



8 January 2008

Ms Eva Cheng, JP  
Secretary for Transport and Housing  
2/F., Main and East Wings  
Central Government Offices  
Lower Albert Road  
Central  
Hong Kong

Dear Ms Cheng,

**Taxi Fare Increase Applications**

This letter sets out Transport Advisory Committee (“TAC”)’s advice to the Chief Executive in Council (“CE-in-Council”) on the urban and New Territories (“NT”) taxi associations’ applications for a one-dollar fare increase.

In advising on the taxi fare increase applications, Members have 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; and
- (d) the likely public acceptability of the proposed fares.

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Members noted that the net incomes of urban and NT rentee-drivers had decreased since the urban and NT taxi fares were last increased in 1998 and 1997 respectively and their net incomes were expected to continue to fall if the current trend of fuel price increases continued. Members noted that the revenues of rentee-drivers had dropped and other operating costs, such as rental cost, had also increased. On the other hand, the average monthly net incomes of the owner-drivers and rentor-owners had increased since the last fare increase due to the increase in rental income.

Furthermore, Members noted that the effect of the proposed \$1 flagfall fare increase on the fare differentials between other modes of public transport was expected to be minimal. Members generally considered the proposed \$1 increase acceptable from the public point of view. Lastly, this method of increasing the fare is in line with the existing arrangements, and is also preferred to adopting a fuel surcharge mechanism.

Having considered all the relevant circumstances and information before us, TAC supports the urban and NT taxis' applications for increasing the flagfall fare by \$1 with a view to helping the taxi drivers to improve their operating conditions.

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.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Teresa Cheng', written over a horizontal line.

(Teresa Cheng)  
Chairman

Transport Advisory Committee