record purpose and publicise the fare information before the effective date. Fare information should also be displayed inside the taxi cabins.

Apart from charging fares based on the mileage travelled, various surcharges may be determined by the taxi operators, such as surcharges for pre-booking and midnight / peak hours / public holiday services as well as surcharges for trips between prime locations including the city centre and the airport. Taxi drivers are not allowed to charge passengers fare at a level higher than the one submitted to the Administration or solicit passengers by offering lower fares.

At some designated major facilities such as the airport, piers and exhibition centres, premier taxis may provide service to the city centre at fixed fares set by the operators. At the Singapore Changi Airport, some taxi operators provide cab-sharing service to the city centre at fixed fares, which are determined by the operators.

While fare bargaining by passengers is not an offence, it is not common as generally there is a shortage of taxi services.

Measures to enhance service quality

Apart from organising training courses, the Government has introduced a "Points System" for taxi drivers. Taxi drivers who have committed offences such as refusing hire and overcharging will incur demerit points in addition

to imposition of fines. A taxi driver who accumulates a certain number of demerit points over a period of two years is liable to have his licence suspended or revoked.

Large taxi companies have put in place various incentive schemes, such as rebates of fuel and rental costs, to commend drivers with outstanding performance.

The use of global positioning systems by taxi operators and call centres has made the arrangements for telephone booking more efficient.

Tokyo, Japan

Mode of operation

There are about 58,500 taxis in Tokyo, about 70% of which are corporate-operated and the rest are operated by individuals.

A passenger can hail a taxi on the street or hire one through telephone booking. To meet passengers' needs, many taxi companies offer a variety of taxi vehicles and services, including premier taxis of larger sizes. The premier taxi services must be pre-booked at sales offices. Some taxi operators deploy special types of vehicle to provide service for passengers using wheelchairs.

In addition to cash payment, most taxis accept fare payment by credit card and charge card.

Charges

All along flagfall charges and incremental charges for distance travelled and waiting time are approved by the Government. Since 1997, the Government has partially deregulated taxi fare levels whereby only the upper limits of flagfall and incremental charges are regulated. Within this framework, taxi operators can apply to the Government for setting fares on their own. Applications for adjustments can also be made at any time. Nevertheless, flagfall or incremental charges set by operators cannot exceed the upper limits prescribed by the Government. Applications for charging fares at levels within 10% below the prescribed upper limits will be swiftly approved.

Furthermore, operators can apply for setting flagfall or incremental charges below the 10% range, subject to examination by the Government on a case-by-case basis. They may also apply for a different mode of fare charging. Examples include:

- Charges are based on time (such as for the first hour and an interval of 30 minutes thereafter);
- Fare discounts are offered to long-haul passengers (operators may apply for offering discount fares starting from certain fare levels and setting the relevant discount rates, based on their commercial considerations); and
- Taxi services at fixed fares are provided for trips between different zones designated by the operators.

All proposed fare charging modes require approval from the Government. In considering the applications, the Government will take into account factors such as whether the fares set out in the application can cover the cost of taxi operation and whether other public transport operators will be affected. Taxi drivers and operators are required by law to charge the approved fares, failing which they may be subject to a penalty of temporary suspension of driving licenses or operation of their taxis.

The Government also requests taxi operators to publicise their fares and display such information inside the taxi cabins. Some taxis have the scale of fare displayed on the vehicle bodies. For example, a label indicating discounts offered is displayed on the front windscreen or under the illuminated sign on top of the taxi roof.

Apart from the above charges, there are various surcharges such as surcharges for pre-booking and midnight services proposed by taxi operators and approved by the Government.

Taxi operators can apply for cab-sharing business licences to provide cab-sharing services for passengers during a certain period of time when other public transport services are not available. For instance, cab-sharing services are provided in remote areas and in late night period. The fares are approved by the Government.

Fare bargaining by passengers is not an offence in Tokyo, but it rarely occurs.

Measures to enhance service quality

Tokyo Taxi Center, a statutory body, annually grades the taxi operators (AA, A, B, or C) based on their customer service and driving safety, etc. Operators graded AA or A are permitted to display the accreditation stickers on the bodies of their vehicles for passengers' reference. Taxi drivers with good customer services and no accident and offence record over the past ten years or more are awarded certificates by the Tokyo Taxi Center.

Taxi drivers and operators are subject to penalty such as suspension of taxi operation if they have committed offences such as refusing hire and overcharging.

The use of global positioning systems by taxi operators and call centres has made the arrangements for taxi telephone booking more efficient.

London, the United Kingdom

Mode of operation

There are about 21,500 taxis in London. Almost all the taxis are of the same vehicle type that has a maximum passenger seating capacity of five and is wheelchair accessible. The majority of taxi drivers own their vehicles.

A taxi driver can apply for an All-London licence to operate throughout central London and the suburban area. He/she may also apply for a Suburban licence to operate in the related suburban area or accept a hiring to central London, but picking up passengers in central London is not permitted. Taxi drivers must wear the badges representing their licences.

A passenger can hail a taxi on the street or hire one through telephone booking. Payment of taxi fares can be made in cash or by credit card and charge card.

Charges

Taxi fares in London are uniformly charged according to the taximeter, with the basic fare charged in accordance with mileage travelled and taxi speed. Different fare levels are set for three different periods of time: (1) lower fares for weekday mornings and afternoons; (2) higher fares for weekday evenings and for morning through evening during weekends; and (3) the highest fares for daily late night period and at any time on public holidays. This is to encourage drivers to provide evening, late night-time and public holiday services.

Apart from the charges based on mileage travelled and taxi speed, there are surcharges determined by the Transport for London, a statutory body, for pre-booking service, journeys from the airport and services during Christmas / New Year holidays, etc.

To meet high demand for transport services, taxis are allowed to provide cab-sharing services at designated locations and periods of time (for example, from Paddington to central London during peak hours) at fixed fares determined by the Transport for London in consultation with the taxi operators.

Taxi drivers are not allowed to charge fares higher than those set by the Transport for London, except for journeys for destinations outside London. Nor should they offer to charge lower fares to solicit passengers. While fare bargaining by passengers is not an offence, it is not common as generally there is a shortage of taxi services.

A taxi driver may refuse a hiring if the destination is outside London. If the driver accepts the hiring, he may charge the passenger a fare mutually

agreed before the start of the journey instead of charging the metered fare.

Measures to enhance service quality

Some taxi call centres have introduced incentive measures to commend their member drivers for providing good services. Examples include giving priority to these drivers for bookings, and awarding rebates of fuel cost and insurance premium. The call centres may terminate their contracts with drivers with poor performance.

A call centre is studying the use of global positioning systems to improve the efficiency of arrangements for taxi telephone booking.

New York, the United States of America

Mode of operation

There are about 13,000 taxis in Manhattan of New York City. Some 60% of the taxis are owned by people with two or more taxis, while the remaining 40% are operated by individuals. The majority of taxi drivers are rentee-drivers. While the maximum passenger seating capacity permitted for a taxi is five, most of the taxis are of the same vehicle type that has four passenger seats and is not wheelchair accessible.

The minimum hours of taxi operation are regulated by the Government: taxi owners with a fleet of 25 or more taxis should dispatch their vehicles from the same location for operation for at least 18 hours per day; taxi owners with a fleet of 2 to 24 taxis should have their vehicles operated for a minimum of two nine-hour shifts per day; and taxi owners who have only one taxi have to operate their vehicles for a minimum of 210 nine-hour shifts per year. A taxi owner who owns only one taxi and was registered before 7 January 1990 is not subject to such a requirement.

To make it easier for passengers on the street to hire taxi services, pre-booking of taxi services is not permitted.

Charges

Taxi fares in New York City are uniformly charged according to the taximeter on the basis of mileage travelled and waiting time.

Apart from the above charges, there are surcharges for night-time (between 8 p.m. and 6 a.m.) and peak hours (Monday to Friday from 4 p.m. to 8 p.m.) services. While the night-time surcharges are determined by the Government in consultation with the taxi operators, the peak hour surcharges are proposed by the taxi operators and determined by the Government.

Taxi operators are allowed to provide cab-sharing services for two-way trips between Manhattan and LaGuardia Airport, and one-way trips from York Avenue to the financial districts at fixed fares proposed by the taxi operators and determined by the Government.

The taxi operators propose and the Government prescribes the fixed fares to be charged on two taxi services, i.e. the service between John F. Kennedy International Airport and the city centre and the one-way service from the city centre to Newark Airport.

Taxi drivers are not allowed to charge fares higher than those set by the Government or offer to charge lower fares to solicit passengers. While fare bargaining by passengers is not an offence, it is not common as generally there is a shortage of taxi services.

Measures to enhance service quality

The Government is encouraging taxi owners to replace their existing gasoline taxis with those driven by alternative fuels (hybrid or natural gas).

To tie in with the Government's technology enhancement service project, taxi operators will equip their taxis with such devices as global positioning systems and the equipment for acceptance of payment by credit cards. The installation of these devices will help enhance communication among the authority concerned, taxi drivers and passengers as well as improve the quality of service.

A summary of the mode of taxi operation in four overseas cities

A summary of the mode of taxi operation in four overseas cities is tabulated below. Detailed information is set out on pages 3 to 6.

	Singapore	Tokyo, Japan
Type of vehicle	<ul style="list-style-type: none">Normal taxis with four passenger seats.Some premier taxis have seven passenger seats. Some premier taxis are wheelchair accessible.	<ul style="list-style-type: none">Normal taxis with five passenger seats.Premier taxis are of larger sizes.Special types of vehicle are used to provide service for passengers using wheelchairs.
Type of service	<ul style="list-style-type: none">Hailing on the street.Telephone booking.	<ul style="list-style-type: none">Hailing on the street.Telephone booking.
Mode of fare charging	<ul style="list-style-type: none">Operators are allowed to set taxi fares on their own, but they are required to submit the new fares to the Administration concerned for record purpose and publicise the fare information before the effective date. Fare information should also be displayed inside the taxi cabins.At designated major facilities such as the airport, premier taxis provide services to the city centre at fixed fares.Cab-sharing services at fixed fares.Various surcharges may be determined by operators.Taxi drivers are not allowed to charge passengers fare at a level higher than the one submitted or solicit passengers by offering lower fares.Fare bargaining by passengers is not an offence.Payment of taxi fares can be made by credit card and charge card.	<ul style="list-style-type: none">Only the upper limits of flagfall and incremental charges are regulated. Taxi operators can apply to the Government for setting their own fares. Applications for adjustments can also be made at any time. Nevertheless, the charges set cannot exceed the upper limits prescribed by the Government.Operators may apply for setting their own modes of fare charging, such as charges based on time, long-haul discount offers and provision of service at fixed fares for trips between different zones.Cab-sharing services during a certain period of time at fares approved by the Government.There are various surcharges proposed by the operators and approved by the Government.Taxi drivers/operators are required by law to charge the approved fares.Operators must publicise their fares and display such information inside taxi cabins. Some taxis have the scale of fare displayed on the vehicle bodies.Fare bargaining by passengers is not an offence.Most taxis accept fare payment by credit card and charge card.
Measures to enhance service quality	<ul style="list-style-type: none">The Government organises training courses.The Government has introduced a "Points System" for taxi drivers. Taxi drivers who have committed offences such as refusing hire and overcharging will incur demerit points.Large taxi companies adopt incentive schemes.Operators/call centres use global positioning systems.	<ul style="list-style-type: none">The taxi operators are graded annually by a statutory body. Operators graded AA or A are permitted to display the accreditation stickers on the bodies of their vehicles.Taxi drivers with good customer services and no accident and offence record over the past ten years or more are awarded certificates by the statutory body.Taxi drivers and operators are subject to penalty such as suspension of taxi operation if they have committed offences such as refusing hire and overcharging.Operators/call centres use global positioning systems.

London, the United Kingdom

- All taxis are of the same vehicle type that has a maximum passenger seating capacity of five and is wheelchair accessible.

- Hailing on the street.
- Telephone booking.

- Taxi fares are uniformly charged according to the taximeter, with higher fares for evenings and weekends/public holidays.
- Cab-sharing services at designated locations and periods of time at fixed fares.
- There are various surcharges determined by the Transport for London.
- Taxi drivers are not allowed to charge fares higher than those set by the Transport for London, except for journeys with destinations outside London, or offer to charge lower fares to solicit passengers.
- Fare bargaining by passengers is not an offence.
- Payment of taxi fares can be made by credit card and charge card.

New York, the United States of America

- Most of the taxis are ordinary taxis of the same vehicle type that has four passenger seats (some have five passenger seats) and is not wheelchair accessible.

- Hailing on the street.

- Taxi fares are uniformly charged according to the taximeter.
- Cab-sharing services at designated locations at fixed fares.
- There are surcharges for night-time and peak hour services determined by the Government.
- Taxi drivers are not allowed to charge fares higher than those set by the Government or offer to charge lower fares to solicit passengers.
- Fare bargaining by passengers is not an offence.

- Taxi call centres have introduced incentive measures.
- A call centre is studying the use of global positioning systems.

- The Government encourages the use of alternative-fuel (hybrid or natural gas) taxis.
- Taxi operators will equip their taxis with global positioning systems.

Your views are most welcome

You are cordially invited to send us your views on the questions listed below by 31 January 2008 via the following means :

By mail : Public Transport Services Subcommittee
Transport Advisory Committee
16/F Murray Building
Garden Road
Hong Kong

By fax : 2127 7492

By e-mail : views@taxireview.hk

Website : www.taxireview.hk

This document has been uploaded to the website at www.taxireview.hk. Printed copies are available at the District Offices under the Home Affairs Department and the Licensing Offices of the Transport Department.

Mode of charging

1. Are you 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?

Very Satisfied Satisfied Dissatisfied Very dissatisfied

Why?

2. What kind of changes or improvements can be made? (The following are examples of taxi fare regulatory approaches adopted by the governments of the cities mentioned above. They do not represent the position of TAC. Comments and suggestions from the trade and the public are most welcome) :

Taxi fares are set by the operators rather than regulated by the Government.

The operators may revise the fares at any time, but they are required to submit the new fares to the Government for record purpose before the effective date and disseminate the information to the public. Fares charged by the operators cannot exceed the level specified in the record kept by the Government.

The upper limits of the flagfall fare and incremental charges are prescribed by the Government. Taxi operators are required to seek approval from the Government in case they wish to charge at a level below the ceiling or introduce other modes of charging. They must charge at the level approved by the Government. If the operators wish to change their own fares, they may also seek approval from Government for fare revision at any time.

Others, please specify :

3. Taking into account overseas legislation governing fare bargaining by passengers and the situation in Hong Kong, what are your views on fare bargaining by passengers?

Mode of service

4. Apart from fare charging mechanism, are you satisfied with the existing mode of taxi services in Hong Kong (for example, uniform vehicle type of taxis and chartered service)?

- Very Satisfied Satisfied Dissatisfied Very dissatisfied
Why?
-
-
-

5. Do you want to see changes or improvements by means of introducing alternative modes of taxi services (for example, different vehicle types such as premier taxis, and fixed-fare taxi services for different regions or for specific locations and routes) to provide more choices for the passengers?

- Yes No
Any suggestions?
-
-
-

Service quality

6. Are you satisfied with the quality of taxi services in Hong Kong (for example, the attitude of drivers and the facilities inside taxi cabins)?

- Very Satisfied Satisfied Dissatisfied Very dissatisfied
Why?
-
-
-

7. In which aspect(s) do you think improvement is needed?

Personal information

Copies of the submissions received will be made available for public perusal. If you do not wish your submission to be made public, please specify.

- I do not wish to make public the copy of my submission.
 I agree to make public the copy of my submission on condition of anonymity.

Are you a member of the taxi trade? Yes No

If yes, which type of taxi operator do you belong to?

- Taxi owner (but not driver) Taxi owner and driver
 Taxi driver (but not owner)

If no, how many times do you hire a taxi per week on average?

- Less than once 1 to 5 times 6 to 10 times more than 10 times

Name/ Name of organisation:

STAMP

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Transport Advisory Committee
16/F Murray Building
Garden Road, Central
Hong Kong