

H.K. Standard 15 Feb. 1986

\$29m investment in taxis

A BRIGHE future for the taxi business was the reason behind the high bids put forward by Yick Sun Motors Ltd for the latest batch of 100 licences. A spokeswoman for the company said: "We have confidence in the taxi market and Hongkong's future, (and) that is why we committed the (\$29 million) in-

vestment."
The new licences will be rented to drivers instead of sold, she said. The company holds about 40 licences, although it was reluctant to disclose details of its taxi operation. The company manager, Mr Chan Yau-yik, in whose name five of licences were granted, was unavailable

for comment yesterday. The new licences were second from the last batch of 100 licences to be offered before reaching the government-imposed ceiling of 14,000 taxis set by the Executive Council in mid-1984.

Meanwhile, spokesmen for various taxi-drivers and owners associations say the

30-percent increase in licence fees stemmed from a greater demand for taxi licences.

But that did not mean taxi-driving is profitable. The demand is directly related to the recession in other industries which has made taxi-driving appear more attractive, they said.

The Chairman of the Hongkong Kowloon Taxi and Lorry Owners Association, Mr Man Hon-ming, said: "Many people in other trades hit by recession turn to taxi-driving.

"Most of them can only afford to rent a car for about \$5,000 per month. Few actually buy the licences."

The demand from those wanting to rent a taxi guarantees that licence-buyers can have steady returns through the renting of licences, he said.

And Mr Man added that he thought the present tendering system is fair.

The chairman of the Kowloon Taxi Owners Association, Mr Fung Kar-yan, however, did not agree. He said small operators had no chance of out-bidding big companies and

added that the licensing system should be reviewed.

The Chairman of the Hongkong and Kowloon Taxi Association, Mr Kwong Hon-wah, said the increase in licence fees reflected confidence in the trade.

He said the confidence was brought about by a government freeze on the licensing of taxis in 1984.

The fact that there had been a 10-percent increase in business instead of an anticipated 20-percent decline after the opening of the Hongkong Island Mass Transit Railway is also a reason for optimism.

"There are now sufficient taxis to serve the citizens. I think the government should not issue any new licences for the next two years," he said.

Regarding the proposed taxi fare increase, Mr Kwong said the drivers from different associations will meet within two weeks to decide on the increase.

Chairman of the Transport Advisory Committee, Mr Gerry Forsgate, said the high prices paid for the licences "seems to defy the laws of economics."