

立法會 *Legislative Council*

LC Paper No. CB(1)1021/03-04
(These minutes have been seen
by the Administration)

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Panel on Transport

Minutes of special meeting held on Wednesday, 14 January 2004, at 8:30 am in the Chamber of the Legislative Council Building

Members present : Hon LAU Kong-wah, JP (Chairman)
Hon Andrew CHENG Kar-foo (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Members absent : Hon CHAN Kwok-keung, JP
Hon Andrew WONG Wang-fat, JP
Hon WONG Sing-chi
Hon LAU Ping-cheung

Public Officers attending : Dr Sarah LIAO
Secretary for the Environment, Transport and Works

Ms Margaret FONG
Acting Permanent Secretary for the Environment, Transport
and Works

Mr Arthur HO
Deputy Secretary for the Environment, Transport and Works (T)2

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works (T)3

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

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Alice AU
Senior Council Secretary (1)5

Miss Winnie CHENG
Legislative Assistant 5

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I Policy briefing by the Secretary for the Environment, Transport and Works on the relevant policy initiatives featuring in the Chief Executive's 2004 Policy Address

(LC Paper No. CB(1)750/03-04(01) - Information paper provided by the Administration)

The Secretary for the Environment, Transport and Works (SETW) introduced the Administration's paper (LC Paper No. CB(1)750/03-04(01)) which elaborated on the initiatives affecting the transport portfolio of the Environment, Transport and Works Bureau (ETWB) in the 2004 Policy Agenda.

Traffic impact on Tuen Mun Road upon the commissioning of Shenzhen Western Corridor (SWC) and Deep Bay Link (DBL)

2. Ms Miriam LAU considered that over the past two years, the progress made by ETWB in taking forward various transport policy initiatives was far from satisfactory. In this connection, she expressed grave concern that many important initiatives including the better utilization of the three cross harbour tunnels to achieve traffic diversion, the proposed merger between the Kowloon-Canton Railway Corporation (KCRC) and the MTR Corporation Limited (MTRCL), as well as the construction of the South Hong Kong Island Line (SIL) had yet to achieve any promising progress, let alone favourable outcome. In particular, Ms LAU stressed that urgent efforts must be made by the Administration to address the traffic impact on Tuen Mun Road upon the commissioning of SWC and DBL in 2005, and enquired about the progress of

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negotiations with Route 3 (Country Park Section) Company Limited (Route 3 Company) on measures to divert traffic from Tuen Mun Road to Route 3, as well as the construction of the Easterly Link Road.

3. In reply, SETW assured members that the Administration had been making on-going efforts to take forward these important initiatives. Regarding members' concern about the traffic impact on Tuen Mun Road, the Administration would brief the Panel at the forthcoming meeting on 30 January 2004 about the package of measures being considered by the Administration to improve traffic flow of Tuen Mun Road. She further said that as the Administration was of the view that reduction in the toll levels of Route 3 would be the most effective incentive to attract motorists to divert from Tuen Mun Road to Route 3, it had been discussing the possibility of toll reductions with Route 3 Company. Since last year, the Company had been offering a \$15 toll concession (i.e. the toll was \$25 instead of \$40) to articulated heavy goods vehicles (HGVs) with empty trailers. This offer had been quite successful as the information provided by the Company showed that there was an increase in the patronage of and revenue from HGVs. It had thus demonstrated a win-win situation for both the Company and the community. The Administration would continue its efforts in pursuing the matter with the Company.

4. SETW added that taking into account the impact of the planned and on-going major projects in the North West New Territories (NWNT) and Lantau, including SWC and DBL, the Administration had conducted an overall review to assess the long term needs for transport infrastructure development in NWNT and Lantau. The Administration would revert to the Panel in June 2004 on its progress in taking forward the long-term strategy for the development of highway infrastructure in the NWNT and North Lantau region.

5. As regards the optimization of utilization among the three road harbour crossings, SETW advised that complex issues were involved as the Eastern Harbour Crossing and the Western Harbour Crossing were currently owned and operated by private companies under the "Build-Operate-Transfer" arrangement. Given the need for the Government to uphold the spirit of contract and leave commercial decisions to the private sector, it would take time for both sides to explore ways to achieve a more even distribution of traffic among the three tunnel crossings. In a wider policy perspective, this matter also involved the more fundamental issues of the arrangement and source of financing transport infrastructure in Hong Kong. Taking all these into account, the Administration must take a more cautious approach in taking the matter forward.

6. On the merger of KCRC and MTRCL, SETW said that ETWB had completed its part of the merger study which related to the transport implication of the merger while the Financial Services and Treasury Bureau was still studying the financial aspects of the proposal. She assured members that the Administration would strive to complete the study and announce the decision as soon as practicable.

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7. Regarding the SIL project, SETW advised that MTRCL was still putting together its project proposal for the implementation of SIL/West Hong Kong Island Line (WIL) based on the technical, financial and social merits of various shortlisted options. As part of the study, the impact of SIL/WIL on other modes of transport would also be evaluated. It was anticipated that MTRCL would submit the project proposal in the second quarter of 2004.

Fare adjustment mechanism

8. Echoing Ms Miriam LAU's view that no substantial progress had been achieved for the myriad of policy initiatives proposed in the 2003 Policy Agenda, Mr CHENG Kar-foo was particularly concerned about the Administration's slow progress in taking forward the proposed fare adjustment mechanism. To date, the Administration was still discussing details of the proposed mechanism with the relevant public transport operators. In this connection, he enquired about the difficulties encountered by the Administration and asked whether SETW was confident about the fruition of a more rational process for fare adjustments by the end of 2004. In this respect, he reiterated his stance that the fare adjustment mechanism, once adopted, should be consistently applied to railway corporations and franchised bus operators alike.

9. In response, SETW stressed that the development of a more objective and transparent process for public transport fare adjustment was a priority task for ETWB, and that continuous efforts would be made to take forward this important initiative. However, she pointed out that complex issues were involved in the discussions as the matter would have to be dealt with taking into account the existing Modified Basket of Factors Approach for considering bus fare adjustment applications, as well as the prevailing franchise/operating agreement between the Government and the relevant public transport operators. Another important point was that proper incentive must be provided under the proposed price-cap model for the public transport operators to re-invest in its business and seek further service improvements. Before finalizing its proposal, the Administration would carefully consider all relevant issues so as to achieve a proper balance between the interests of all stakeholders.

10. SETW further said that the Administration was aware of the public's concern about the level of public transport fares. In order to bring real benefits to the travelling public before the fare adjustment mechanism was introduced, the Administration had been encouraging public transport operators to offer further concessions to the passengers where possible. So far, this had met with positive response from public transport operators.

11. While noting SETW's efforts in taking forward this initiative in the past year, Mr Albert CHAN considered that the offer of fare concessions was but a token gesture from those public transport operators who had been reaping huge profits from the unreasonably high level of fares they charged. As such, the travelling public especially those from the lower income group was only provided with a small relief from their

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heavy burden of transport costs. He opined that the Administration might need to consider tougher administrative means to ensure that the relevant public transport operators would be more co-operative in the discussions.

12. In reply, SETW stressed that the Administration shared members' concern about the burden of public transport fares on the public. But when taking the matter forward, the Government must adhere to the system and spirit of free enterprise. Moreover, the Government must take into account any prevailing franchise/operating agreements with individual operators. Given the complex issues involved, she asked for members' understanding that it would take time for a mechanism that was acceptable to all concerned parties to emerge. She was confident that with continuous efforts, a more objective and transparent fare adjustment process could be developed.

13. Notwithstanding SETW's confidence, Mr TAM Yiu-chung said that it was truly a daunting task trying to balance the conflicting interests among various stakeholders in the public transport market, especially considering the dynamic relationship between the two predominant modes of railways and franchised buses, as well as the status of MTRCL as a publicly listed company. But he was even more concerned about the social repercussion caused by the high transport costs in Hong Kong because many people living in more distant areas such as Tung Chung and Tin Shui Wai were discouraged to look for work as daily commuting proved too costly. They were left with no choice but to live on social assistance. As the problem had manifested well beyond the scope of transport operation, Mr TAM cautioned that co-ordination and co-operation among the concerned bureaux within the Administration was urgently required to tackle the issues involved. Otherwise, it might lead to more unrest in the society. In this respect, he stressed that the community was generally of the view that there was room for franchised bus fares to be further reduced by 20% to 30%. His view was noted by SETW.

14. Citing the Administration's pledge to building a caring and just society, Mr CHENG Kar-foo considered that the Administration should respond positively to the motion "Improving public transport fare system" passed by the Legislative Council on 12 November 2003 which called for a review on the existing fare structures of franchised bus operators so that full and sectional fares of each bus route would be set according to the distance of the journey.

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Provision of transport infrastructure

Hong Kong-Zhuhai-Macao Bridge (HZMB)

15. Ir Dr Raymond HO referred to the proposed implementation of HZMB, and stressed the need for SETW as the convenor of the the Hong Kong-Zhuhai-Macao Bridge Advance Work Co-ordination Group (Co-ordination Group) to safeguard the equal right of local participation in bidding for contracts under the project. He was particularly concerned about the need to nurture local expertise in the engineering and construction professions for undertaking works in every stage during the construction of cross boundary infrastructural projects, especially for consultancy studies.

16. In reply, SETW said that the project was still in the preparation stage. The Co-ordination Group was responsible for commissioning various preliminary feasibility studies on the project, and submitting the reports to the National Development and Reform Commission to apply for the creation of the project. Given the need to comply with Mainland rules and regulations, it would be quite difficult for Hong Kong contractors to participate at this stage as they might not have the requisite expertise and experience. At the next stage upon creation of the project, tenders for detailed design as well as various consultancy studies and construction works would be invited internationally. Qualified Hong Kong contractors would have equal opportunity to participate. Citing the construction of the Shenzhen Western Corridor, she said that works for the project were being undertaken by both Mainland and Hong Kong contractors. The important thing was to ensure a fair and reasonable distribution of works for cross boundary infrastructural projects.

17. SETW added that as far as professional development was concerned, the Government had been working on the institutional arrangements under the Mainland and Hong Kong Closer Economic Partnership Arrangement for the participation of Hong Kong's professional services in the Mainland through the recognition of local professional qualifications and practice requirements. In this respect, Ir Dr Raymond HO pointed out that arrangements for the recognition of qualifications by the Mainland for Hong Kong engineering professionals had yet to be made.

Central-Wanchai Bypass (CWB)

18. Referring to the Court of Final Appeal (CFA)'s recent decision on the Wanchai Development (WDII), Mr Albert HO considered that the Administration should respect CFA's judgement and shelve the provision of CWB. In this connection, he asked whether the Administration had considered any alternatives such as the construction of other transport infrastructure or the implementation of traffic management measures to relieve traffic congestion in the Central and Wanchai areas.

19. In response, SETW stressed that the Government was committed to protecting and preserving the Harbour. As far as CFA's judgment was concerned, it had laid down

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a single test such that the presumption against reclamation could only be rebutted by establishing an overriding public need for reclamation. Highlighting the strategic importance of CWB to improve east-west connection in the northern shore of Hong Kong Island and to provide reliable and efficient routes for cross-region traffic, she said that the Administration was convinced of the public interest to be served by the construction of CWB for which land would be provided by the proposed reclamation projects in Central and Wanchai. Nonetheless, the Administration would examine the interface between the construction of CWB on Central Reclamation Phase III (CRIII) and WDII in case of any changes to the latter.

20. SETW further said that the extent of reclamation for the construction of CWB on CRIII had already been stringently scrutinised by the Administration. As designed, a large part of CWB would be submerged underwater with land requirement for the provision of tunnel portal only. In the next step, the Government would promptly ascertain, in the light of CFA's judgment, that the Central reclamation met the single test as well as other relevant factors such as the cost and related considerations.

21. As regards the adoption of traffic management measures, SETW said that a feasibility study to examine the practicability of and the need for an Electronic Road Pricing (ERP) system in Hong Kong was completed in April 2001. While ERP was not recommended for implementation then, the Administration had now re-examined its possible application in the present case, in particular whether technological advancements could help address the privacy concern of the public. While the Administration did not have a set view on ERP, it remained to be seen whether the right conditions existed for taking this option further. If there was a definite proposal, the Panel would be consulted accordingly.

Railway development

22. Mr LEUNG Fu-wah reiterated his grave concern about employment-related issues created as a result of the development of new railway projects. Considering that it was high time for the Administration to properly face up to its policy responsibility in the regulation of the public transport services market, he urged SETW to conduct a detailed study on the need for and pace of future railway development in Hong Kong, in particular the demand for railway services vis-à-vis other public transport services (including franchised buses, taxis and public light buses), taking into account changing circumstances such as the slow-down of population growth. Mr LEUNG considered that while the development of new railways could bring about convenience to the travelling public, it should not adversely impact the viable operation of other public transport modes.

23. SETW responded that in planning for the development of new railway projects, ETWB would consider all relevant factors including long-term demand and future population growth. In addition, the impact of individual railway development projects on the operation of other public transport services would also be assessed. However, the

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wider issues pertaining to the general employment and manpower situation in Hong Kong would fall under the purview of the Economic Development and Labour Bureau.

24. Dr TANG Siu-tong reiterated his long-standing request for the early provision of the Northern Link (NOL). In this connection, he enquired about the progress on current planning for the project as well as the co-ordination between NOL and the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Express Rail Link).

25. SETW replied that KCRC was still reviewing the NOL project, which was expected to be completed within 2004. As such, a definite timetable for the implementation of NOL had yet to be formulated. Regarding the Express Rail Link, studies were being conducted by the Expert Group set by the Mainland authorities and the Hong Kong Special Administrative Region Government to look at issues such as alignments and crossing points.

26. Mr LAU Chin-shek was concerned about the impact of proposed changes being contemplated by the Administration in respect of the alignment of the Shatin to Central Link (SCL), particularly on the validity of tender award for SCL, as well as on the Kowloon Southern Link (KSL) in terms of fare level. Given the public interests at stake, the Administration should adopt an open attitude and realistically consider all relevant factors before a final decision was taken.

27. In response, SETW stressed that the on-going scheme review had not diminished the validity of SCL's tender award to KCRC which was based on the Conforming Scheme as stipulated in the SCL Project Brief. The Project Brief also provided that after the award, the awardee was allowed to propose changes or additional details to arrive at the Final Scheme for SCL. In order to arrive at the most optimum scheme, KCRC was revisiting and validating the various project assumptions and planning parameters taking into account its rail configuration and the requirements stipulated in the SCL Project Brief. The feasibility of extending East Rail from Hung Hom to Central (West) via Admiralty and Exhibition while building a new line to connect Tai Wai to Hung Hom via East Kowloon was being examined in this context.

28. SETW added that in considering the matter, it would be most important to ensure that this strategic railway could bring about the best possible interests to the community at large by improving the existing railway network. As KCRC was still reviewing the SCL proposal, the Administration had yet to make a decision on any changes. Regarding the implementation timetable, she said that the SCL project was still programmed to be completed within the window of 2008-2011 as recommended by the Railway Development Strategy 2000.

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II Any other business

29. There being no other business, the meeting ended at 9:45 am.

Council Business Division 1
Legislative Council Secretariat
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