LCQ14: Support for transport sector

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 (January 19):

Question:

Some practitioners of the transport sector have relayed that with the local retail prices of diesel and liquefied petroleum gas soaring by 40 per cent to 50 per cent due to the continuous rise in international oil prices last year, coupled with the business difficulties brought about by the fluctuating epidemic situation, the sector has been facing the hardship of not being able to make ends meet. Moreover, in the past few months, quite a number of taxi and red minibus (RMB) rentee-drivers switched one after another to other industries because their income could no longer offset the soaring fuel costs, resulting in an increasingly acute shortage of drivers. In this connection, will the Government inform this Council:

(1) whether it has compiled statistics on the average amounts of fuel expenditures incurred by various commercial transport modes (i.e. goods vehicles, container trucks, franchised buses, non-franchised buses, school buses, taxis, RMBs, green minibuses, ferries and kaitos) and the rates of changes of such expenditures, as well as the proportions of such expenditures in the total operating costs, in each of the past two years;

(2) as members of the sector have pointed out that there has been a 40 per cent wastage of RMB drivers after the disbursement of fuel subsidies under the Anti-epidemic Fund to public light buses and taxis ended in June last year, whether the Government will consider providing such subsidies again; if so, of the details; if not, the reasons for that, and whether it will consider allowing the sector to levy fuel surcharges for offsetting the cost burden brought about by the soaring fuel prices; and

(3) as members of the sector have pointed out that the fluctuating epidemic situation has led to a significant decrease in patronage and business difficulties, whether in the past six months the Government continued to keep in view the business environment of the sector as promised in its reply to my question on July 21 last year; if so, of the details, and the new measures in place to relieve the hardship of the sector; if not, the reasons for that?

Reply:

President,

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

(1) For franchised buses, taxis, ferries as well as green minibuses (GMBs), the average amount of fuel expenditure and the proportion of such expenditure

to overall operating costs in the past two years were as follows:

	2020		2021	
	Fuel expenditure	Proportion to operating costs	Fuel expenditure	Proportion to operating costs
All Franchised Bus Operators	$794 million in total	About 7.6 per cent	$807 million in total (Note 1)	About 10.5 per cent (Note 1)
All Ferry Operators	$115 million in total	About 14 per cent	$120 million in total	About 19 per cent
Taxi	$211 per vehicle per day	About 28 per cent	$250 per vehicle per day (Note 1)	About 32 per cent (Note 1)
GMB (Note 2)	$340 per vehicle per day	About 13 per cent	$336 per vehicle per day	About 14 per cent

Note 1: Only figures from January to September 2021 were included.
Note 2: The figures on fuel and operating expenditures were based on the annual financial returns of 2019/20 and 2020/21 (from April 1 to March 31) provided by GMB operators.

The Transport Department (TD) has not kept data on operating costs of non-franchised buses, red minibuses (RMBs), school private buses, kaito and goods vehicles sectors.

(2) In view of the impact of the COVID-19 pandemic on the transport sector, the Government has introduced a series of relief measures under the Anti-Epidemic Fund (AEF) to provide financial support (including fuel subsidies) for the transport sector with a view to alleviating their operating pressure.

As at December 1, 2021, the Government has disbursed a total of about $5.9 billion of subsidies under the AEF to the transport sector. Amongst the subsidies, the Government has offered a $1.0 discount per litre of liquefied petroleum gas (LPG) for LPG taxis and PLBs, and reimburse one-third of the actual fuel cost for petrol taxis and diesel PLBs from July 1, 2020 to June 30, 2021, involving more than $430 million.

The Government also provided a one-off non-accountable subsidy of $30,000 to each eligible registered owner of taxi or RMB and holder of passenger service licence (PSL) of GMB, and provided a monthly subsidy of $6,000 or a one-off subsidy of $7,500 to each eligible active taxi and RMB driver for a period of six months between April 1 and September 30, 2020. Besides, under the Employment Support Scheme, the Government provided wage subsidies in respect of employees enrolled in Mandatory Provident Fund (MPF) schemes of GMB operators. For each employee aged 65 or above not joining MPF schemes, a monthly subsidy of $6,000 for six months was provided to GMB operators, so as to assist the trade in coping with the operational pressure under the prevailing economic environment.

While the Government has no plan to provide fuel subsidy again at this stage, it will continue to adopt other feasible measures to alleviate the pressure faced by the trade, including fare adjustment and/or rationalisation of service routes, etc. Take GMBs as an example, up to November 30, 2021, the TD has approved fare increase applications for a total of 80 GMB routes for the year. We are also actively processing the taxi fare increase applications with a view to improving the business environment and financial situation of the taxi trade.

At present, fare adjustments for taxis and GMBs are made taking into account a host of factors including changes in overall costs and revenues (including the fuel costs), service quality of the operators and acceptability of passengers, with a view to accommodating and balancing the needs of different stakeholders. We hold the view that the change in operating costs arising from the fluctuation of the fuel prices, should be dealt with in accordance with the existing fare adjustment mechanism for taxis and GMBs.

(3) Since July 2021, the Government has introduced a number of supporting measures in response to the epidemic development, such as providing additional financial support for the cross-boundary passenger service sector in August 2021, including providing a one-off non-accountable subsidy of $30,000 for each cross-boundary coach and hire car, as well as a one-off non-accountable subsidy of $500,000 for each eligible cross-boundary ferry. The cross-boundary passenger trade will be provided with the aforementioned subsidies again under the fifth round of AEF recently announced. Besides, the Government has further waived the fees for vehicle licence for commercial vehicles, vehicle examination for licence renewal, first issue or renewal of PSL and PSL Certificate from December 30, 2021 to December 29, 2022.

In view of the impact of social distancing measures on the service demand, the TD will closely liaise with public transport operators, and timely introduce temporary adjustments to the headway of certain public transport services having regard to the passenger demand, so as to make optimal use of resources and reduce operating costs. To prevent the vehicle owners from having their vehicle registration cancelled and business disrupted due to their failure to arrange for vehicle examination and licence renewal in time during the pandemic, starting from November 1, 2021, registered owners of public transport vehicles (including taxis and PLBs) could apply for deferral of cancellation of vehicle registration for their vehicles of which vehicle licences have expired for nearly two years.

The Government will continue to keep in view the epidemic development and business environment of the sector, and maintain close liaison with the trade.