

立法會
Legislative Council

LC Paper No. CB(1)2084/01-02
(These minutes have been seen
by the Administration)

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Legislative Council
Panel on Transport

Minutes of meeting held on
Friday, 24 May 2002, at 10:45 am
in Conference Room A of the Legislative Council Building

- Members present** : Hon Miriam LAU Kin-yee, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, JP
Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Hon WONG Sing-chi
- Members absent** : Hon David CHU Yu-lin, JP
Dr Hon TANG Siu-tong, JP
Hon LAU Ping-cheung
- Non-Panel Member attending** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP

**Public officers
attending** : **Agenda item VI**

Transport Bureau

Miss Margaret FONG
Deputy Secretary for Transport (3)

Ms Doris CHEUNG
Principal Assistant Secretary for Transport (6)

Transport Department

Mr George LAI
Deputy Commissioner/Planning & Technical Services

Mr Brian GROGAN
Assistant Commissioner/Planning

Mr CHEUNG Kai-ying
Chief Engineer/Traffic & Transport Survey (Ag)

Architectural Services Department

Mrs Marigold LAU
Project Director

Consultants (Ove Arup & Partners)

Mr Wilfred LAU
Director

Mr Jeff NG
Engineer

Agenda item V

Transport Bureau

Mr Arthur HO
Deputy Secretary for Transport (2)

Mr Patrick HO
Principal Assistant Secretary for Transport (1)
Transport Department

Mrs Dorothy CHAN
Commissioner for Transport (Ag)

Ms Zina WONG
Assistant Commissioner for Transport/Bus and Railway

Mr Albert YUEN
Principal Transport Officer/Bus and Railway (1)

Mrs Lily LAM
Chief Transport Officer/Bus and Railway (4)

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Ms Alice AU
Senior Assistant Secretary (1)5

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)1725/01-02 - Minutes of joint meeting held with Environmental Affairs Panel on 11 December 2001;

LC Paper No. CB(1)1726/01-02 - Minutes of meeting held on 17 January 2002; and

LC Paper No. CB(1)1773/01-02 - Minutes of meeting held on 23 January 2002)

The above minutes of meeting were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)1609/01-02(01) - Submission from HK Public-Light Bus Owner & Driver Association on policy on public light buses;

LC Paper No. CB(1)1779/01-02(01) - Proposals to convert Tuen Mun Pier to a cross boundary ferry terminal;

LC Paper No. CB(1)1783/01-02(01) - RoadShow Multi-Media on Board Service;

LC Paper No. CB(1)1784/01-02(01) - Progress update on the Intelligent Transport Systems; and

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LC Paper No. CB(1)1787/01-02(01) - Driver Improvement Scheme - Code of Practice for Driving Improvement Schools)

2. Members noted the above information papers issued since last meeting.
3. Regarding the submission on policy on public light bus as set out in LC Paper No. CB(1)1609/01-02(01), members noted that a relevant item had already been included in the Panel's list of follow-up action.
4. Regarding the Administration's response on the proposals to convert Tuen Mun Pier to a cross-boundary ferry terminal as set out in LC Paper No. CB(1)1779/01-02(01), members noted that a relevant item had already been included in the Panel's list of outstanding items for discussion, and agreed that the Panel would follow up progress with the Administration regularly.
5. Members noted that Kowloon Motor Bus Company (1933) Limited (KMB) had provided a set of presentation materials (LC Paper No. CB(1) 1783/01-02(01)) setting out various service improvements undertaken by KMB since the RoadShow Multi-Media on Board Service was launched in December 2000. The Chairman invited members to notify the Clerk if they wished to follow up on the item.
6. Mr CHENG Kar-foo referred to the information paper provided by the Administration on "Progress update on the Intelligent Transport Systems" (LC Paper No. CB(1)1784/01-02(01)) and said that there was a need for the Administration to brief members on the details at a future meeting. He recapped that when the matter was previously discussed by the Panel, concerns had been raised as to whether the implementation of some systems under the Intelligent Transport Systems could be expedited. Members noted that a relevant item had already been included in the Panel's list of outstanding items for discussion.
7. Regarding the Administration's proposed Code of Practice for Driving Improvement Schools (issued vide LC Paper No. CB(1)1787/01-02(01)), members agreed that they would forward their questions, if any, to the Administration for consideration and response where appropriate.

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III Items for discussion at the meeting on 28 June 2002

(LC Paper No. CB(1)1764/01-02(01) - List of outstanding items for discussion;
and
LC Paper No. CB(1)1764/01-02(02) - List of follow-up actions)

8. Members noted that the following items were proposed by the Administration for discussion at the next regular Panel meeting scheduled for 28 June 2002:

- (a) Replacement of traffic control and surveillance system in Cross Harbour Tunnel; and
- (b) Northern Link (NOL).

9. At the Chairman's suggestion, members agreed that the item on NOL would be discussed at the next meeting of the Subcommittee on matters relating to the implementation of railway development projects to be scheduled.

(Post-meeting note: The said meeting of the Subcommittee had subsequently been scheduled for Thursday, 27 June 2002, at 2:30 pm.)

10. Mr LAU Kong-wah suggested that an item on "Development of cross-boundary transport infrastructure" be included in the Panel's list of outstanding items for discussion. Citing recent discussions by the Mainland authorities on the construction of a submerged tunnel linking Shekou and Zhuhai, he said that this work item would have a major impact on Hong Kong's economic development and infrastructural planning. As such, he considered that urgent discussion by the Panel might be required. Members agreed to include the item in the Panel's list of outstanding items for discussion. In this connection, the Chairman advised that a joint meeting with the Panel on Planning, Lands and Works might be held.

11. Mr LEUNG Fu-wah said that a joint meeting with the Panel on Security should be arranged to follow up on the problem of triad infiltration as raised by the public light buses (PLBs) trade at the Panel meeting on 25 January 2002. In this connection, the Chairman reminded members that at the said meeting, the Administration had agreed to revert to the Panel on various issues relating to the role and operation of PLBs raised by members and the PLB trade.

12. The Chairman reminded members that before the end of the current session, the Panel would need to follow up on the details of the transport service plan to be implemented to tie in with the opening of MTR Tseung Kwan O Extension (TKE) after the Administration's consultation with the relevant District Councils.

13. The Chairman also recapped that at the first Panel meeting of the current legislative session held on 11 October 2001, Mr Albert CHAN had suggested that a

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review on the Transport Bureau's policy objectives should be conducted by the Panel at the end of a legislative session to take stock of the progress achieved by the Administration in key result areas.

14. After deliberation, members agreed that item (a) at paragraph 7 above would be discussed at the next regular Panel meeting in June. The Clerk would liaise with the Administration as to whether the item on "Better co-ordination of public transport services arising from the commissioning of MTR Tseung Kwan O Extension" would be ready for discussion in June. If not, the item on "Policy on public light bus" would be discussed.

(Post-meeting note: The Administration subsequently confirmed that the item on "Better co-ordination of public transport services arising from the commissioning of MTR Tseung Kwan O Extension" would be discussed at the Panel meeting on 28 June 2002.)

15. Members agreed that as the last Council meeting of the current legislative session would be held on 10 July 2002, the Panel's regular meeting in July would be held on Friday, 12 July 2002 at 8:30 am, instead of 26 July 2002 as originally scheduled.

IV The Second Parking Demand Study

(LC Paper No. CB(1)1764/01-02(03) - Information paper provided by the Administration)

16. At the invitation of the Chairman, the Deputy Commissioner of Transport/Planning & Technical Services (DC for T) briefly introduced the paper provided by the Administration (LC Paper No. CB(1)1764/01-02(03)) on the Second Parking Demand Study (PDS2).

17. With the aid of PowerPoint, Mr Wilfred LAU, Director of Ove Arup & Partners, the Administration's consultant for PDS2, presented the latest demand and supply situation as well as future forecasts of parking spaces in the territory, and reported on key findings and recommendations in the review of the Hong Kong Planning Standards and Guidelines (HKPSG) under PDS2.

Proposed measures to address shortfall of parking spaces

18. Members noted from the example given in the presentation that with no additional remedial measures, the anticipated shortfall of spaces for goods vehicles (GV) and coaches was 14 500 in 2006. According to the Administration, a total of 26 300 additional spaces would be available with the implementation of all the various remedial measures, including the provision of parking spaces in container back-up areas (16 700

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spaces), other remedial measures (6 800 spaces) such as Short Term Tenancy (STT) sites and new development proposals (2 800 spaces).

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19. Mr CHENG Kar-foo was dissatisfied that the Administration's information paper did not contain detailed information on the size, distribution and location of parking lots for GV/coaches to be made available after the implementation of the proposed remedial measures. He requested that such information be provided to members for information after the meeting. Citing the uncertainties associated with the proposed remedial measures, particularly the provision of parking spaces in new developments and redevelopment proposals which required the developers' agreement, Mr CHENG was gravely concerned that such measures could not genuinely provide a steady and reliable supply of parking spaces to meet the demand of GV/coaches. In addition, he pointed out that while additional spaces could be made available in container back-up areas and STT sites, the location of such spaces was pivotal. If there was a mismatch between the places where such demand and supply occurred, the problem could still be unresolved. In this respect, Mr CHENG opined that instead of relying on the provision of short-term parking spaces, long-term planning was urgently required on the Administration's part.

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20. Expressing similar concerns, the Chairman pointed out that in some cases, the use of existing container back-up areas and STT sites for GV/coach parking was either not permitted by the Planning Department (PlanD) or constrained by site conditions such as inaccessible locations. Hence, she was not totally convinced by the Administration's claim that adequate parking spaces would be made available through the proposed remedial measures. In this respect, she requested the Administration to provide supplementary information on the size and geographical distribution of available container back-up areas as envisaged by the Administration. Mr Abraham SHEK also remarked that the Administration's calculations were not borne out by factual information. In addition, he was dissatisfied that the Administration had not provided any information on other implications of the proposed remedial measures, say in respect of the environment.

21. In reply, the Chief Engineer/Traffic & Transport Survey (Ag) (CE/TTS) reported that the estimates on the provision of parking spaces had already taken into account all relevant factors including planning considerations in the coming few years. While acknowledging that the actual availability of GV/coach spaces might vary, he explained that a safety margin had been built in because in actual situation, some 10 000 GV/coaches would either be in operation or staying in the Mainland. Addressing members' concerns about the availability of container back-up areas, Mr Wilfred LAU reported that out of the 331 hectares (ha) of port back-up land in Hong Kong, 181 ha could be used for parking of GV/coaches subject to approval by the authorities. Of these 181 ha, more than 20% were already in compatible land use areas. The Chairman however pointed out that some of such "will go" sites were situated in inconvenient locations or near to villages which rendered them useless for parking purposes.

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22. Mr CHENG Kar-foo suggested that the Administration should consider whether more road spaces such as those in industrial areas could be utilized for overnight parking of GV/coaches. Mr TAM Yiu-chung however cautioned about the obstruction so caused might create road safety risks, especially for the elderly. Nevertheless, he observed that there was a surplus in the provision of private car parking spaces in West New Territories such as Tin Shui Wai. He suggested that consideration might be given to converting those surplus parking spaces to serve GV/coaches.

Addressing the parking demand of coaches

23. Mrs Selina CHOW referred to the rapid development of tourism industry in Hong Kong, and strongly underlined the importance for the Administration to plan for the provision of parking spaces for coaches in close consultation with the relevant trades. In particular, she highlighted the great parking demand of coaches at tourist/sight-seeing spots, and suggested that as part and parcel to the proposal to designate coach picking-up/setting-down points at such locations, off-site parking lot should also be provided in the vicinity to allow for temporary parking of coaches. Echoing this view, the Chairman pointed out that instead of adopting a piecemeal approach to tackle the problem with specific sites, the planning of such back-up coach parking facilities should be made as a matter of policy. Otherwise, given various site constraints, it would indeed be very difficult for the Administration to designate adequate coach parking spaces at major tourist attractions to meet the demand. Underlying the importance of tourist industry to Hong Kong's economic development, Mr TAM Yiu-chung considered that planning for the adequate provision of coach parking facilities at major tourist attractions should be made by the Transport Bureau and Transport Department correspondingly.

24. In reply, DC for T acknowledged the members' concern about the provision of parking spaces for coaches. In view of the growing role of the tourism industry in the local economy, parking guidelines for coaches were proposed to be made in HKPSG under PDS2. He then elaborated on the measures proposed by the Administration to address the problem. In some major tourist attractions where the improvement of existing parking arrangements was constrained by site condition or other traffic consideration, the Administration would continue to identify suitable parking spaces nearby for coaches to park temporarily. In addition, consideration would be given to re-assigning parking spaces for private cars to serve coaches. CE/TTS added that appropriate traffic management measures would also be implemented, such as designation of no-stopping restriction zones outside loading bays and regulation of traffic by the Police to avoid congestion near tourist spots.

25. In this connection, Mrs Selina CHOW emphasized that a user-related approach should be adopted when considering the provision of parking spaces. As such, she cautioned the Administration not to overlook the parking demand of private cars at major tourist attractions. In reply, CE/TTS explained that in some locations, the number of on-street parking spaces for private cars might be on the high side and off-street

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parking facilities might also be available nearby. In that case, the Administration would consider whether such on-street spaces could be re-assigned for the parking of coaches.

26. As regards consultation with the relevant trades on the locations of coach parking spaces, DC for T reported that the general views of the Hong Kong Tourism Board, the hotel industry, associations of coach drivers, etc. had been solicited. To supplement, CE/TTS advised that the relevant planned improvements and recommendations made under PDS2 would be monitored by the inter-departmental Working Group on Parking (the Working Group).

Provision and management of bicycle parking facilities

27. Mr LAU Kong-wah referred to the new guidelines for bicycle parking proposed for inclusion in HKPSG and expressed dissatisfaction about the lack of overall planning for the provision of bicycle parking facilities in Hong Kong. Highlighting the increasing use of bicycles as a form of green transportation, he opined that the requirement to provide bicycle parking facilities at residential developments should also be extended to include all residential developments where bicycle tracks were available, including those which led to tourism spots or provided connection with other residential developments.

28. In response, DC for T explained that the new bicycle parking guidelines were proposed to meet the increasing demand from the public. As a first step, the requirement would cover those residential developments where cycle tracks with direct connection to railway stations were accessible to complement with the Government's policy of using railways as the backbone of Hong Kong's transport system. To supplement, Mr Wilfred LAU explained that the proposal was aimed at addressing the need of those cyclists commuting for work.

29. Referring to the generally unsatisfactory condition of existing bicycle parking lots located near railway stations, Mr LAU Kong-wah asked whether the issues relating to the management responsibility of such facilities had been examined under PDS2. Mr LAU also recalled that while the management of bicycle parking facilities to be provided near the new Tai Wai Station of the Ma On Shan Rail Link (MOS Rail) would be contracted out by the Government, the same arrangement was not made for those facilities along other MOS Rail stations. Referring to the lack of a consistent policy on the management of bicycle parking facilities near railway stations, he called on the Administration to ensure that this fundamental problem was properly addressed. Otherwise, the new guidelines for bicycle parking would fail to achieve the intended purpose of facilitating the cyclists.

30. In reply, Mr Wilfred LAU reported that PDS2 had already looked into the question of managing responsibility of bicycle parking lots near railway stations. In order to improve the quality of service provided, PDS2 recommended that an appropriate management agency, such as the Kowloon-Canton Railway Corporation, the Police or

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the Leisure and Cultural Services Department, should be designated to take up the responsibility. Noting the views and concerns raised by members, CE/TTS said that all relevant issues relating to the planning and management of bicycle parking facilities would be followed up by the Working Group.

Admin 31. Notwithstanding the explanation given, Mr LAU Kong-wah strongly requested the Administration to consider the following:

- (a) formulating a clear and consistent policy on the management of bicycle parking facilities to be provided near new railway stations before the opening of TKE, MOS Rail and West Rail;
- (b) requiring the provision of bicycle parking facilities at all residential developments where cycle tracks were accessible in HKPSG; and
- (c) implementing measures to improve the management of existing bicycle parking facilities provided near railway stations, for example, with the employment of bicycle caretakers.

32. Mr TAM Yiu-chung also agreed that Mr LAU's suggestion on the employment of bicycle caretakers was worth pursuing as more employment opportunities could be created.

33. In response, the Assistant Commissioner for Transport/Planning informed members that the Transport Department was preparing a brief for a cycling study to be tendered out around September/October 2002. The study, which was expected to take six to nine months to complete, would cover various issues such as the role of cycling in Hong Kong, the need for bicycle parking spaces, the management of and access to bicycle parking facilities, etc. In the meantime, he assured members that interim measures would be taken to address the problems raised by members. Mr LAU Kong-wah remarked that as TKE was scheduled to be open in August this year, he urged the Administration to take immediate action to address the problem.

Management of on-street parking spaces in busy shopping areas

34. Mrs Selina CHOW remarked that suitable provision of private car parking spaces could help boost the business of retail trades. Reiterating her grave concern about the problem of abuse of short-term on-street parking spaces in busy shopping areas, Mrs Selina CHOW considered that the policy issues involved should be addressed under the context of PDS2. She pointed out that in order to maximize the use of the limited number of on-street parking spaces provided in these busy urban areas, corresponding measures should be taken by the Administration to prevent the situation where such parking spaces were occupied by the same motorists who repeatedly extended the parking time. In this connection, both Mrs CHOW and the Chairman called on the

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Administration to make reference to the experience of London and Los Angeles where the problem of abuse of parking spaces was effectively controlled through regular inspection.

35. In response, Mr Wilfred LAU advised that the problem had been looked into under PDS2 and a number of recommendations had been proposed for the Administration to consider. In this respect, DC for T advised that the Administration was aware of the measures taken by overseas countries. According to the Administration's initial assessment, the problem might be dealt with either by the deployment of traffic wardens to control the situation or by the use of smart card technology to limit the parking time allowed. However, in view of the additional manpower and resources requirements involved, the Administration would have to carefully assess their cost-effectiveness. Acknowledging the concerns raised by members, he said that the Administration would continue to look for other solutions to the problem.

36. Notwithstanding the Administration's explanation, Mrs Selina CHOW was dissatisfied that no concrete actions were proposed or taken by the Administration to tackle this long-standing problem. Given that the policy intent of designating short-term parking spaces was to increase the turnover rate of these parking spaces, the Administration should formulate measures to avoid abuse with a view to achieving the said policy objective. One possible alternative was to contract out the management and inspection of parking spaces to a third party on a profit-sharing basis.

37. Mr TAM Yiu-chung asked whether PDS2 had taken into account the sudden surge of parking demand generated by Sunday drivers. In reply, Mr Wilfred LAU advised that the issue had already been looked into under the study. Regarding the daytime situation, the study found that while the overall supply of private car parking spaces at weekends was generally adequate, the demand for on-street parking spaces in some busy shopping areas such as Tsim Sha Tsui and Causeway Bay would always exceed the available supply because of the lower parking fees.

Surplus of parking spaces for private cars

38. Referring to the continuing trend of excessive supply of private car parking spaces for the coming years up to 2011 and the shortfall in the supply of parking spaces for GV/coaches, Mr Abraham SHEK expressed grave concern about the Administration's lack of overall planning in the provision of parking spaces in Hong Kong. In order to alleviate the problem on hand, he called on the Administration to consider the recommendations put forward by the Real Estate Developers' Association of Hong Kong and make changes to the relevant guidelines in HKPSG on the provision of private car parking spaces within residential developments accordingly. As a related issue, Mr SHEK said that in view of the role played by non-franchised bus services in

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meeting the transport need of the people, the Administration should consider making provision to cater for the relevant parking demand.

39. In response, the Deputy Secretary for Transport (3) (DS for T(3)) explained that the Administration's objective in undertaking parking demand studies was to identify the scale of parking related problems so that appropriate remedial measures would be taken to address those problems. Since the completion of the first Parking Demand Study in 1995, circumstances had changed, leading to new areas of concern and the need to update some of the assumptions and predictions. PDS2 was thus commissioned against such background. The opportunity was also taken to review the parking provisions set out in HKPSG which was last revised in October 1996. Referring members to paragraphs 19 to 22 of the information paper for details, DS for T(3) said that major revisions were recommended by the review for private car parking provision in subsidized and private housing developments. She assured members that the application of the new standards would provide more flexibility in setting parking requirements. In this respect, the Real Estate Developers' Association of Hong Kong had all along been involved in the review and the Association was fully aware of and agreeable to the new standards. Input had also been provided by other relevant government departments including PlanD and Housing Department.

40. To supplement, CE/TTS informed members that under the existing standards stipulated in HKPSG, the ratio between the number of private car spaces and the number of residential units was 1 : 0.7 to 7 and 1 : 5 to 16 for private and subsidized housing developments respectively. According to the new standards, the ratio would be revised to 1 : 0.7 to 17 and 1 : 10 to 24 respectively. Hence, it was expected that the surplus provision of private car parking spaces would be substantially improved in time when housing developments following the new standards were completed.

Use of parking spaces at Government premises

41. Mrs Selina CHOW suggested that apart from allowing vehicles to use the open spaces at Government premises after office hours for overnight parking, the Administration should also consider making such spaces available for public use during day-time where possible. In reply, DC for T agreed that the situation would be reviewed on a case-by-case basis.

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V Applications for renewal of bus franchises

- Citybus Limited (franchise for Airport and North Lantau routes)
 - Long Win Bus Company Limited
 - New World First Bus Services Limited
- (LC Paper No. CB(1)1764/01-02(04) - Information paper provided by the Administration)

42. The Assistant Commissioner for Transport/Bus and Railway (AC for T/B&R) advised that the existing franchises of Citybus Limited (“Citybus”) and Long Win Bus Company Limited (“LW”) for bus services serving the Airport and North Lantau would expire on 31 May 2003, and New World First Bus Services Limited (“NWFB”)’s existing franchise for the operation of urban, cross harbour and Tseung Kwan O bus routes would expire on 31 July 2003. These three companies had applied to renew their franchises for ten years to take effect upon expiry of their current franchises in 2003. She then briefed members about the Administration's assessment on these applications as set out in LC Paper No. CB(1)1764/01-02(04).

43. Members noted that the new franchises would be modelled on the existing franchises of the three bus companies. In views of the need to reinforce monitoring arrangements and meet operational needs, major changes to the franchise terms were proposed by the Administration as follows:

- (a) additional requirements for the grantees to seek prior approval from the Commissioner for Transport (the Commissioner) for investment in securities and installation of on-bus facilities, and introduction of bus-related ancillary/add-on services;
- (b) specific provision to ensure continued operation by the existing grantee of its bus services straddling the last day of its franchise onto the early hours of the next following day. This is to ensure continuity of service and facilitate smooth changeover in case of expiry or revocation of an existing franchise to be replaced by another operator under a new franchise;
- (c) stipulation of general procurement guidelines to formalize the requirement of competitive tendering; and
- (d) inclusion of the grantees’ formal commitments to conduct passenger satisfaction surveys and to provide direct communication links and assistance to Transport Department (TD)’s emergency control centre.

44. Mr LEUNG Fu-wah stated support for the present proposal and enquired about the complaint statistics quoted in the paper. In reply, AC for T/B&R advised that the statistics were taken from the Transport Complaints Unit (TCU) under the Transport Advisory Committee. TCU would investigate into these complaints and the bus

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companies would be given the opportunity to explain their case. If the complaint was substantiated, the bus company concerned would be requested to take appropriate steps for improvement.

45. While stating the support of the Liberal Party for the Administration's paper, Mrs Selina CHOW said that the public was generally concerned about Citybus' higher incidence rates of traffic accidents and speeding. She asked whether TD had taken up this matter with Citybus. AC for T/B&R replied that both the Administration and Citybus were equally concerned about the safety of bus operation. A series of measures had been introduced by Citybus to improve the driving skills and behaviour of new recruits and existing drivers. Training seminars had also been provided jointly by TD and the Police. With the implementation of the improvement measures, the situation had been improved.

Concerns on bus fares

46. Some members had expressed grave concern that under the present economic conditions, transportation fees had remained high in general and the public were faced with a heavy burden of transport expenses. As such, they considered that the Administration should take up the issue of fare review with the bus companies in question in the context of their franchise renewal applications so that bus fares would be kept at a reasonable level to help the people tide the difficult times ahead.

47. Mr LAU Chin-shek stated support for the proposal to extend the existing franchises of the three bus companies in principle. However, he was concerned that in view of the prevailing economic conditions and the hardships faced by the commuting public, the Administration should ensure that further measures were taken by the bus companies to enhance operational efficiency so that bus fares could be kept at a reasonable level. In this connection, he opined that the Administration should initiate discussions with the bus companies in the context of their franchise renewal application so as to secure their undertaking to maintain the existing level of fares, say in the coming few years.

48. In reply, AC for T/B&R assured members that the Administration was mindful of the need to enhance the efficiency of bus service. She explained that under the Public Bus Services Ordinance (PBSO) (Cap. 230), franchised bus operators were required to prepare and submit on an annual basis a programme of their operations for the coming five years. In considering such programmes, the Administration would carefully scrutinize the measures proposed by the bus companies to increase revenue and control costs, particularly in respect of the development and rationalization of bus routes and the introduction of bus-bus interchange (BBI) schemes, to ensure the efficient use of resources. In this connection, the proposed franchise term on general procurement guidelines to formalize the requirement of competitive tendering would also help the companies to be cost effective.

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Admin 49. Notwithstanding the Administration's explanation, Mr LAU Chin-shek requested for supplementary information setting out the concrete measures proposed by the three bus companies in their operation programmes for enhancing efficiency and their implications on future fare adjustments. AC for T/B&R agreed that available information would be provided to members for information.

50. As a related issue, Mr LAU Chin-shek asked whether any fare increase applications had been submitted or were being planned by the three bus companies in question. In reply, AC for T/B&R said that under the PBSO, the scale of fares charged by franchised bus operators shall be determined by the Chief Executive (CE) in Council. As indicated by the Administration's assessment on their franchise renewal applications, Citibus and NWFB were in a healthy financial position. LW suffered from financial losses in the early period of its operation. However, with network rationalization and growing population intake in Tung Chung and other new towns, the financial position of LW had improved. She also confirmed that at present, none of them had submitted or indicated an intention to submit an application for fare increase to the Administration.

51. On the basis for considering bus fare adjustments, AC for T/B&R recapped that at the Panel meeting held on 27 October 2000, members were briefed about the Modified Basket of Factors (MBOF) approach adopted by the Administration when considering bus fare revision applications. Under the MBOF approach, a basket of factors would be taken into account, which included changes in operating costs and revenue since the last fare adjustment, forecasts of future costs, revenue and return, the need to provide the operator with a reasonable rate of return, public acceptability and affordability, as well as the quality and quantity of service provided. AC for T/B&R stressed that all these relevant factors would be clearly stipulated in the franchises to be awarded. Any fare increase applications from bus companies would be carefully scrutinized by the Administration against these factors including public acceptability and affordability, before a recommendation was made to CE in Council.

52. Mr LAU Chin-shek however reiterated his view that the Administration should further discuss with the bus companies with a view to securing an undertaking from the bus companies concerned on maintaining the existing level of fares.

53. Mr LAU Kong-wah also referred to the motion on "Reducing the fares of various public transport services" passed by the Legislative Council (LegCo) on 14 November 2001, and said that the common aspiration of the people was to see fares of public transport services adjusted downwards to alleviate the burden of the public. Hence, he put forth the strong view that in considering the bus companies' applications for the renewal of their existing franchises for ten more years, the Administration should take the opportunity to impose a new franchise term which required the bus companies to make reasonable fare adjustments, including the increase, reduction or freezing of fares, according to public affordability so that public interest could be safeguarded. He

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considered that by adding the proposed term in the new franchise, a clear basis would be provided for the Administration to direct the bus companies to make reasonable fare adjustments according to public affordability.

54. In response, the Deputy Secretary for Transport (2) (DS for T(2)) stressed that the Government fully appreciated the concerns expressed by members and the public on the present economic conditions. However, he said that when considering the suggestion put forward by members in relation to fare adjustments, it would be important to ensure that the free market principle Hong Kong had been following was upheld to allow commercial organizations to operate on commercial principles. In this respect, the motion carried by LegCo on 14 November 2001 after thorough discussion amongst LegCo Members clearly reflected this sentiment. Under the motion, public transport operators were encouraged to reduce their fares or offer concessions to passengers, taking into account their respective operating conditions.

55. DS for T(2) then elaborated on the actions taken by the Administration to follow up on the motion passed by LegCo. He assured members that the Administration would continue with its efforts to encourage the bus companies to review their service charges and consider fare reductions or concessions for their passengers. Discussions of this kind would take place as appropriate, instead of waiting for the time when franchise renewal applications were submitted by the bus companies. He added that when considering the matter, the bus companies would take account of their individual operating conditions such as operating costs, corporate revenue, financial status, competition in the market, as well as the prevailing economic conditions, public affordability, service quality and so on.

56. To supplement, AC for T/B&R informed members that except for NWFB's fare increase in 2001 which was necessitated by its substantial upfront capital investment, most of the bus operators had frozen their fares since 1997/1998. In fact, LW, one of the franchisees in the present case, had withdrawn its fare increase application in April 2002 in the light of current economic conditions. In addition, various concessionary schemes for interchanging passengers and the elderly had been implemented or were being planned by the bus companies. All these were positive response from the bus operators to the call from the Administration and LegCo. Acknowledging the point raised by members on public acceptability, the Commissioner for Transport (Ag) (C for T) said that the Administration would also consider whether the public's views on the level of fares should be included in the passenger satisfaction surveys.

57. AC for T/B&R also pointed out that public bus services in Hong Kong were provided by private companies without any subsidy from the Government. In this respect, the bus companies were providing a proper and efficient service to the travelling public at a reasonable level of fares. They were also committed to making capital investment and future improvements to maintain the good service they provided. DS for T(2) reiterated that under the existing law, CE in Council had the authority to determine

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the scale of fares charged by franchised bus operators. Whether to apply for fare adjustments should be considered by the operators themselves on the basis of free market principles. Given that CE in Council was the statutory authority to determine the level of fares charged by the bus companies, the Administration did not consider it appropriate to stipulate further requirements under the franchise, which could be regarded as undue intervention into the business decisions of the operators.

58. Mr CHENG Kar-foo however rebutted that by imposing the additional requirement for the grantees to seek the Commissioner's prior approval for investment in securities, the Government had already violated the free market principles professed by DS for T(2). He thus questioned whether the principles of free market had been consistently applied by the Administration when performing its monitoring role. Highlighting the importance for the Government to take actions to alleviate the public's burden on transportation costs in these difficult times, Mr CHENG called on the Administration to take the opportunity presented by the bus companies' franchise renewal application to establish a formal fare determination mechanism which took account of public affordability. In this connection, he urged the Administration to seriously reconsider the formulae approach of "CPI - X%" under which the level of fare would be determined against the Consumer Price Index.

59. Mrs Selina CHOW however held a different view. She pointed out that as Hong Kong had always operated on a free market economy, the Government should not seek to extend overt interference on the operation of private companies. As such, it would be most undesirable for the Administration to intervene and put pressure upon the bus companies to reduce fares. Moreover, she pointed that in recent years, the standard of public bus services in Hong Kong had seen some substantial improvement, while the level of bus fares had been maintained at a reasonable level, particularly when compared against many other countries.

60. Mr LEUNG Fu-wah also expressed reservation on Mr CHENG Kar-foo's suggestion that bus fares should be reduced according to deflation. While he fully appreciated the public's concern on bus fares, he was also worried that the salaries of those workers employed by the bus companies would invariably be affected.

Additional requirements for obtaining prior approval from the Commissioner

61. While stating general support for the Administration's paper, Mr Abraham SHEK strongly opposed to the proposal to require the bus companies to seek the Commissioner's prior approval for investment in securities. He considered that such Government intervention would adversely affect the business environment and the confidence of foreign investors making investments in Hong Kong. Moreover, he was seriously doubtful as to whether the Administration possessed the requisite expertise and ability to evaluate and decide on such requests put forward by the bus companies. He opined that should the Administration take on such power, it should also be prepared to

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accept the corresponding responsibility, particularly in case the bus companies suffered a loss in their investment in securities as approved by the Commissioner.

62. The Chairman also enquired about the justification for requiring the bus companies to seek prior approval from the Commissioner for installation of on-bus facilities. She was concerned that this might unnecessarily interfere with the commercial operations of the bus companies.

63. In response, AC for T/B&R assured members that the additional requirements were proposed for the purpose of reinforcing the existing monitoring arrangements. The requirement for the grantees to seek the Commissioner's prior approval for investment in securities was to ensure that the bus companies would concentrate on the core business of bus operation under the franchise. DS for T(2) also added that the objective was to safeguard the interest of the passengers. In this way, the financial position of the bus companies would be protected against excessive high risk investment such as securities, which might in turn had a negative impact on fares. AC for T/B&R also confirmed that when consulted by the Administration, the bus companies in question all agreed to the proposal as they did not envisage any significant impact on their operation. She stressed that this requirement would not apply to the decisions made by the bus companies for investment in securities outside the context of the operating franchise.

64. AC for T/B&R further explained that there was a practical need to impose the requirement in respect of installation of on-bus facilities because if too many facilities were installed on board, the safety and circulation of passengers might be affected. Hence, the bus companies were required to seek prior approval from the Commissioner who would make a decision on account of such considerations.

Additional requirement on the implementation of concessionary BBI schemes

65. Mr Albert CHAN expressed grave disappointment with the way the franchise renewal applications from the three bus companies was handled by the Administration. While stating his disagreement that the franchises concerned should be extended for ten years, Mr CHAN was concerned that the important decision of franchise extension was taken by the Administration solely on the basis of its internal assessment, without any consultation at the district level. He pointed out that notwithstanding the Administration's assessment that the three bus companies were providing a good service, many local residents were in fact not at all satisfied with the quality and quantity of services being provided. Looking from that perspective, he did not agree that the Administration was upholding the free market principles.

66. Highlighting the need to improve the present situation, Mr Albert CHAN called on the Administration to take the opportunity to negotiate new franchise terms with the bus companies so that bus passengers could freely interchange between the services provided by different bus companies. Expressing utmost dissatisfaction that some of the

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existing BBI schemes did not offer any fare concessions at all, he put forth the strong view that the Commissioner should have the authority to direct the bus companies to implement concessionary BBI schemes.

67. In response, AC for T/B&R assured members that efforts had all along been made by TD to engage the bus companies as well as other public transport operators into discussions on BBIs. With the concerted efforts of the parties concerned, many successful interchange schemes had been implemented with some of them involving different operators, for example in Tin Shui Wai Town Centre. Other interchange schemes were also being planned, say for Tung Chung New Town. Acknowledging the benefits of interchange schemes for the commuting public, C for T said that the Administration would continue with its efforts so that positive results could be achieved. In this respect, the Administration would solicit the views of both members and the local residents so that the need of priority areas could be addressed first.

Motions

68. Mr LAU Kong-wah proposed a motion urging the Administration to include a new franchise term which required the franchised bus companies to undertake that they would, on the basis of public affordability, submit applications of reasonable adjustments in fare, including the increase, reduction or freezing of fares, to the relevant authorities for approval.

69. Mr Abraham SHEK proposed a motion urging the Administration to delete the proposed new franchise term which required the franchised bus companies to seek prior approval from the Commissioner for investment in securities.

70. Mr Albert CHAN proposed a motion urging the Administration to include a new franchise term which required the franchised bus companies to implement concessionary BBI schemes as instructed by the Commissioner.

71. The Chairman then invited members to state their views on the three motions.

72. Mr LAU Chin-shek said that while he understood Mr Abraham SHEK's intention, he could not support the motion because he considered that it would be most important for the bus companies to concentrate in their core business which was public bus service operation.

73. Mr CHENG Kar-foo said that he supported Mr LAU Kong-wah's motion. As such, he accepted that there might be a need for the proposed arrangements to empower the Commissioner to monitor certain activities of the bus companies. He stressed that while the bus operators were private companies, they were in fact providing an important

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public service. A proper balance should therefore be achieved when applying the free market principles. For this reason, he could not support Mr Abraham SHEK's motion.

74. Mrs Selina CHOW stated her view that the Government should not seek to extend overt interference on private organizations which operated on commercial principles. Given that the bus companies might be able to improve their financial positions with securities in investment, she did not see the need for the Commissioner to interfere with such decisions made by the bus companies. By the same token, she did not support Mr LAU Kong-wah's motion as the bus companies' performance might deteriorate as a result.

75. While acknowledging the generally good service provided by the bus companies, Mr TAM Yiu-chung said that he was also aware of complaints lodged by local residents about inadequate service being provided in some remote areas, particularly during peak periods. He considered that if concessionary fares could be offered to the passengers under BBI schemes, the situation could be improved.

76. Due to time constraint, members agreed that the three motions proposed by Mr LAU Kong-wah, Mr Abraham SHEK and Mr Albert CHAN should be deferred to the next regular Panel meeting scheduled to be held on 28 June 2002.

Admin 77. To facilitate members' further deliberation, DS for T(2) agreed to provide members with supplementary information on the intent of the proposed new franchise terms as well as the legal issues that might be involved before the next Panel meeting.

VI Any other business

78. There being no other business, the meeting ended at 1:10 pm.

Legislative Council Secretariat
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