

立法會

Legislative Council

LC Paper No. CB(1)468/04-05

(These minutes have been
seen
by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Friday, 26 November 2004, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon LAU Kong-wah, JP (Chairman)
Hon Albert CHAN Wai-yip (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Mrs Selina CHOW LIANG Shuk-yeo, GBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP

Members attending : Hon LEE Cheuk-yan
Hon Emily LAU Wai-hing, JP

Member absent : Hon Patrick LAU Sau-shing, SBS, JP

**Public Officers
attending** : **Agenda items V and VI**
Miss Cathy CHU
Deputy Secretary for the Environment, Transport and Works

Mr William SHIU
Principal Assistant Secretary for the Environment, Transport and Works

Miss Cindy LAW
Principal Transport Officer
Transport Department

Agenda item VII

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works

Ms Elizabeth TAI
Principal Assistant Secretary for the Environment, Transport and Works

Ms Carolina YIP
Assistant Commissioner for Transport/
Administration and Licensing

Mr T F LEUNG
Chief Engineer/Road Safety and Standards
Transport Department

Miss Amy CHOW
Principal Executive Officer/Valid, Licensing and Prosecution
Transport Department

Agenda item VIII

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works

Ms Elizabeth TAI
Principal Assistant Secretary for the Environment, Transport and Works

Mr K K LAU
Deputy Commissioner for Transport/
Planning and Technical Services

Mr Don HO
Assistant Commissioner for Transport/
Management and Paratransit

Mr T F LEUNG
Chief Engineer/Road Safety and Standards
Transport Department

Mr J P CHEUNG
Principal Transport Officer/Urban
Transport Department

Attendance by invitation : Agenda items V and VI
Kowloon-Canton Railway Corporation

Mr Michael TIEN
Chairman

Mr Samuel LAI
Acting Chief Executive Officer

Mr Y T LI
Senior Director, Transport

Mr K K LEE
Senior Director, Capital Projects

Mr Michael LAI
General Manager, Marketing

Mrs Grace LAM
General Manager, Corporate Affairs

Mr Alok JAIN
Marketing Manager, Research & Analysis

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

Staff in attendance : Ms Anita SIT
Senior Council Secretary (1)9

Miss Winnie CHENG
Legislative Assistant (1)5

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)218/04-05

- Minutes of the special meeting held on 15 October 2004
- Minutes of the special meeting held on 20 October 2004
- Minutes of the meeting held on 29 October 2004)

LC Paper No. CB(1)293/04-05

LC Paper No. CB(1)286/04-05

The minutes of the meetings held on 15, 20 and 29 October 2004 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)264/04-05(01)

- Administration's response to the submission from the Environmental Light Bus Alliance (LC paper No. CB(1)95/04-05(01))

LC Paper No. CB(1)274/04-05(01)

- Information paper on "777TH – Improvements to San Tin Interchange" provided by the Administration

LC Paper No. CB(1)333/04-05(01)

- Referral from the Complaints Division on West Hong Kong Island Line and South Hong Kong Island Line)

2. Members noted the information papers issued since last meeting.

III Items for discussion at the next meeting scheduled for 17 December 2004

(LC Paper No. CB(1)298/04-05(01)

- List of outstanding items for discussion

LC Paper No. CB(1)298/04-05(02)

- List of follow-up actions)

3. In connection with agenda item VIII, the Chairman said that a number of deputations had indicated that they would like to appear before the Panel to give views on issues relating to the proposed increase of penalties for red light jumping. After deliberation, members agreed to hold a special meeting on 14 December 2004 at 2:30 pm to receive views from interested parties.

4. Members also agreed that the following items would be discussed at the next meeting scheduled for 17 December 2004:

(a) Review of the regulatory framework and licensing system for non-franchised bus operation;

(b) Highway Department's directorate staffing proposals; and

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(c) Review of measures to combat inappropriate driving behaviour.

Members noted that items (a) and (b) were proposed by the Administration while item (c) was previously proposed by Mr LEE Wing-tat at the meeting on 29 October 2004.

5. Mr WONG Kwok-hing suggested that the Panel should review with the Administration the composition of the Transport Advisory Committee (TAC). Specifically, the Administration should consider opening up the membership of TAC to representatives from the labour unions and trade associations of the transport trade. Mr CHENG Kar-foo expressed support for Mr WONG's suggestion, and added that there was also a need to review the role and functions of TAC. Members agreed to discuss the subject at the regular meeting of the Panel in January 2005 or another future meeting as appropriate.

(*Post meeting note* : At the request of the Administration and with the concurrence of the Chairman, the item on "Review of the regulatory framework and licensing system for non-franchised bus operation" was deferred to a later meeting so as to allow a longer consultation period for the transport trades to express views on the related issues)

IV Proposed duty visit outside Hong Kong

(LC Paper No. CB(1)299/04-05

- Paper on proposed duty visit outside Hong Kong prepared by the Secretariat)

6. The Chairman said that he would like to solicit members' views on whether the Panel should conduct a duty visit outside Hong Kong within the session so that early preparatory arrangements could be made accordingly. In response to members' enquiries, the Chairman said that his preliminary thinking was that it would be worthwhile to visit the places and facilities in the Mainland which were relevant to the cross-boundary transport infrastructure facilities currently under planning or implementation, such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Shenzhen Western Corridor and the Hong Kong-Zhuhai-Macao Bridge. As members did not make any other suggestion, the Chairman said that he would discuss with the Deputy Chairman and the Panel Clerk as to how to proceed with the duty visit on the basis of his above suggestion. Members agreed.

7. Mr CHENG Kar-foo said that while he was delighted with the Chairman's suggestion, he would like to point out that should there be problems encountered by any members in obtaining the required permission for entry to the planned places of the duty visit, on grounds of fairness, the Panel should then consider alternative plans for the duty visit. The Chairman took note of Mr CHENG's remark and said that he would see how the matter progressed and revert to members in due course.

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V Ma On Shan Rail fares

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| (LC Paper No. CB(1)298/04-05(03) | - Information paper on "Ma On Shan Rail Fares" provided by Kowloon-Canton Railway Corporation |
| LC Paper No. CB(1)298/04-05(04) | - Information paper on "East Rail and Ma On Shan Rail Fare Study – Establishment of Value of Time (VOT)" provided by Kowloon-Canton Railway Corporation |
| LC Paper No. CB(1)332/04-05(01)
RESTRICTED | - Supplementary information on "VOT Survey on North East New Territories residents extracted from the Survey Report prepared by ACNeilsen" provided by Kowloon-Canton Railway Corporation) |

8. Mr Abraham SHEK declared interest that he was a member of the Managing Board of Kowloon-Canton Railway Corporation (KCRC).

Presentation by KCRC

9. Mr Michael TIEN, the Chairman of KCRC, said that at the meeting of the Subcommittee on matters relating to railways on 19 November 2004, KCRC had reported on the progress of the Ma On Shan Rail (MOSR) project. The 8-week trial operation of the MOSR would be completed on 26 November 2004. The average punctuality and service delivery for the trial operation stood at 99.6% and 100%. KCRC was confident that passenger operation of the MOSR could commence by the end of December 2004 as previously planned. This would be confirmed after all the documents pertinent to the required permissions had been received from the Government. Hopefully, a public announcement of the commissioning of MOSR could be made in mid December 2004.

10. With regard to the proposed fares for MOSR, the Chairman of KCRC made the following points –

- (a) KCRC followed two basic principles in setting the fares for its railways. Firstly, the actual fares should be lower than the fares derived on the basis of the benefits of time saved for potential passengers in North East New Territories (NENT), i.e. the value of time (VOT) based fares. Secondly, the fare revenue generated from a railway should be adequate to cover the recurrent operating cost of the railway.

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- (b) Being a corporation wholly owned by the Government, KCRC was required by the law to conduct its business according to prudent commercial principles. KCRC had the responsibility to attain a reasonable level of return for its shareholder. On the other hand, also due to its status as a corporation wholly owned by the Government, KCRC had the social responsibility to meet the public's demand for cheap and fast railway services.
- (c) In face of the above "conflicting" requirements, the bottom line adopted by KCRC for a new railway line was that fare revenue must be sufficient to cover at least the cash operating cost of the railway within a reasonable period of time.
- (d) Construction of a new railway involved huge capital investment. The capital cost of MOSR and Tsim Sha Tsui (TST) Extension amounted to some \$14 billion in total, comprising Government equity of \$8 billion and KCRC borrowing of \$6 billion. It was estimated that the property developments along MOSR would generate a total revenue of some \$4 billion, but the developments would only be completed in around 2013. The revenue from property developments was not sufficient to repay the \$6 billion borrowing. Moreover, KCRC had to pay an annual interest of some \$0.3 billion on the borrowing for the project. Therefore, in the long term, it was necessary for MOSR to generate at least sufficient cash surplus to repay the borrowing and the interest thereon.
- (e) In setting the MOSR fares, the results of the passenger survey conducted in September 2003 among NENT residents were used to calculate the VOT based fares for the MOSR journeys. The VOT established through the survey was \$0.16 per minute, which meant that passengers were willing to pay \$0.16 for each minute saved.
- (f) In October 2004, KCRC conducted a journey time survey for competing bus routes in NENT in order to facilitate calculation of the VOT based fares for MOSR. However, the VOT approach was only applicable to longer journeys such as journeys between Ma On Shan (MOS) and the urban areas; for short journeys, there was no significant difference in journey time between different transport modes. Hence, for MOSR journeys within the MOS district, the fare strategy was to set competitive fares with reference to the fares of competing bus routes.
- (g) One major competitive advantage of MOSR was that NENT residents could conveniently travel to and from urban Kowloon without any intermodal interchange or being held up by traffic jams. For journeys from MOS to Kowloon Tong/Mong Kok/Hung Hom, more than 10 minutes could be saved by taking MOSR compared with a direct bus journey or a bus cum East Rail (ER) journey. The VOT based fares for these journeys were \$9.4 to \$11.4.

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The proposed MOSR fare was \$8.2^{note} (a uniform fare for journeys to/from Kowloon Tong/Mong Kok/Hung Hom).

- (h) For journeys from MOS to TST, 30 minutes could be saved by taking MOSR compared with a direct bus journey. The VOT based fare was \$12.6 and the proposed MOSR fare was \$11.0. Based on the proposed fare of \$11.0 for journeys to TST, the total fare for a MOSR cum ER cum MTR journeys from MOS to Central would be \$17.4, which was lower than the fare of \$18.2 of a direct bus journey notwithstanding that 13 minutes could be saved.
- (i) The MOSR stations were grouped into two zones for fare-setting purpose. For journeys within the same zone, the proposed fare was \$3.7, which was on the low side compared with the fare range of \$3.5 to \$4.9 of the competing bus routes. For journeys between the two zones, the proposed fare was \$4.5, while the fares for competing bus and green minibus (GMB) routes were \$4.5 and \$6.2 respectively.
- (j) Whilst the accounts for the MOSR project had yet to be finalized, the latest estimate of the construction cost was \$10 billion. On the annual operating cost, it was estimated to be \$227 million. Based on the proposed MOSR fares, the estimated revenue from MOSR during the initial operating period was around \$245 million per annum, which was marginally adequate to cover the annual operating cost, but was far from adequate to also cover the depreciation and interest expense of the new railway. It was hoped that the situation would improve with the progressive increase in patronage in future.

11. The Chairman of KCRC concluded that in setting the fares for a new railway, it was necessary to balance various factors including the market conditions, public acceptability and the financial position of the corporation. KCRC considered that it had maintained a proper balance in setting the proposed MOSR fares, which were competitive and should be accepted by the community at large.

12. With the aid of PowerPoint, Mr Samuel LAI, the Acting Chief Executive Officer (Acting CEO) of KCRC, briefed the Panel on how the VOT-based fares for the various MOSR journeys were derived, and how the proposed fares compared with the VOT-based fares. He also advised that passengers would enjoy a \$1 discount for interchanging between MOSR and GMB routes 803, 804, 807B, 807K, 808, 808P and 810, and a \$0.5 discount for interchanging between MOSR and GMB routes 809A and 809K. The 20% discount for a same-day return trip currently available to ER passengers would also be available to MOSR passengers.

(Post-meeting note: The presentation materials of KCRC were tabled at the meeting and subsequently issued vide LC Paper No. CB(1)352/04-05 dated 29 November 2004.)

^{note} The fares quoted in these minutes are single-ride adult Octopus fares.

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Proposed MOSR Fares

13. Mr Abraham SHEK said that from the angle of a Legislative Council Member, he supported the proposed MOSR fares as KCRC had already achieved a proper balance among all relevant considerations and duly taken into account public acceptability and affordability in setting fares.

14. Ms Emily LAU enquired whether KCRC had consulted the local community especially the relevant District Councils on the proposed MOSR fares. The Chairman of KCRC said that to be respectful to Legislative Council Members, this Panel meeting was the first occasion on which KCRC disclosed the proposed fares. KCRC had arranged a meeting with five District Councils to be held in the afternoon of the same day of this Panel meeting. Thereafter, KCRC would also meet with some other interested parties to explain the proposed fares. He confirmed that the MOSR fares presented at this meeting were “proposed” fares; KCRC was prepared to revert to the Panel before announcing the finalized fares.

15. Mr WONG Kwok-hing asked whether there was any room for setting the MOSR fares at lower levels so as to increase the attractiveness of the new railway. He suggested that special fare discounts should be provided to senior citizens aged 60 or above at non-peak hours on weekdays and throughout public holidays. He also suggested that as there were quite a number of scenic spots in the countryside side of MOS, offering concessionary fares to all MOSR passengers during weekends and public holidays would help boost MOSR’s patronage and thus increase MOSR’s fare revenue and at the same time promote green leisure activities.

16. The Chairman of KCRC replied that KCRC considered that the proposed fares were already very attractive. The proposed fares for certain MOSR journeys were even lower than the fares of competing bus routes. Currently, senior citizens aged at 65 or above already enjoyed 50% discounted fares for all journeys on KCRC railways at all times. KCRC constantly sought to identify viable measures to improve railway services and boost patronage. This was particularly evident in the case of the West Rail (WR). Similarly, KCRC would closely monitor the patronage situation of MOSR. If needed, KCRC would consider measures, such as those suggested by Mr WONG Kwok-hing, to enhance the attractiveness of the railway.

17. Mr TAM Yiu-chung commented that KCRC seemed to have learned from the experience of WR; the proposed MOSR fares were more reasonable when compared to the WR fares and the TST Extension fares. He asked whether consideration had been given to providing concessionary fares for students, which he considered was important for boosting the patronage of WR and MOSR. He was also concerned that if the patronage of MOSR turned out to be higher than expected, KCRC would then adjust the fares upwards. He sought assurance from KCRC on the MOSR fares.

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18. The Chairman of KCRC explained that all along, for all KCRC railways, concessionary fares had been offered to children aged 12 or below and senior citizens aged 65 or above. No concessionary fares had been offered to students aged above 12, the main reason being that there was already a Government funded student travel subsidy scheme in place. He was aware that for various reasons, the MTR Corporation Ltd. offered concessionary fares to full-time students aged 12 or above. However, apart from MTR Corporation Ltd., there was no other public transport modes offering such concessionary fares. Given the current circumstances that the merger of the two railway corporations was under consideration, KCRC considered it not desirable to introduce changes in this regard.

19. Mr TAM Yiu-chung considered that KCRC should actively consider the provision of concessionary fares to full-time students for all its railway lines. Apart from benefiting the students, this arrangement could also enhance the attractiveness of KCRC's railways, in particular WR.

20. Mr CHENG Kar-foo said that at the early planning stage, Legislative Council Members had asked for a MOSR which could go direct to urban Kowloon without interchanging with ER. Compared to direct bus journeys, passengers taking MOSR would have to interchange at Tai Wai to urban Kowloon and interchange one more time at TST to Hong Kong Island. He opined that the proposed fare of \$5.8 for journeys from MOS to Tai Wai was acceptable; the MOSR fare for trips from MOS to Kowloon Tong/Mong Kok/Hung Hom should be \$8.0 instead of \$8.2; and given the need to interchange at Tai Wai to TST and at TST to Central, the MOSR fare for trips to TST should be \$10 instead of \$11 and hence, the total fare for a MOSR cum ER cum MTR trip to Central should be \$16.4 instead of 17.4. He further said that he would accept \$16.8 as the total fare for MOSR cum ER cum MTR trips to Central, as "168" was a well-liked number representing good fortune.

21. The Chairman of KCRC did not agree with Mr CHENG Kar-foo that the need to interchange at Tai Wai was a serious shortcoming of MOSR. He said that passengers interchanging from MOSR to ER at Tai Wai would only need to cross the platform through a designated ramp and wait at most for three minutes for the upcoming train to TST. Such a convenient interchanging arrangement should have minimal effect on the attractiveness of MOSR. As regards Mr CHENG Kar-foo's suggested MOSR fares, he said that the proposed fare of \$17.4 for a MOSR cum ER cum MTR trip to Central was indeed very competitive, considering that 13 minutes could be saved compared against a direct bus journey (which had a 100% market share at present) with a higher fare of \$18.2.

22. In reply to Mr LAM Kin-fung's enquiries, the Chairman of KCRC said that KCRC would definitely not raise MOSR fares if its patronage was below target. Instead, KCRC would consider various measures to improve the attractiveness of MOSR including the offer of discounted fares and the introduction of the monthly pass scheme.

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23. In reply to the Chairman's enquiry, the Chairman of KCRC advised that the current estimate was that the patronage of MOSR would reach 190 000 passenger visits per day by the end of the first year's operation.

24. Ir Dr Raymond HO expressed his delight over the impending commissioning of MOSR. He considered that the proposed MOSR fares were acceptable having regard to various relevant considerations including the financial position of KCRC and public affordability. He also supported the adoption of the VOT approach for setting the fares of KCRC's new railway lines.

25. Ms Miriam LAU concurred with some other members' comment that as passengers taking MOSR to TST and Central would be required to undertake interchanges and endure the crowded condition of ER trains and MTR trains during peak hours, it might be necessary to set the fare for MOSR trips to TST at a more competitive level. She highlighted that the proposed fare of \$11.0 for a MOSR trip to TST was substantially higher than the fare of \$7.8 of the competing bus route, and asked if KCRC would be prepared to set a lower fare.

26. The Chairman of KCRC said that the main strength of railways was being fast and reliable, rather than being comfortable and requiring little walking by passengers. Different passengers had different preferences. KCRC did not expect that all existing bus passengers would switch to MOSR. He further said that fare level was not the main consideration of most passengers for their selection of a transport mode, and reiterated that the bottom line adopted by KCRC for setting the fares for a new railway was that the fare revenue must be sufficient to cover at least the cash operating cost of the railway within a reasonable period of time. He cautioned that setting the fares at too low levels might arouse serious concerns among KCRC's stakeholders.

27. Ms Miriam LAU clarified that she all along supported the principle that KCRC should have sufficient resources for its system maintenance and ensuring service quality. She did not mean that KCRC should set its fares at such low levels that its operation would require subsidies from the public coffer. She was mainly concerned that the proposed MOSR fare to TST might not be attractive enough to attain the target patronage, and this in turn, would adversely affect KCRC's financial position. She urged KCRC to seriously reconsider the MOSR fare to TST.

28. Mr Albert CHAN commented that the proposed MOSR fares were acceptable except for the fare to TST and hence to Central, which were 10% to 20% higher than the level expected by the public. He asked KCRC to consider offering a discounted fare for MOSR journeys to TST. Mr CHAN further said that compared with the proposed MOSR fares, the WR fares were apparently unreasonably high and could be regarded as discriminatory against North West New Territories (NWNT) residents. For instance, the original and the existing discounted WR fares from Nam Cheong to Tuen Mun were \$16.0 and \$12.8 respectively, whereas the proposed MOSR fare from MOS to Hung Hum was only \$8.2. He urged KCRC to review the WR fares along the line of the proposed MOSR fares.

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29. The Chairman of KCRC said that KCRC currently had no plan to offer any discounted fare for MOSR passengers. On WR, he said that KCRC had put in place substantial resources to improve the feeder services to WR stations to boost the patronage of WR. The general observation was that fare was not the most important factor affecting passengers' choice of transport mode. He also clarified that the same VOT approach had been used for setting the WR and MOSR fares, i.e. the fares were set below the VOT based fares to ensure the competitiveness of the fares. It should be noted that different railway journeys were subject to different market competitive environment.

30. Ms LI Fung-ying expressed concern that some time after the rationalization of other public transport services when MOS residents would be left with fewer choices, KCRC would increase the MOSR fares. She enquired how the Administration would monitor KCRC in this regard.

31. The Deputy Secretary for Environment, Transport and Works (DS for ETW) replied that KCRC was required to operate according to prudent commercial principles. The corporation enjoyed autonomy in regard to its railway fares. In formulating the public transport plan to coordinate public transport services upon commissioning of MOSR, the Administration had undertaken consultation with the relevant District Councils (DCs) and other relevant parties. Moreover, in the implementation process, the Administration would give due regard to the practical situation and make necessary adjustments as appropriate. The existing transport policy was to ensure healthy competition among service providers such that the commuting public was provided with reasonable choices. Within this framework, the fare and patronage issues would then be determined by market forces.

32. Mr LAU Chin-shek opined that MOSR fares should be set along the line of ER fares and should not be higher than the fares of competing bus routes. Noting that the final fares would be decided and announced before the new railway was put into service, he asked whether KCRC would revert to the Panel on the MOSR fares before making the announcement.

33. The Chairman of KCRC said that KCRC was prepared to revert to the Panel. The Chairman suggested and the Chairman of KCRC agreed that KCRC would provide, well before the next Panel meeting on 17 December 2004, a paper to report on its consultation and any changes contemplated. Upon receipt of the paper, the Panel would consider whether there was a need to further discuss the MOSR fares.

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Discontinuation of free ride offer for K11 passengers

34. Mr CHENG Kar-foo said that with the discontinuation of the free ride offer, existing K11 (plying between City One Shatin and Royal Ascot via ER Fo Tan Station) passengers would have to pay a higher total fare both in the case of taking MOSR or taking K11 and then interchanging with ER at Fo Tan. This in effect was reducing passengers' choice of transport modes. He therefore urged that the free ride offer for K11 passengers interchanging with ER should continue.

35. The Chairman of KCRC said that K11 was introduced to cater for the demand for feeder service to Fo Tan Station. The feeder service would no longer be needed with the commissioning of MOSR. KCRC had discussed with the Transport Department as to whether K11 should be cancelled. KCRC's position was that K11 should be cancelled as its feeder service function would be served by MOSR and KCRC should not operate bus service as such. Subsequently, considering that some residents had been used to taking K11 for their point-to-point direct journeys, KCRC agreed that K11 should continue after the commissioning of MOSR for the convenience of these residents. Currently, out of the 5 000 daily passenger visits of K11, about 1 000 passenger visits were for point-to-point journeys not interchanging with ER. He added that similarly, when the Kowloon Southern Link was commissioned in future, there should be no need to maintain the K16 feeder bus service, which plied between Nam Cheong Station and East TST Station at present.

Rationalization of public transport services arising from the commissioning of MOSR

36. Mr LEE Wing-tat commented that bus service had the edge of providing a more comfortable travel environment, especially during peak hours and for routes running mainly on expressways. Regarding rationalization of bus service arising from the commissioning of MOSR, he asked whether safeguarding MOSR's patronage was the primary consideration of the Administration. In this connection, he also asked whether the Administration had exerted any pressure on franchised bus operators on issues relating to route cancellation, and if franchised bus operators applied for fare reduction in order to maintain their patronage after the commissioning of MOSR, how the Administration would deal with such application.

37. In response, DS for ETW advised that under the existing transport policy, whilst railways formed the backbone of the public transport network, other transport modes had their respective roles. The policy objective was to ensure healthy competition among service providers to ensure commuters' choice. As had been explained at the meeting of the Subcommittee on matters relating to railways on 19 November 2004, the Administration had consulted the relevant DCs and other local organizations/representatives in formulating the public transport plan for better coordination of public transport services upon commissioning of MOSR. Moreover, the public transport plan would be implemented in a progressive manner, with due regard to the changes in passengers' travel pattern and demand. There had been and would be on-going discussions with DCs and various service providers, so that the concerns of all

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relevant parties could be duly considered in the planning and implementation process. The Administration had not exerted pressure on any party in the process. As regards the reduction of bus fares at the initiative of franchised bus operators, she said that such was a matter of commercial decision and the Administration would not interfere with such decisions.

38. Mr LEE Wing-tat opined that in accordance with the principle of free and open market, if franchised bus operators decided to cancel any existing bus routes after the commissioning of MOSR, the Administration should put these routes to open tender for bids by other eligible operators. He found that in the case of WR, the Administration had not made such an arrangement and thus the public were left with fewer choices of public transport services after the commissioning of West Rail.

39. The Principal Transport Officer, Transport Department advised that franchised bus operators submitted their five-year route development programme (RDP) to the Government on an annual basis, and the RDPs would be put to DCs for consultation. There had been instances that the RDPs were significantly revised in response to the views of the local communities. As in the cases of the Tseung Kwan O line and West Rail, the public transport plan in relation to MOSR would be implemented in a progressive manner and with due regard to the practical situation. As regards Mr LEE Wing-tat's suggestion, she said that normally, a bus route would be cancelled only if there was very substantial loss of patronage and in such circumstances, its operation, in terms of financial viability, might no longer be attractive to other operators.

40. Ir Dr Raymond HO said that whilst he had no specific comments on the public transport plan currently proposed, he observed that the Administration's past performance in the monitoring of franchised bus services and in the management of the supply of bus services had not been satisfactory. He thus urged the Administration to make careful planning in regard to the rationalization of other public transport services after the commissioning of MOSR.

Noise impact of MOSR

41. Mr LEUNG Kwok-hung commented that it was obvious that market condition was the overriding consideration of KCRC in setting its fares. He criticized that KCRC had failed to honour its previous undertakings with regard to the noise impact of MOSR. He had received numerous complaints from the affected residents. KCRC had previously promised that the noise from the operation of MOSR would not cause undue impact on the residents residing along the MOSR alignment. Recently, KCRC had modified its undertaking, saying that the noise level, averaging over intervals of 30 minutes, would not exceed the statutory limits. He commented that the "average noise level" concept was meaningless to the affected residents. He urged KCRC to seriously address the noise problem, and stated that MOSR's noise impact would be monitored by the local community under the supervision of university academics. He also expressed dissatisfaction that the trial operation of MOSR over the past weeks had started in early

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morning and extended up to 1:30 am, which had seriously affected residents' sleep. He asked whether there would be further trial operation of MOSR.

42. Regarding the MOSR trial operation schedule, Acting CE of KCRC advised that the trial operation started at 5:40 am and ended at 1:20 am each day and would be completed on 26 November 2004. There was an overnight trial operation on 19 November 2004, and residents who might be affected had been notified in advance. Between 27 November 2004 and the official commissioning of the MOSR, there might still be some sessional trial operation but they would all be conducted during daytime.

43. On the allegation that KCRC had failed to honour its undertaking with regard to the noise impact of MOSR, the Chairman of KCRC said that under the relevant legislation, there was no prescribed noise limit applicable to the precise moment when a train passed by. Instead, the statutory noise limits were expressed in terms of a noise level averaging over intervals of 30 minutes and more stringent statutory limits were applied to the period between 11:00 pm to 7:00 am. He stressed that all along, KCRC had planned MOSR with the objective of keeping railway operational noise levels under the statutory requirements.

44. Ms Emily LAU also expressed concern on the noise problem of MOSR. She had received numerous complaints from affected residents, particularly those of Shatinpark. The residents were furious as they had to endure sleepless nights during the MOSR trial operation. They demanded that the type of semi-enclosed noise barriers now provided for Man Lai Court should also be provided for Shatinpark. She urged KCRC and the Administration to take prompt and positive actions to resolve the problem.

45. Mr CHENG Kar-foo said that since the construction cost of MOSR was \$4 billion below the original estimate, KCRC should use some of the savings to provide more noise barriers to alleviate the noise impact on residents.

46. Ms Miriam LAU said that for Shatinpark and Wong Uk residents, the MOSR stations were not conveniently located but they were subject to significant noise impact of the railway. She stressed that KCRC had previously made the undertaking to the residents that MOSR would not cause noise nuisance to them. However, the present situation was that they were subject to a noise level of 55.7 dB(A) on average and over 70 dB(A) at times. She urged KCRC to actively consider the provision of additional mitigating measures.

47. As the noise impact of MOSR was outside the scope of the current agenda item, the Chairman did not invite the Chairman of KCRC to make further response on the matter but requested him to take note and seriously consider members' views.

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VI Proposed discontinuation of the West Rail's second 10% discount

(LC Paper No. CB(1)340/04-05(01)

- A press release entitled "KCRC lifts the West Rail second 10% discount" issued by Kowloon-Canton Railway Corporation on 22 November 2004)

48. Members noted that an information paper entitled "The Expiry of West Rail's Second 10%" provided by KCRC was tabled at the meeting.

(Post-meeting: The information paper was issued after the meeting vide LC Paper No. CB(1)352/04-05(02) on 29 November 2004.)

49. Mr LEE Cheuk-yan referred to the press release of KCRC which stated that "The West Rail patronage has been picking up and the economy of Hong Kong has been improving this year. We do not see any reason for continuing the second 10% discount". He said that although the local economy was under recovery, most local employees were yet to enjoy the benefits of the recovery and their salaries/wages were still on the decrease. KCRC had ignored this fact in deciding the cancellation of the second 10% discount. As a public corporation, KCRC had the responsibility to give due regard to the financial impact of the decision on the commuting public.

50. The Chairman of KCRC responded that there were indications that the economic pressure faced by Hong Kong people had eased to some extent. Anyhow, the economic situation of Hong Kong was only one of the factors that KCRC had taken into account in making the decision of cancelling the second 10% discount. WR had been operating at a loss to the extent that the fare revenue was not adequate to recover the cash operating cost (excluding depreciation and interest on debts), with a deficit of over \$100 million. In other words, the daily operation of WR was being subsidized by public money. KCRC had made the best efforts to balance the various relevant considerations, including KCRC's social responsibilities as a Government wholly owned corporation, in arriving at the decision. Based on KCRC's assessment, with the discontinuation of the second 10% discount upon its expiry on 19 December 2004 and when WR's average daily patronage reached 200 000 passenger trips, the fare revenue of WR would be sufficient to recover the cash operating cost. On the other hand, if the second 10% discount was to be maintained, the target of balancing the fare revenue and cash operating cost of WR would probably not be attainable.

51. The Chairman of KCRC further said that currently, about half of WR passenger trips were between NWNT and urban Kowloon, and among these passengers, half of them were already monthly pass holders. Thus, the discontinuation of the second 10% discount would only impact on a quarter of the West Rail passengers. Even so, these passengers could buy the monthly pass which would be kept at the same price as before.

52. Mr LEE Cheuk-yan said that discontinuation of the second 10% discount was in effect a fare increase of 12% based on the current discounted fares, affecting some 40 000 passenger trips. He criticized that KCRC had placed too much emphasis on

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commercial considerations and had ignored its social responsibilities on this matter. He also said that if the proposed merger of KCRC and MTR Corporation Limited would result in the corporation giving even lesser regard to public affordability of its fares, he would not support the merger proposal.

53. The Chairman of KCRC said that as stipulated in the appointment letters offered by the Government to him and other members of the Management Board of KCRC, it was incumbent upon the Management Board of KCRC to ensure that the corporation conducted its business according to prudent commercial principles. Under this umbrella, due regard should also be given to relevant social factors where appropriate. He stressed that the Management Board of KCRC had made the best endeavour to balance these considerations.

54. Mr LEE Wing-tat pointed out that a high proportion of the households in the districts in NWNT, especially Tin Shui Wai and Sham Shui Po, were within the lowest income group. Many residents were not fully employed and thus travelled to work only on a few days within a week. The monthly pass scheme was not suitable for them. The discontinuation of the second 10% discount would have serious financial impact on these residents. Moreover, he considered that the continuation of the discount would be beneficial to KCRC by preventing the loss of WR passengers to other transport modes.

55. Mr CHEUNG Hok-ming said that the current discounted fares of WR were already on the high side. He shared the concerns expressed by other members and proposed to move a motion with the following wording –

“為了繼續減輕市民的車費負擔，並且增加西鐵的乘客量，本會促請政府要求西鐵在原優惠計劃期滿後繼續提供(1)為來往新界及市區的乘客提供額外九折優惠的「折上折」票價優惠、(2)\$300「全月通」優惠，以及和地鐵公司磋商，繼續設立西鐵地鐵轉乘優惠。這些票價優惠措施應長期實施，直至西鐵九龍南線通車後才另行檢討。”

(*English translation*)

“In order to continue to alleviate the burden of travelling expenses on the public and increase the patronage of West Rail, this Panel urges the Government to demand that West Rail, upon the expiry of the periods for its various fare concessions, continue to offer (1) a second 10% fare discount to passengers travelling between the New Territories and urban areas; (2) a concessionary offer of One-Month Pass at a cost of \$300; and discuss with the MTR Corporation Limited the continuation of interchange discounts between West Rail and MTR, and such fare concessions should be offered on a long term basis and will not be reviewed until the commissioning of the Kowloon Southern Link.”

56. Mr CHEUNG Hok-ming submitted his motion in written form to the Chairman, who then directed the Clerk to make copies of the motion to all Panel members present.

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57. Mr WONG Kwok-hing expressed support for Mr CHEUNG Hok-ming's motion. Emphasizing that based on the current discounted WR fares, travelling expenses already formed a significant portion of the daily expenses of NWNT residents, Mr WONG expressed strong dissatisfaction with KCRC's decision to discontinue the second 10% discount. He asked whether the public had any say on the decision.

58. In response, DS for ETW said that KCRC was required to operate according to prudent commercial principles, whilst giving due regard to other relevant factors such as public affordability. With regard to KCRC's decision to discontinue the second 10% discount, the Administration's position was that KCRC should closely monitor WR's patronage after the cancellation of the discount. If there was a significant drop in patronage, KCRC should consider resuming the discount or taking other measures to restore the patronage.

59. Mr CHENG Kar-foo commented that given the fact that KCRC had been earning profits and remained so after WR came into operation, the remark of the Chairman of KCRC that if the second 10% was to be maintained, more public money would have to be injected into WR to sustain its operation was not justified. He shared other members' view that in terms of provision of community and public transport facilities, NWNT residents were relatively underprivileged. He urged KCRC to put more weight on the social aspects in considering WR fare issues.

60. Mr Albert CHAN said that for NWNT residents, the need to incur high travelling expenses to commute had been seriously affecting their financial circumstances and social life. Under Government's transport policy, NWNT residents had little choice but to pay the unreasonably high fares of various public transport modes including WR. The discontinuation of the second 10% discount would be a blow to some NWNT residents. He urged KCRC to be more sensitive to the circumstances of NWNT residents. He then proposed to move a motion with the following wording –

“本會反對西鐵取消額外九折優惠，並要求西鐵應繼續提供額外九折優惠。”

(*English translation*)

“That this Panel opposes the abolition of West Rail's second 10% discount on its fares and demands the continuation of such a fare discount.”

61. Mr Albert CHAN submitted his motion in written form to the Chairman, who then directed the Clerk to make copies of the motion to all Panel members present.

62. Mrs Selina CHOW said that according to her contacts with NWNT residents, high public transport fares was a grave concern of most of the residents. Whilst she would not dispute the fact that KCRC was required by the law to operate according to prudent commercial principles, she would like to point out that the present circumstances of WR operating at a serious loss was attributed to poor planning of the railway scheme and other factors and thus the consequence should not be wholly borne by NWNT residents. She also pointed out that even based on commercial principles,

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there was no good reason to discontinue the second 10% discount as the patronage of WR was building up progressively and was still below the target patronage. Cancellation of the discount might warrant consideration when the patronage had grown to a level well above the target patronage. She therefore urged KCRC to continue the second 10% discount for passenger trips between NWNT and urban Kowloon.

63. Mr Abraham SHEK commented that it was unfair to expect KCRC to provide quality services at a fare level which would not generate sufficient revenue to recover even cash operating cost. The fact that the operation of WR was being subsidized by public money should not be overlooked and should be rectified. He expressed support for KCRC's decision to discontinue the second 10% discount.

64. The Chairman drew members' attention to the two motions to be moved by Mr CHEUNG Hok-ming and Mr Albert CHAN respectively. The wordings of the two motions were tabled before members. Mr WONG Kwok-hing said that he seconded Mr CHEUNG Hok-ming's motion, and Mr LEE Wing-tat said that he seconded Mr Albert CHAN's motion.

65. The Chairman pointed out that the two motions were on similar subject matters but there were differences in content. One of the motions covered more aspects than the other. For the subject matter which was primarily the same, the normal practice was to vote on the motion first moved by member (i.e. CHEUNG Hok-ming). If it was passed, the second motion moved by Mr Albert CHAN might not need to be dealt with.

66. Mr LEE Wing-tat said that as far as the wording of the two motions was concerned, the two motions were not mutually exclusive. He opined that members could vote on both motions. He himself would vote for both motions. The Chairman invited members' view on Mr LEE's suggestion. As there were no particular rules which prohibited members from doing so, members agreed to vote on both motions.

67. The Chairman then put Mr CHEUNG Hok-ming's motion to vote. As a majority of the members voting voted for the motion, the Chairman declared that the motion was passed.

68. The Chairman then put Mr Albert CHAN's motion to vote. As a majority of the members voting voted for the motion, the Chairman declared that the motion was passed.

Admin/ 69. The Chairman then requested the Chairman of KCRC to seriously consider the KCRC requests stated in the motions.

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VII Proposed introduction of the probationary driving licence scheme to private cars and light goods vehicles

(LC Paper No. CB(1)298/04-05(05)

LC Paper No. CB(1)296/04-05

- Information paper provided by the Administration
- Background brief prepared by the Secretariat on the proposed extension of the probationary driving licence scheme to inexperienced private car and light goods vehicle drivers)

70. In view of insufficient time, the Chairman suggested and members agreed that discussion of this item be deferred to the next regular meeting.

VIII Measures to enhance the safety of public light bus operations

(LC Paper No. CB(1)298/04-05(06)

LC Paper No. CB(1)297/04-05

LC Paper No. CB(1)244/04-05(01)
and (02)

LC Paper No. CB(1)323/04-05(01)

LC Paper No. CB(1)332/04-05(02)

LC Paper No. CB(1)332/04-05(03)

- Information paper provided by the Administration
- Background brief prepared by the Secretariat on measures to enhance the safety of public light bus operations
- Submission from 司機權益關注組 and records of the meeting between Duty Roster Members and the deputation
- Submission from Hong Kong, Kowloon and N.T. Public & Maxicab Light Bus Merchants' United Association
- Submission from Motor Transport Workers General Union
- Submission from HK Public-Light Bus Owner & Driver Association)

71. Due to insufficient time, members agreed to defer the discussion of the item to the special meeting scheduled for 14 December 2004 at 2:30 pm when the Panel would meet with delegations to hear their views on issues relating to measures to enhance road safety and safety of public light bus operations.

IX Any other business

72. There being no other business, the meeting ended at 1:05 pm.