

立法會

Legislative Council

LC Paper No. CB(1)2549/01-02
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Legislative Council Panel on Transport

**Minutes of meeting held on
Thursday, 18 July 2002, at 11:00 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Miriam LAU Kin-ye, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon David CHU Yu-lin, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon CHAN Kwok-keung
Hon LAU Kong-wah
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Albert CHAN Wai-yip

Members absent : Hon Albert HO Chun-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon Andrew CHENG Kar-foo
Hon Tommy CHEUNG Yu-yan, JP
Hon LEUNG Fu-wah, MH, JP
Hon WONG Sing-chi
Hon LAU Ping-cheung

**Public officers
attending** : **Agenda item III**

Environment, Transport and Works Bureau

Ms Ernestina WONG
Principal Assistant Secretary for the Environment,
Transport and Works (Transport and Works)T5

Transport Department

Mr LEE Shu-ming
Assistant Commissioner for Transport (Urban)

Mr LUK Fuk-man
Chief Engineer (Pedestrian Facilities)

Electrical and Mechanical Services Department

Mr LAI Wai-hung
Chief Engineer

Mr YAU Wai-kong
Engineer

Agenda item IV

Environment, Transport and Works Bureau

Mr Arthur HO
Deputy Secretary for the Environment,
Transport and Works (Transport and Works)

Ms Carolina YIP
Principal Assistant Secretary for the Environment,
Transport and Works (Transport and Works)T2

Transport Department

Ms Cindy LAW
Principal Transport Officer/Special Duties

**Attendance by
invitation**

: Agenda item IV

MTR Corporation Limited

Mr Phil GAFFNEY
Operations Director

Mr Eddie SO
Transport Planning Manager

Mrs Miranda LEUNG
Corporate Relations Manager

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)2200/01-02 - Minutes of meeting held on 26 April 2002; and
LC Paper No. CB(1)2201/01-02 - Minutes of meeting held on 6 May 2002)

The above minutes of meeting were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)2163/01-02(01) - Route 10 - North Lantau to Yuen Long Highway - Southern Section Revised Scheme; and
LC Paper No. CB(1)2223/01-02(01) - Submission from HK Public-Light Bus Owner & Driver Association on light buses using cleaner fuel)

2. Members noted the above information papers issued since last meeting. Members agreed to convene a meeting in late September to discuss the Route 10 project, including both the Northern Section and Southern Section.

III High-speed traveller

(LC Paper No. CB(1)2202/01-02(01) - Information paper provided by the Administration)

3. At the invitation of the Chairman, the Engineer of the Electrical and Mechanical Services Department gave a presentation on the findings of the preliminary feasibility study of installing high-speed travellers in Hong Kong.

4. To avoid confusion, the Panel considered that the rendition of the term "travellers" should read as "行人輸送帶" instead of "自動人行道".

5. Ir Dr Raymond HO agreed that high-speed travellers would not be mature for market use within a short period of time. In his opinion, a traveller system with operating speed in excess of one metre per second was highly undesirable for commuters use, taking into account the rising population in the elderly age group. An unbroken system would also cause inconvenience to users in case of system failure. The problems

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of off-balance and the resulting safety implications also required careful examination. As the technology had yet to be proved feasible for public use, he considered that there was no urgency to pursue with the project.

6. Whilst appreciating the Administration's effort in consulting members on the present project, Mr Albert CHAN considered that the Administration should critically review the consultation mechanism with the Legislative Council (LegCo). He pointed out that for some important issues such as the financing arrangements for the Penny's Bay Rail Link, the Administration had not consulted LegCo before a decision was made by the Executive Council. He condemned the Administration for selectively inviting views from LegCo.

7. The Chairman also said that the Administration needed to review the mechanism for proposing items for discussion by the Panel. In her opinion, it would be more appropriate for the Administration to brief members on the present proposal by means of an information paper rather than a separate item for discussion. Since the Administration's conclusion was that the system would not be mature for market use for at least another year, it would be a waste of members' time to discuss the project at a meeting under such circumstances.

8. The Principal Assistant Secretary for the Environment, Transport and Works (Transport and Works)T5 (PAS for ETW) took note of the Chairman and members' views.

9. Mr Albert CHAN opined that without ascertaining the need and cost-effectiveness of the proposed system, it would be a waste of resources to conduct a technical feasibility study of installing high-speed travellers in Hong Kong. He also criticized the lack of co-ordination among different policy bureaux. On one hand, the Government encouraged people to walk more which was good for health. On the other hand, the Environment, Transport and Works Bureau was examining the feasibility of a high-speed traveller system in Hong Kong, which was not in line with the former policy objective of encouraging people to walk more.

10. Mr Abraham SHEK shared the view of Mr CHAN. He also remarked that the Administration should consider the impact of installing high-speed travellers on nearby retail stores. It was necessary to ascertain the need of the system and conduct an economic assessment study before making a final decision.

11. PAS for ETW took note of the members' views. She advised that it would take another year for the Administration to review the technical development and operational experience of the prototypes. Should the system prove to be feasible for public use, the Environment, Transport and Works Bureau would discuss further with other bureaux before making a decision to take forward the project.

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12. The Chairman concluded that the Administration should improve the co-ordination mechanism among different policy bureaux in taking forward transport policies and initiatives. There was also a need to make better use of public resources. The need for a public policy should first be established before committing resources on it. She also asked the Administration to review the consultation mechanism with the Panel.

IV Commissioning of Tseung Kwan O Line and Tseung Kwan O Line fares (LC Paper No. CB(1)2202/01-02(02) - Information paper provided by the Administration)

13. At the invitation of the Chairman, the Corporate Relations Manager, MTR Corporation Limited (CRM/MTRCL) briefed members on the Tseung Kwan O Line (TKL) service. A set of presentation materials was tabled at the meeting and subsequently circulated to members vide LC Paper No. CB(1)2324/01-02(01).

Fares

Fares of public transport services in Tseung Kwan O

14. Mr LAU Kong-wah pointed out that the current fare structure for MTR operating lines remained high and had not been adjusted downwards in keeping with the downturn in economy and salary cut. He therefore asked if the Corporation would consider reducing the fares of MTR service across-the-board instead of launching promotional fare concessions. He also said that the decreased construction costs of the TKL from \$30.5 billion to \$18 billion should be factored in the fares of the TKL, so as to alleviate the burden of transport expenses on the public.

15. The Operations Director of MTR Corporation Limited (OD/MTRCL) advised that the TKL was an integrated part of the existing MTR system, fares of the TKL were set based on the current fare structure for operating lines, taking into account the current economic condition, passenger affordability and market competition with a view to providing value for money service to passengers. Whilst capital cost was one of the factors in determining the fares of the TKL, there were also other factors which the Corporation needed to consider, including the significant reduction of population as compared with the original forecast conducted in 1996. The return on investment was no better than the original forecast, bearing in mind that fares of MTR service were frozen since 1997. To celebrate the commencement of the TKL service, introductory promotion campaign would be launched. CRM/MTRCL added that the Corporation was planning a further concession in September 2002 to reward loyal passengers, details of which would be announced nearer the time.

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16. Mr Abraham SHEK welcomed the Corporation's move to launch promotional fare concessions. He also opined that fares for the TKL were reasonable, particularly when compared with the fares of parallel bus services. To relieve the burden of residents and promote competition, there was room for bus companies to reduce their fares.

17. The Principal Transport Officer/Special Duties (PTO/SD) replied that the Administration had been liaising with the concerned bus companies on the possibility of reduction of fares on those Tseung Kwan O (TKO) bus routes, including cross-harbour routes, which would have changes in routing and/or journey distance under the network re-organization plan, taking into account the views expressed by local District Council (DC). Proposals had been presented to the local DC on 10 July 2002. Fares of cross-harbour routes would be reduced from \$15.3 to \$12.8. Regarding the request for a fare review on other bus routes after the commissioning of the TKL, the Transport Department (TD) had already conveyed local views to the concerned bus companies for consideration.

18. Mr Abraham SHEK enquired whether the Administration would consider lowering the fares of bus services in TKO across-the-board. PTO/SD advised that the Administration had not received application for fare reduction from the concerned bus companies. It would carefully and positively consider such applications if received.

19. Notwithstanding a reduction of fares of cross-harbour routes upon the commissioning of the TKL, Mr LAU Kong-wah enquired why the revised bus fare of \$12.8 was still higher than that of the TKL.

20. The Deputy Secretary for the Environment, Transport and Works (Transport and Works) (DS for ETW (T&W)) said that bus operators had previously explained that most of the passenger trips to and from TKO were long-haul and one-way journeys. As such, the fares of bus routes serving TKO areas were higher than those of other urban routes, otherwise they would not be financially viable. With the commissioning of the TKL, it provided an opportunity for the bus companies to restructure their services. Fare adjustments were made possible with changes in routing and/or journey distance under the network re-organization plan.

21. On the comparison of fares between TKL and bus service, the Chairman remarked that there was a need to take into account the fares of the feeder leg to MTR stations. The combined fares might be higher than those of buses.

22. The Transport Planning Manager of MTR Corporation Limited (TPM/MTRCL) advised that the fares of GMB feeder service in TKO new town were \$3 to \$4 whereas in Clear Water Bay and Sai Kung \$7.

23. Mr LAU Kong-wah remarked that a concessionary fare should be provided for the feeder leg, otherwise the combined fares for residents in the uphill areas such as Tsui

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Lam Estate and Hong Shing Garden would remain the same. He recalled that an undertaking had been given by the Corporation in the past to provide concessionary fares for residents in the uphill areas.

24. CRM/MTRCL advised that feeder services were not operated by MTRCL. The Corporation would endeavour to encourage the introduction of efficient feeder services for MTR passengers. Regarding fares of MTR feeder service, the Corporation could not direct other service providers to adjust their fares. However, the Corporation was pursuing schemes to offer inter-modal discounts with other modes of transport.

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25. At the request of Mr LAU Kong-wah, PTO/SD undertook to liaise further with MTRCL and other service providers regarding the provision of concessionary feeder services, particularly the one between Tsui Lam Estate and Po Lam Station.

26. Mr Albert CHAN opined that with reference to overseas experience, fare concessions should be granted to interchange passengers. In his opinion, a clear guideline should be formulated by the Administration requiring new operators to provide concessionary fares to interchanging passengers. As MTR was operated as a monopoly, there was little incentive for it to offer concessionary fares to interchange passengers. A formula should be established regarding the apportioning and absorption of fare concessions between service providers to facilitate smooth introduction.

27. The Chairman also remarked that provision of feeder service with concessionary fares would enhance the competitiveness of MTR service. However, she had reservation about the proposal put forward by Mr CHAN on introducing a formula for cost apportioning and absorption as it would imply the Government's intervention in the market.

28. DS for ETW (T&W) shared the view of the Chairman. He also remarked that in considering the introduction of new feeder services, the Administration would encourage the provision of concessionary fares. However, he stressed that there was no question of monopoly by the railway corporation. If passengers considered MTR fares too high, they could switch to bus service.

29. OD/MTRCL said that the Corporation was looking at every opportunity to introduce new feeder service to MTR stations. Discussions had been held with franchised bus, green minibus and non-franchised bus operators.

30. TPM/MTRCL clarified that the Corporation was willing to discuss with public transport service providers on the possibility of introducing new concessionary feeder services. The crux of the issue was on the apportioning of fare concessions offered to passengers between service providers.

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Fares for Tung Chung MTR service

31. Mr TAM Yiu-chung conveyed the views of Tung Chung residents about the high fares of Tung Chung MTR service. He remarked that trips originating from Tung Chung would be subject to higher fares which would impose extra burden on residents.

32. TPM/MTRCL said that in determining the fares of MTR service, the Corporation would take into account a basket of factors which included the current economic condition, passenger affordability, market competition, journey distance and number of serving stations. Whilst the fare between Tung Chung and Hong Kong Stations was \$20.1 as compared to \$11.8 between Tseung Kwan O and Central Stations, the journey distance of the former was more than double of the latter.

33. Mr TAM noted the explanation given by MTRCL. However, in view of the heavy burden faced by local residents, he hoped the Corporation would reconsider the fares of Tung Chung MTR service.

Competition among public transport services

34. Mr Albert CHAN remarked that there was no real competition in the market as the Government had deliberately restricted the growth of other transport services including both franchised and non-franchised services, leaving a monopoly of the railway corporation which could freely raise its fares. Without a fundamental change, the same problem would persist.

35. DS for ETW (T&W) replied that public transport service providers were encouraged to improve service standards and maintain reasonable costs. Healthy competition among service providers would be maintained to ensure reasonable commuters' choice. The objective of the proposed public transport service plan was to provide an efficient, reliable and environmentally friendly public transport system to serve TKO following the opening of the new railway. The different modes of transport would be better co-ordinated to enhance network efficiency, maintain reasonable fares, relieve congestion and address environmental concerns. Local residents also accepted the public transport service plan which could ensure commuters' choice.

36. PTO/SD added that at present, there were 43 franchised bus routes serving TKO and adjacent areas. Upon the full implementation of the public transport service plan, there would be 36 franchised bus routes serving the area. Cross-harbour service to Central and Chai Wan would be maintained. Regarding non-franchised bus services, TD had been in close liaison with the user group representatives and the non-franchised bus operators on the affected residents' service (RS). Some operators might like to continue their operation for a while, whereas some had already decided to discontinue service when TKL opened, as they were aware that their routes might not be viable, particularly

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for those feeder services to Lam Tin MTR Station or those which overlapped with the TKL.

37. Mr Albert CHAN remarked that as far as he understood, the operators concerned were required to cancel their services upon the commissioning of the TKL rather than initiated by the operators themselves. If so, this would be an anti-competitive practice by the Government to protect the railway corporation. He therefore asked whether the Administration would revoke or refuse to renew the passenger service licences of the concerned RS.

38. DS for ETW (T&W) replied that the Administration would not terminate the operating rights of public transport service providers in order to protect the operation of railways. The question was more about the role of non-franchised buses in the overall public transport system. Under the current transport strategy, priority would be given to railways which were environmentally friendly, efficient and reliable mass carriers. In considering RS, the Administration needed to consider traffic conditions in the areas and on the roads where the services were to be provided and the level of services already provided or planned by other public transport operators. There would be no change to some RS which would continue to perform useful feeder or other functions and were not expected to be affected by the opening of the TKL.

39. Regarding feeder service to TKL stations, DS for ETW (T&W) said that new green minibus routes would be introduced.

40. Mr LAU Kong-wah pointed out that in connection with the commissioning of the TKL, bus fares would be adjusted downwards. This indicated that there was no real competition in the market and bus companies had been making excessive profit in the past few years. He also highlighted that applications for fare reduction from individual public transport service providers would be rejected by the Government as it considered that these would have impacts on other service providers. He therefore asked if the Government was prepared to formulate a policy to promote real competition in the transport sector and give a free hand to public transport service providers to adjust their fares.

41. DS for ETW (T&W) clarified that there was no policy to prohibit fare reductions from public transport service providers. The policy objective was to maintain competition in the market. In November 2001, LegCo passed a motion on "Reducing the fares of various public transport services". Afterwards, the former Secretary for Transport had written to individual public transport service providers urging them to consider reducing the fares of public transport services or providing fare concessions, thereby alleviating the burden on the public.

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42. Notwithstanding the Administration's reply, Mr LAU Kong-wah enquired whether the Government would in future encourage price competition among public transport service providers.

43. DS for ETW (T&W) appreciated the public concern about the fares of public transport service at a time when Hong Kong's economy remained in the doldrums. The Administration would continue to encourage public transport service providers to consider lowering their fares or providing fare concessions.

44. The Chairman concluded the discussions and hoped the smooth implementation of the TKL.

V Any other business

45. There being no other business, the meeting ended at 12:45 pm.

Legislative Council Secretariat
18 September 2002