

## **Chapter IX : Transport**

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9.1 At the invitation of the Chairman, the Secretary for Transport (S for T), Mr Nicholas NG, briefed members on the expenditure on transport as stated in the 2001-02 Budget (Appendix V-8).

### **Transport Advisory Committee**

9.2 Ir Dr Raymond HO declared his interest as the former Chairman of the Transport Advisory Committee (TAC) from 1995 to 1997.

9.3 Highlighting the important role played by TAC as the key advisory body to the Administration on major transport matters including fare and toll revision applications submitted by transport operators, Mrs Miriam LAU expressed concern about the amount of resources earmarked by the Transport Bureau (TB) for the purpose of providing secretariat support for TAC. She was worried that without adequate staffing support, the effective discharge of TAC's functions would be hampered. While agreeing to provide members with detailed information on the resource provided to support TAC's operation, S for T advised that the TAC Secretariat was headed by a Principal Assistant Secretary who was supported by a Senior Administrative Officer and a team of Executive Officers. He further said that the Administration was aware of the increased amount of work handled by TAC under its wide ambit and would review resources requirements for the TAC Secretariat in the coming year.

9.4 Expressing strong criticisms on TAC's decision to withhold disclosing details of its deliberations on the 9.2% fare increase application lodged by the New World First Bus Services Limited (NWFB), both Mr CHENG Kar-foo and Mr LAU Chin-shek denounced such action as regression. They therefore cast serious doubt on whether TAC was still capable of discharging its monitoring and advisory functions in an apolitical and impartial manner. In this connection, Mr LAU Chin-shek indicated his objection to the proposed fare increase application as it would invariably affect the livelihood of the general public during the extant economic climate. Mr LAU also questioned the Government's role in ensuring the transparency of TAC's operation, as well as the criteria adopted by the Chief Executive in appointing the Chairman of TAC.

9.5 Mr LAU Kong-wah also referred to the lack of transparency in TAC's deliberation and he questioned whether the Administration should continue to use public funds to provide secretariat support to TAC which no longer acted with any accountability to the public. Pointing out that the practice of consulting TAC had been formalized in the fare determination mechanism of the MTR

## **Chapter IX : Transport**

---

Corporation Limited (MTRCL), he was doubtful about the efficacy of such a seriously flawed consultation mechanism in terms of monitoring train fare.

9.6 Mr CHENG Kar-foo opined that resources should be earmarked for the purpose of conducting an overall review on how the role and functions of TAC could be strengthened to meet the aspirations of the community.

9.7 In response, S for T emphasized that the role of TAC, i.e. to advise the Executive Council (ExCo) on broad issues of transport policy, had remained the same since its establishment in 1965. Given that the system had been working well, the Administration did not consider that any change was necessary. As to the appointment of the Chairman of TAC, he said that the Chief Executive would choose the most suitable candidate for appointment.

9.8 As for NWFB's application, S for T said that TAC had already carefully examined the fare adjustment proposal having regard to various relevant factors including the company's financial situation and service performance, public acceptability and affordability of the proposed fare increase and the existing economic climate, and its views would be presented to ExCo for consideration. However, TAC had taken the stance that its deliberation should not be disclosed before the Chief Executive in Council as the final approving authority had decided on the fare increase application. While stressing that TAC had full independence and autonomy to make its own decisions, he opined that the matter was really just about the timing at which TAC should disclose the details of its deliberations.

9.9 Unconvinced by the Administration's explanation, Mr LAU Chin-shek considered that it would be meaningless for TAC to disclose its stance on the fare increase application after ExCo's decision. Mr CHENG Kar-foo also said that he could not accept the present decision of TAC to deviate, to the detriment of public interest, from its past practice of briefing the public of its views on fare increase applications prior to ExCo's decision. Referring to the Administration's stance that TAC had already served a public watchdog role on transport matters, especially on fares, and thus it would not be necessary to bring the fares of public transport under the scrutiny of the Legislative Council, Mr CHENG opined that the present incident had revealed that TAC had failed to fulfill its mission to monitor the fare increase proposals on behalf of the community, it was high time for the Administration to seriously reconsider the whole mechanism.

## **Chapter IX : Transport**

---

9.10 In response, S for T advised that on a number of occasions, the Administration had reviewed the operation of TAC including its membership, terms of reference and monitoring role, and the Panel on Transport had been briefed on the outcome. However, he said that in view of members' concerns, the Administration would be prepared to look into the matter again.

### **Sustainable development and environmental concerns**

9.11 Notwithstanding the resource provisions under the Environment and Food Bureau, Miss Emily LAU asked whether funding would be specifically allocated under TB's purview for promoting sustainable development in Hong Kong's transport system, particularly in respect of the implementation of railway projects. In response, S for T stressed that maintaining the sustainability of Hong Kong's long-term development was the common aspiration of the community and it would require contributions from all government bureaux/departments. In terms of transport planning and infrastructure development, both TB and its executive departments were mindful of the need to take forward each and every project in an environmentally-acceptable manner in compliance with relevant statutory requirements to ensure sustainable development. Thus, instead of making separate provisions for the purpose, the resources allocated to each project would include this element in a general sense.

9.12 Miss Emily LAU also referred to the plight of more than 300 000 households who were constantly under the nuisance of excessive traffic noise, and enquired about the measures already taken and to be taken by the Administration to address the noise impact of existing roads. In reply, S for T acknowledged that given the physical, technical and resource constraints involved, there would be no ready solution to the said problem. However, he assured members that both engineering and non-engineering solutions, including the retrofitting of noise barriers, the resurfacing of roads with low noise material and the implementation of traffic management measures, would be explored and implemented by the Administration where practicable.

9.13 Noting the provision of \$26.9 million for upgrading the ventilation systems in six covered public transport interchanges to improve air quality, Mr TAM Yiu-chung considered that better planning and design for such facilities was required to address the public's concern in this area. The Commissioner for Transport (C for T) responded that the Administration would seek to make further improvements in accordance with new standards to ensure that the transport needs of the people were met in an environmentally sustainable manner. In view of the

## **Chapter IX : Transport**

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member's concerns about the discomfort of passengers under the hot weather if the proposed projects were to commence in mid-2001, he agreed to re-consider the schedule of the upgrading works.

### **Provision of transport infrastructure**

9.14 Dr TANG Siu-tong asked whether provisions had been made to fast-track the implementation of the Northern Link (NOL) to meet the demand of the residents in West Kowloon and West New Territories for cross-boundary rail service in case the Sheung Shui to Lok Ma Chau Spur Line (Spur Line) project could not be proceeded further. In reply, S for T stated that while it would not be appropriate to comment on the on-going appeal case lodged by the Kowloon-Canton Railway Corporation (KCRC) on the Spur Line project, implementation timing of NOL would depend on the growth of the cross-boundary traffic and the pace of planned developments in North West New Territories. Apart from the NOL, the Administration was also working on the Regional Express Line (REL), which would provide an additional rail crossing between the boundary and the urban areas with limited stops. The implementation of the REL could be speeded up to cater for the actual growth in passenger demand. He however pointed out that it would not be possible to expand the cross-boundary rail network to cover every part of the territory. The travelling commuters would need to rely on other interchange services, as appropriate.

9.15 Mr TAM Yiu-chung sought elaboration on the new cross-boundary rail services to Shenzhen/Lo Wu contemplated by the Administration. S for T replied that in view of the increasing flow of economic and social activities between Hong Kong and the Mainland, the Financial Secretary (FS) had called for greater emphasis to be placed on improving cross-boundary services and expanding the railway network in the South China region in the Budget Speech. Notwithstanding other on-going efforts in this direction, the Administration would work closely with KCRC to continue to further enhance the co-operation with Mainland railway authorities, in particular to explore the feasibility of introducing through train services to new destinations in Guangdong.

9.16 Referring to delays in the implementation of the Shenzhen Western Corridor and the Deep Bay Link, Ir Dr Raymond HO questioned the effectiveness of the Cross-Boundary Infrastructure Co-ordinating Committee (ICC). In response, S for T explained that contacts with the Mainland authorities in this area were maintained through various channels. As the highest decision-making body, ICC had met frequently before and after Hong Kong's reunification to

## **Chapter IX : Transport**

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discuss and decide on various cross-boundary infrastructural development programmes and the Shenzhen Western Corridor was one of the programme that had come to fruition. As for the implementation of such committed programmes, close contacts at the working level would be maintained. He undertook to provide members with information on the number of meetings held by ICC since 1 July 1997. Ir Dr Raymond HO however considered that high-level participation in the implementation stage was equally important to ensure that follow-up actions were taken by both sides in a timely and synchronized manner.

9.17 Given the Government's shareholding in KCRC and MTRCL, Mr LAU Ping-cheung queried whether TB's decision to invite both corporations to submit proposals for the projects as detailed in the Railway Development Strategy-2000 would be tantamount to a waste of public funds. In response, S for T explained that it was the Administration's established policy to invite both railway corporations to bid for new railway projects which were not natural extensions of any existing line, such as the Shatin to Central Link. The Administration would specify the terms with which the two corporations could bid on a level playing field basis and decide on the competitive proposals taking into account the best interest of the community as a whole. He said that while the competitive process would involve detailed and meticulous studies on the part of the railway corporations costing considerable sums of money, it could ensure that the best proposal was adopted thereby creating huge savings in the implementation and construction of the project. All these would ultimately benefit the passengers.

9.18 Noting that the Investigation and Preliminary Design of Route 7 was completed in August 2000 and that the estimated cost of the project was \$9.7 billion, Mr IP Kwok-him questioned why another engineering review was required to investigate an alternative tunnel alignment at Mt Davis. Expressing concern about further delays, he asked whether the Administration had a definite timetable for the implementation of the project.

9.19 In reply, the Director of Highways updated members on the progress of advance works for Route 7. He advised that the route was more or less divided into two sections. For the northern section which ran from Kennedy Town to Telegraph Bay, the feasibility of the tunnelling option had been confirmed by preliminary study. However, the southern section between Telegraph Bay and Aberdeen would present more problems. Having considered the engineering difficulties involved and the opposition raised by local residents, an overall review on the proposed alignment was required so as to determine the

## **Chapter IX : Transport**

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best way forward. For this purpose, a consultancy study would be commissioned by the Highways Department (HyD) shortly. Taking into account the additional time taken, the detailed design work was scheduled to be completed by 2003.

9.20 Referring to the strong demands put forward by the local District Councils for the early completion of the project, Mr IP cautioned the negative consequences to the community resulting from the prolonged delay of important transport infrastructure due to environmental protection contentions. In response, S for T stressed that TB was committed to the implementation of the Route 7 project. Notwithstanding the forthcoming consultancy study, he pointed out that the project could be constructed by stages as the advance works for the northern section was more or less completed.

9.21 Mr WONG Yung-kan was concerned about whether the capacity of Sai Sha Road could meet with future demand, taking into account the additional traffic generated to and from the areas upon the commissioning of the Ma On Shan (MOS) Rail in 2004. In reply, S for T advised that according to the results of relevant traffic studies, the traffic demand of Sai Sha Road would be alleviated with the completion of MOS Rail and the proposed Trunk Road T7. The Administration would plan for further improvement works at Sai Sha Road if necessary subject to actual increase in traffic volume.

9.22 On Mr LAU Ping-cheung's concern about the provision of emergency vehicular access (EVA) for small houses, C for T advised that traffic impact studies would normally be carried out for individual housing developments which might have a significant impact on surrounding road systems. As for small houses or smaller developments, the traffic generated thereby would be taken into account in the overall development plan of the area. In terms of EVA, village areas of any particular size should have some kind of access for emergency vehicles. As the policy responsibility of small houses fell under another bureau, S for T undertook to provide a co-ordinated reply from the relevant government bureaux/departments on the following points: the number of people living in small houses, the existing policy on the provision of EVA and the plans to improve EVA arrangements for NT small houses.

### **Operation of public transport services**

9.23 Referring to FS's remarks in the Budget Speech about the inconsistency in granting tax exemption to franchised buses which would indirectly undermine the competitiveness of railways as a more environmentally

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## Chapter IX : Transport

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friendly form of public transport, Mrs Miriam LAU recalled that when the decision to grant exemption to franchised buses from duty on diesel was made in 1992, the objective was to stabilize bus fares to the benefit of the passengers. In that perspective, Mrs Miriam LAU asked whether TB would oppose to any suggestions to change the existing practice and firmly uphold the important principles of maintaining the stability of bus fares and keeping them at an affordable level.

9.24 In response, S for T advised that while the policy responsibility for taxation was under the Finance Bureau's purview, relevant policy bureaux would be consulted on any proposal to change the existing arrangement on tax exemption for franchised buses. Any decision would be made having regard to all relevant factors, including the potential impact on the passengers and the benefits brought to the community as a whole. More importantly, he stressed that all government bureaux/departments worked as a whole for the overall development of Hong Kong and as S for T, he would provide active input on various government initiatives from the transport perspective. As to the fare level of public transport services, he said that while the above principles were important considerations, other factors such as the operating cost of the company and service demand would also have to be taken into account.

9.25 On Miss Emily LAU's enquiry about the resource provision in 2001-02 for promoting competition in the area of public transport, S for T replied that the promotion of fair competition in Hong Kong's public transport system was one of the key objectives of TB's work. While no separate provision had been made in this respect, this idea of promoting competition would be incorporated in various initiatives to improve the efficiency and co-ordination of the public transport system in Hong Kong. For instance, results had been seen with the gradual opening up of the market of franchised bus operation on Hong Kong Island in recent years. However, promoting competition might prove to be more difficult in some other areas, such as ferry service which had been declining over the recent years due to difficult operating environment.

9.26 Following up on the market situation on Hong Kong Island, Miss Emily LAU expressed concern that given the rail-based strategy, franchised bus operators might be faced with unfair competition from MTRCL. In this connection, she enquired about the number of rejected applications from franchised bus operators for introduction of new bus routes on Hong Kong Island in the past year. While agreeing to provide the requested information in writing, S for T stressed that the Administration would not seek to stifle competition

## **Chapter IX : Transport**

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among different public transport modes and such applications would be considered on their own merits. He pointed out that having more than one operator to service the same area would not necessarily bring about enhanced competition. Instead, inefficiencies such as congestion might occur in view of the limited road space available and it would be the passengers who stand to lose.

9.27 Concerning about the future development of ferry services in Hong Kong, Mrs Miriam LAU enquired about the resource provision for the Study on Future Waterborne Transport in Hong Kong. In reply, C for T advised that a total of \$2 million was committed to the study which commenced last year. Under the study, the existing ferry services would be categorized into "essential" and "non-essential but desirable" services and the problems faced by different types of services would be examined. Noting the member's concern, he said that Transport Department (TD) had been looking seriously into the nature of waterborne transport in Hong Kong, as well as the measures that could be taken to facilitate and support its development.

### **Traffic management**

9.28 Noting that the long-drawn out feasibility study on electronic road pricing (ERP) was finally completed in 2000 with a total expenditure of more than \$75 million, Mr CHENG Kar-foo enquired about the reasons for the late publication of the study findings. In reply, S for T advised that the feasibility study which started in 1997 was primarily focussed on traffic management. Based on the study findings, he had already formed his opinion from that perspective. However, given the increasing emphasis on environmental issues, additional studies on applying the road pricing strategy to control vehicle emissions in certain areas were considered warranted. He assured members that the Administration would make an effort to finalize its views on ERP within the current legislative session.

9.29 Mr CHENG also referred to the estimated provision of \$3.2 billion for the development of the Intelligent Transport System (ITS) and sought assurance from the Administration that this hefty sum of public money would be usefully spent, unlike the resources allocated to the feasibility study of ERP. In response, S for T gave an account of the aim, methodology and benefits of developing an integrated ITS strategy in Hong Kong. He stressed that with the deployment of advanced information and telecommunications technologies, ITS would result in a better use of existing transport infrastructure and greater efficiency in traffic management by enabling road users to have access to real-

## Chapter IX : Transport

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time traffic information.

9.30 On the resource provisions for ITS, S for T reported that under the present proposal, a total of \$3.2 billion would be required over the next ten years for the implementation of the Transport Information System, extension of the Area Traffic Control System to all new towns, installation of Traffic Control & Surveillance Facilities on all major expressways, and the setting up of the Traffic Management Information Centre. Comparing to the enormous costs involved in the provision of transport infrastructure, he assured members that the cost of \$3.2 billion for developing ITS would be a very worthwhile investment given the total benefits it would bring about to the community as a whole. He also undertook to brief members of the details about individual projects under ITS in due course and urged members to support the funding proposals when they were submitted to the Finance Committee.

9.31 Mr CHENG Kar-foo stated that members of the Panel on Transport in general supported for the development of ITS when the proposal was initially discussed by the Panel. However, there was a need for more detailed information to be provided to the Panel at an early stage to facilitate thorough deliberation and understanding of the proposal. Echoing Mr CHENG's views, Ir Dr Raymond HO remarked that he found it difficult to accept that S for T had formed his opinion on ERP without any Panel consultation. In view of the frequent change of government policies, he opined that the Administration should adopt a more open attitude to exchange views with members.

9.32 Referring to the provision of more than \$1 million under HyD to implement a package of traffic management schemes to ease the traffic congestion in the Central Business District (CBD), Miss Emily LAU said that the proposal had created an uproar in the local area. Notwithstanding the general agreement of the District Council, she considered that on account of the nuisance to be created by such measures, the Administration should also consult the views of those people who were directly affected, such as the shop owners. Considering that some proposed measures were practically impossible given the physical constraints, e.g. the widening of the carriageway of Pedder Street, she also asked if other measures could be considered to deal with the congestion problem.

9.33 In response, S for T advised that as a general practice adopted for such schemes, the views of the affected persons would be consulted. Given the heavy traffic demand in CBD, both pedestrian and vehicular, the Administration had been exploring different ways to alleviate the problem. He was hopeful that

## **Chapter IX : Transport**

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the improvements brought about by the proposed schemes would outweigh the inconvenience created during the construction works. As a separate development, he informed members that the China Building had submitted a proposal for the footbridge link connecting to the building. However, in view of the opposition from some owners, the proposal would have to be re-examined. While noting members' concerns for the early construction of the footbridge link, he advised that as the building concerned was private property, it would not be appropriate for the Government to take part in the negotiation process. Given the uncertainty in the footbridge link proposal, the Administration would proceed with the proposed improvement schemes. In this respect, S for T said that suitable modifications would be made to the schemes as necessary taking into account the views collected from consultation.

### **Management of transport services**

9.34 On the capital expenditure for replacing various systems in government tunnels, Mr LEUNG Fu-wah questioned the adequacy of resource provisions for the purpose, as well as the limited scope of individual projects. By way of illustration, he said that apart from the replacement of field equipment of the toll collection system as proposed, the Cross-Harbour Tunnel (CHT) would also benefit from an overhaul of the control system. Mr LEUNG was concerned that the lack of provision in this regard might be related to the Government's intention to privatize government tunnels as indicated by FS in his Budget Speech.

9.35 In reply, S for T advised that the management of government assets was under the purview of the Finance Bureau and as far as he knew, no definite timetable had been set for the privatization or corporatization of government tunnels. Notwithstanding any ownership change in future, TB and TD were committed to ensuring the safe operation and proper management of the tunnels. He also assured members that notwithstanding the old age of CHT, its operation would be closely monitored by the Administration to ensure compliance with the required safety standard.

9.36 To supplement, C for T advised that the Administration was planning to replace the traffic control and surveillance systems inside the tunnel. He also said that for technical aspects in relation to tunnel operation, the advice of the Director of Electrical and Mechanical Services would be sought. With all the tunnels taken together, a large number of projects had already been proposed under the Capital Works Reserve Funds.

### **Staffing position**

9.37 Mr CHAN Kwok-keung enquired about the change in the staffing requirement of the Licensing Division (LD) taking into account new developments in the provision of licensing services, such as the ten-year validity period of full driving licences and application through the Internet. In reply, C for T replied that the manpower of LD had been slightly reduced over the last year as part of TD's contribution to EPP. In view of the Voluntary Retirement Scheme, the number of staff working in that area would also be affected and TD would examine how the vacancies could be filled up. In the longer term, TD was developing various proposals for a more efficient delivery of licensing services so as to maximize customer friendliness as well as the department's efficiency.