

# 立法會

## *Legislative Council*

LC Paper No. CB(1)2090/04-05  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/TP/1

### Panel on Transport

#### Minutes of meeting held on Friday, 24 June 2005, 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 LAU Chin-shek, JP  
Hon Miriam LAU Kin-yeet, GBS, JP  
Hon Andrew CHENG Kar-foo  
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 CHEUNG Hok-ming, SBS, JP  
Hon Patrick LAU Sau-shing, SBS, JP
- Members attending** : Hon CHAN Kam-lam, JP  
Hon Ronny TONG Ka-wah, SC
- Members absent** : Hon Mrs Selina CHOW LIANG Shuk-yeet, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LEUNG Kwok-hung
- Public Officers attending** : Agenda item IV  
Mr Thomas CHOW  
Deputy Secretary for the Environment, Transport and Works  
(Transport)1

Ms Ernestina WONG  
Principal Assistant Secretary for the Environment, Transport  
and Works (Transport)5

Mr CHAN Kwei-sang  
Project Manager (New Territories East)  
Civil Engineering and Development Department

Mr Stephen LI  
Senior Engineer/Housing  
Civil Engineering and Development Department

Mr Tony SO  
Chief Engineer/Strategic Roads  
Transport Department

**Agenda item V**

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

Mr Donald NG  
Principal Assistant Secretary for the Environment, Transport  
and Works (Transport)6

Mr Stephen CHU  
Regional Highway Engineer/New Territories  
Highways Department

Ms Amy CHOW  
Acting Assistant Commissioner for Transport/  
Administration & Licensing

Mr Michael CHIU  
Acting Chief Superintendent of Police (Traffic)

Mr MAK Man-kee  
Chief Inspector of Police  
(Administration and Support)(Traffic)

**Agenda item VI**

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

Mr Donald NG  
Principal Assistant Secretary for the Environment, Transport  
and Works (Transport)6

Ms Shirley LAU  
Principal Assistant Secretary for Financial Services and the  
Treasury

Mr Francis LIU  
Assistant Director/Planning and Services  
Marine Department

**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**

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|----------------------------------|---|
| LC Paper No. CB(1)1833/04-05     | - Minutes of the meeting held on 22 April 2005                  |
| LC Paper No. CB(1)1853/04-05     | - Minutes of the meeting held on 27 May 2005                    |
| LC Paper No. CB(1)1883/04-05(01) | - Paper prepared by the Research and Library Services Division) |

Confirmation of minutes

The minutes of the meetings held on 22 April and 27 May 2005 were confirmed.

Matters arising – Proposed research on operation of toll roads, bridges and tunnels in selected places

2. Members noted the proposed research outline.
3. Ms Miriam LAU suggested that the research study should also cover the experience in the Mainland, the “shadow toll” mechanism and any other mechanisms that were pertinent to the objective of maintaining tolls at reasonably low levels thereby optimizing utilization of the transport infrastructure facilities concerned. The Chairman suggested that to better understand the world trend of the Build-Operate-Transfer (BOT)

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approach, the research study should also look into the Nottingham Express Transit in the United Kingdom, which was a new project delivered using the BOT approach.

4. The Head of Research and Library Services Division of the Legislative Council Secretariat (RLSD) said that while the Mainland experience and the “shadow toll” mechanism could be included in the research study, it might be preferable to carry out a separate study on the Nottingham Express Transit, since the present research study mainly focused on toll roads, bridges and tunnels. Members agreed.

5. The Chairman said that the recent toll increase of the Eastern Harbour Crossing (EHC) had aroused wide public concern and some critics and academics had expressed views on the toll increase and various related issues. To facilitate the Panel to follow up the matter, he suggested that RLSD also carry out a study on the toll increase of EHC with a view to providing the Panel with detailed analyses on the toll increase and the related issues. Members agreed.

## **II Endorsement of the report of the Panel for submission to the Council**

(LC Paper No. CB(1)1817/04-05 - Draft report of the Panel for submission to the Council)

6. The report of the Panel for the 2004-05 legislative session was endorsed.

## **III Information papers issued since last meeting**

- (LC Paper No. CB(1)1826/04-05(01) - Submission from the Experience Group dated 15 June 2005 regarding the Hong Kong-Zhuhai-Macao Bridge
- LC Paper No. CB(1)1829/04-05(01) - Information paper on "Private Driving Instructor's Licences" provided by the Administration
- LC Paper No. CB(1)1842/04-05(01) and(02) - Administration's replies to letters from Democratic Alliance for the Betterment and Progress of Hong Kong regarding the toll increase of Eastern Harbour Crossing and related issues (issued vide LC Papers No. CB(1)1618/04-05(01) and (02)
- LC Paper No. CB(1)1852/04-05(01) - Information paper on “Expansion of the Red Light Camera System” provided by the Administration)

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

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**IV Items for discussion at the next meeting scheduled for 22 July 2005**

- (LC Paper No. CB(1)1830/04-05(01) - List of outstanding items for discussion
- LC Paper No. CB(1)1830/04-05(02) - List of follow-up actions
- LC Paper No. CB(1)1844/04-05(01) - A letter dated 16 June 2005 from Hon WONG Kwok-hing requesting that the Panel undertake a comprehensive review of all transport infrastructure facilities in the territory delivered under the Build-Operate-Transfer approach)

8. Members agreed that the following items would be discussed at the next meeting scheduled for 22 July 2005-

- (a) Concessionary public transport fares for persons with disability;
- (b) Recent developments of cross-boundary transport services; and
- (c) Review on the composition, role and functions of the Transport Advisory Committee.

9. The Chairman said that according to the earlier advice of the Administration, the Task Force on Emergency Transport Coordination should have completed its report before the next Panel meeting. Members agreed that subject to the readiness of the report for release, the Panel would discuss the report at the next regular meeting and the meeting would start at 9:00 am, instead of the usual starting time at 10:45 am, to allow more time to discuss the various items.

10. Mr Albert CHAN referred to the information paper on "Private Driving Instructor's Licences" provided by the Administration (LC Paper No. CB(1)1829/04-05(01)), and noted that after a recent review, the Administration had arrived at the conclusion that it was not necessary to issue any new Private Driving Instructor's Licence. He considered that such a conclusion had important policy implications and therefore suggested that the subject be discussed by the Panel. Members agreed to tentatively schedule the subject for discussion at the regular meeting in October 2005.

11. Regarding the request of Mr WONG Kwok-hing that the Panel undertake a comprehensive review of all transport infrastructure facilities in the territory delivered under the BOT approach, Mr LEE Wing-tat suggested that the subject be discussed upon the completion of the aforesaid research study as the study would provide members with information on the experiences of various places in BOT projects. Noting that RLSD anticipated that the research study could be completed in around October / November 2005, members agreed to Mr LEE's suggestion.

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**V Tseung Kwan O — Lam Tin Tunnel**

(LC Paper No. CB(1)1830/04-05(03) - Information paper provided by the Administration)

12. Members noted a memo, tabled at the meeting, from the Complaints Division of the LegCo Secretariat providing the records of the meeting on 23 June 2005 held between Duty Roster Members and other invited Members with Sai Kung District Council (SKDC) for discussion of the proposed Tseung Kwan O – Lam Tin Tunnel (TKO-LT Tunnel), amongst others.

*(Post-meeting note: The above paper was issued vide LC Paper No. CB(1)1950/04-05 on 29 June 2005.)*

13. The Deputy Secretary for the Environment, Transport and Works (Transport)1 (DS/T1) said that currently, the external road traffic of Tseung Kwan O (TKO) was served mainly by the TKO Tunnel, Po Lam Road, Hang Hau Road, and Clear Water Bay Road. In view of the planned further development of TKO, SKDC had been calling for the provision of an additional external road network for TKO. Recently, Civil Engineering and Development Department had completed the Feasibility Study for Further Development of Tseung Kwan O (the Study). The Panel on Planning, Lands and Works (PLW Panel) had been informed of the findings of the Study in the previous week. One of the aspects of the Study was to consider how the Western Coast Road (WCR) (now renamed as TKO-LT Tunnel) should be built. A comparison had been made between the tunnel alignment option and the coastal alignment option and the Study recommended the adoption of the tunnel alignment option. According to the Study, the tunnel could be connected with the EHC. Moreover, about 9 hectares reclamation within the Victoria Harbour, which was subject to a very stringent principle under the Protection of the Harbour Ordinance (Cap. 531), would be required under the coastal alignment option but not under the tunnel alignment option. Both options would require an extent of reclamation (about 12 hectares) in Junk Bay for the provision of a toll plaza. Having regard to the public sentiment about reclamation, the Administration would examine how the scale of reclamation could be minimized in drawing up the detailed design for the project. To take forward the proposed TKO-LT Tunnel, the Administration would obtain funding to carry out further studies and planning for the project including an Environmental Impact Assessment (EIA) study.

14. Mr Ronny TONG sought elaboration on the comparison between the coastal alignment option and the tunnel alignment option in terms of construction cost and time and the cost to users. He also pointed out that the coastal alignment option could also serve the Lei Yue Mun and Yau Tong areas but the tunnel alignment option could not.

15. DS/T1 replied that an important consideration for adopting the tunnel alignment was that no reclamation within the Victoria Harbour would be required under this option. During past consultations, the restaurant operators in Lei Yue Mun had raised strong objection to the proposed WCR, because the WCR would run along the coastline at Lei Yue Mun in a viaduct structure, affecting the environment and their business

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operations. Another consideration was that the TKO-LT Tunnel could connect with the EHC but the WCR could not. The estimated construction cost for the TKO-LT Tunnel was \$200-\$300 million higher than that for the WCR. Despite the higher cost, the tunnel alignment option was preferred taking into account various relevant considerations. As regards the cost to users, DS/T1 advised that the Administration would set the tolls of the TKO-LT Tunnel at a level that would enable it to effectively achieve the function of traffic diversion from the existing TKO Tunnel.

### Implementation Schedule

16. Members in general considered that the proposed new external road network for TKO comprising the TKO-LT Tunnel, Cross Bay Link and extension of Road P2 (from TKO Town Centre) was an essential infrastructure for TKO. Noting that under the current plan, the new TKO external road network was scheduled for completion in 2016, members expressed concern that the implementation schedule might not be able to cope with the increasing external traffic demand of TKO. They sought details on the relevant population and traffic projections.

17. In response, DS/T1 advised that according to the principle of prudent financial management, it was necessary to prioritize various public infrastructure projects requiring government funding such that the various initiatives would be implemented at an appropriate timing to meet public needs. Based on the current assessment, it was estimated that the existing road network in TKO should be able to cope with the traffic demand up to 2016. The volume to capacity (v/c) ratio of the TKO Tunnel and that of Hang Hau Road would exceed 1.2 in around 2016, hence the need to provide a new external road network by that time. The Administration would closely monitor the various related developments and planning parameters and review the implementation programme accordingly.

18. Mr CHENG Kar-foo pointed out that over the past years, there had been a lot of changes to the target population size and the planned pace of development of TKO. He requested the Administration to provide detailed information on the population projections including the target population size and pace of population growth of TKO, and explain how these would affect the traffic demand of TKO.

Admin 19. DS/T1 agreed to provide details on the traffic projections for TKO and the associated planning parameters.

Admin 20. In reply to Mr CHAN Kam-lam's enquiry about implementation schedule for different stages of the new TKO external road network, DS/T1 advised that based on the current schedule of completing the network in 2016, it would be necessary to start the detailed design in 2008 and the construction works in 2010. He agreed to provide the details in writing after the meeting.

21. Ms Miriam LAU recalled that the plan to construct WCR had been discussed in late 1990s. The plan was then withheld due to strong objection from the business

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operators and residents in Lei Yue Mun. While expressing strong reservation on the present schedule of completing the new TKO external road network in around 2016, Ms LAU enquired about the original implementation schedule for WCR.

22. In reply, DS/T1 advised that the current implementation schedule was drawn up based on the latest planning data. Taking into account the new population target, estimated pace of population intake, land use proposals, industrial development etc. for TKO, the Administration had worked out the projected traffic demand at different times in future and the corresponding v/c ratios for the existing roads. While the Administration would closely monitor the various relevant developments and traffic conditions in TKO, the Administration considered the present implementation schedule for the new TKO external road network appropriate.

23. The Project Manager (New Territories East), Civil Engineering and Development

Department (PM/NTE) advised that WCR was previously planned to be completed earlier than the current plan. It should however be noted that there had been changes to the target population size and development plans affecting the development pace of TKO during the past years.

24. Members noted that the TKO-LT Tunnel was the eastern section of Route 6, a strategic link from TKO to West Kowloon, and according to the Administration, the implementation programme of TKO-LT Tunnel should synchronize with the other two sections of Route 6 (i.e. Trunk Road T2 and Central Kowloon Route) in order to avoid adverse traffic impact to East Kowloon and to optimize the utilization of Route 6. Ms Miriam LAU asked whether any delay in the other sections of Route 6 would delay the implementation of the TKO-LT Tunnel.

25. DS/T1 advised that Trunk Road T2 was proposed in the previous South East Kowloon Development Study. Without T2, the effectiveness of the TKO-LT Tunnel would be much reduced. Hence, the implementation programme of TKO-LT Tunnel should complement that of T2. T2 was now being reviewed under the Kai Tak Planning Review, and he understood that the Housing, Planning and Lands Bureau would report the progress of the review to the PLW Panel shortly. Based on the present progress, the Administration did not envisage that the implementation of T2, which was also scheduled for completion in around 2016, would be significantly deferred. However, should there be significant changes in the plan regarding T2, the Administration would consider whether the TKO-LT Tunnel should be built in the first place.

26. Expressing concern that the existing road network in TKO could not cope with the increasing traffic demand before the new TKO external road network was in place, Mr CHEUNG Hok-ming asked whether there was any plan to make improvements to the TKO Tunnel and the Clear Water Bay Road.

27. DS/T1 reiterated that the current traffic projections indicated that the existing transport facilities in TKO could cope with the traffic demand up to 2016. While he



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Admin understood members' general inclination that the TKO-LT Tunnel should be made available as early as possible, he had to point out that given limited resources, advancing this project would have the effect of deferring certain other projects which might have greater urgency to meet public needs. He advised that it was unlikely that the capacity of TKO Tunnel could be increased through improvement works. The Administration would closely monitor the traffic conditions and implement traffic management measures as appropriate. DS/T1 undertook to include the traffic projections in respect of Clear Water Bay Road, Hang Hau Road and TKO Tunnel Road in the supplementary information paper to be provided to the Panel.

28. PM/NTE advised that some of the increase in the external traffic demand of TKO before 2016 could be met by the TKO Extension of the Mass Transit Railway. Improvement works at some road junctions of Wan Po Road had been planned to be carried out in the next few years. He added that the existing roads of TKO were fairly wide, and there had been few complaints about traffic congestion on these roads.

Mode of delivery for the project

29. Mr WONG Kwok-hing enquired whether the BOT mode would be adopted to deliver the TKO-LT Tunnel. He was concerned that if the BOT mode was adopted, given that the existing TKO Tunnel was a government-owned tunnel, the traffic distribution between the two tunnels would be uneven. As it had been revealed that serious problems had arisen in respect of BOT tunnels built in the past, he asked how the Administration would ensure that the same problems would not recur in the case of the TKO-LT Tunnel.

30. Mr CHENG Kar-foo urged the Administration to give particular regard to the lessons learned from previous BOT projects, and consider various means of community funding such as issuing bonds to finance the project. He considered that the tolls of the TKO-LT Tunnel should be determined having regard to the tolls of TKO Tunnel to ensure that the new tunnel would be utilized to its designed purpose. He requested the Administration to revert to the Panel on these matters before taking a final decision.

31. Mr LEE Wing-tat said that given that the Administration had accumulated substantial experience in different modes of delivering public infrastructure projects, it was opportune for the Administration to carry out a comprehensive review with a view to formulating the direction and strategies for future projects. The BOT mode could have a lot of variations, and it was important that the Legislative Council would have a role in the future regulatory framework for the TKO-LT Tunnel. He then enquired about the strategy with regard to the traffic distribution and toll differential between the TKO-LT Tunnel and the TKO Tunnel.

32. DS/T1 advised that the Administration had not yet decided on the mode of delivery for the project, but would ensure that the TKO-LT Tunnel would effectively serve the traffic diversion function. He concurred with Mr LEE that the BOT mode could have a lot of variations. The Administration would take into account the

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experience in various previous BOT projects in formulating the approach for new infrastructure projects. The Administration maintained an open mind and would not rule out the use of the BOT mode simply because of the problems encountered in respect of previous BOT projects. He further said that Mr CHENG Kar-foo's view on community funding for the TKO-LT Tunnel would be taken into account in deciding the financial arrangements for the project.

33. As regards the traffic distribution between the TKO-LT Tunnel and the TKO Tunnel, DS/T1 advised that it was estimated that about 40% of the traffic between TKO and Kowloon would be diverted to the TKO-LT Tunnel upon its commissioning. In determining the tolls of the TKO-LT Tunnel in future, the Administration would take into account the then effective tolls of TKO Tunnel, with a view to achieving an appropriate traffic distribution between the two tunnels to enable smooth traffic.

34. Mr LAU Chin-shek commented that if the BOT mode was adopted but the Government retained control over the tolls, the private sector would not be interested in undertaking the project. On the other hand, if the Government did not retain control over the tolls, the tolls would probably be too high and the TKO-LT Tunnel would then fail to perform its traffic diversion function. He opined that since the primary objective of the project was to achieve effective traffic diversion, the Government should fund the project as a public works project. He sought assurance from the Administration as to whether it would first consult the Panel before deciding on the financial arrangements for the project.

35. DS/T1 said that the TKO-LT Tunnel would mainly serve to divert traffic from the TKO Tunnel, and any adjustment to the tolls of the TKO Tunnel required the approval of the Legislative Council. Irrespective of which mode would be adopted to deliver the project, the tolls of the TKO-LT Tunnel would be determined in such a way that the tunnel would effectively perform its traffic diversion function. DS/T1 further said that as in the case of other major projects, the Administration would seek Members' views from time to time in planning and implementing the new TKO external road network. The mode of delivery for the project would certainly be an aspect on which the Administration would seek Members' views.

Other issues

36. In reply to the enquiry of Mr CHENG Kar-foo and Mr LEE Wing-tat about the "S" shaped alignment of the TKO-LT Tunnel, PM/NTE advised that this was only an indicative design. The "S" shaped alignment would enable smooth connection with the approach roads of the tunnel at both ends and compliance with the curvature requirement applicable to a tunnel structure.

37. Mr CHAN Kam-lam said that extensive use of the auto-toll system by tunnel users could help ease traffic congestion but use of the system was not popular among tunnel users at present. He asked whether the Administration would consider using the auto-toll system as the main toll collection system for the TKO-LT Tunnel. In reply,

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DS/T1 said that it was the Administration's intention to increase the popularity of the auto-toll system among tunnel users. If only auto-toll lanes were provided, the land requirement of the toll plaza of the TKO-LT Tunnel could be reduced by half, and the reclamation could be reduced correspondingly. However, drivers and vehicle owners might not accept this arrangement. He agreed to follow up Mr CHAN's suggestion of using the auto-toll system as the main toll collection system for the TKO-LT Tunnel.

38. Ms LI Fung-ying enquired how far the environmental impacts especially the noise impact of the project had been considered in determining the alignment of the tunnel. DS/T1 advised that the TKO-LT Tunnel would be a designated project under the Environmental Impact Assessment Ordinance (Cap. 499) and hence an EIA study was required for the project. In the EIA study, the various environmental impacts of the project including the noise impact of the tunnel to noise sensitive receivers at both the construction and operation stages would be assessed. There were statutory limits for noise impact and if the noise impact could not be controlled to a level below the relevant limit through the provision of mitigation measures, the EIA report would not be approved.

39. Ms LI Fung-ying enquired if the Administration had made any assessment on the employment opportunities that would be created by the project. She was also concerned whether there was a mechanism to coordinate the implementation of various public works projects with a view to maintaining a stable supply of jobs for local construction workers.

40. DS/T1 advised that at this stage, the Administration did not have an estimate on the number of jobs that would be created by the project. PM/NTE advised that for construction projects, the number of jobs that would be created depended very much on the construction method used. A recent trend was the increase in the use of prefabricated components, which were often manufactured in the Mainland. He added that an estimate on the number of jobs that would be created would be included in the future funding proposal, if applicable, submitted to the Public Works Subcommittee.

41. In response to the Chairman, the Administration confirmed that the TKO-LT Tunnel would not be connected directly to the existing Kwun Tong Bypass.

42. With regard to the impact of traffic noise, Mr LEE Wing-tat drew the Administration's attention to his following observations –

- (a) The potential developments along a new road were often not taken into account in planning the provision of noise barriers under the new road project.
- (b) Controversies often arose in respect of the provision of noise barriers at the existing connecting roads of a new trunk road. Whether noise barriers would be provided at a connecting road often hinged on whether the

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connecting road was included or otherwise in the site boundary of the new trunk road project.

43. DS/T1 said that according to the Technical Memorandum on the Environmental Impact Assessment Ordinance, apart from existing developments, a project proponent should also take into account any planned developments in assessing the noise impact of a project. If necessary, advice should be sought from the Planning Department as to whether there were any planned developments that might be affected by the project concerned. As regards the provision of noise barriers at existing roads adjoining to new roads, DS/T1 advised that where an existing road had been identified to be eligible and technically feasible for retrofitting of noise barriers, the Administration's policy was to take the opportunity of any adjoining road project and carry out the noise barrier retrofitting works for the existing road under the same project where appropriate. Mr LEE Wing-tat said that his observation was that the site boundaries of such projects were often arbitrarily determined.

**VI Revision of Government's Transport-related Fees and Charges**

(LC Paper No. CB(1)1830/04-05(04) - Information paper provided by the Administration)

44. Noting that among the 22 fees proposed for revision, 17 were proposed to be reduced and some involved fairly substantial reductions, Mr LEE Wing-tat enquired about the reasons for the reductions. In reply, the Deputy Secretary for the Environment, Transport and Works (Transport)<sup>3</sup> (DS/T3) advised that over the past years, the three departments concerned had made substantial efforts to streamline the relevant work procedures and implement efficiency initiatives to reduce or contain costs in providing the services. Computerization had been extensively implemented in these departments resulting in savings in staff costs.

45. Ms Miriam LAU referred to the proposed revision of the charges for cancellation (an annual increase of 15% in the next 6 years to achieve full-cost recovery) and reinstatement (an annual increase of 20% in the next 5 years to achieve full-cost recovery) of one metered parking space, and enquired about the parties who would use these services. DS/T3 advised that users of these services were mainly property developers and public utility companies or their contractors who needed to carry out works on a site where metered parking spaces were located.

46. In reply to the Chairman's enquiry about the fee for processing of applications for hanging banners and decorative lighting on lamp-posts, DS/T3 advised that irrespective of the number of lamp-posts involved, the same fee should be charged for each application, i.e. \$1,270 per application upon revision in 2005-06.

47. In reply to Ms Miriam LAU's enquiry about the frequency of the review on the fees and charges of the transport related services, the Principal Assistant Secretary for the Environment, Transport and Works (Transport)<sup>6</sup> advised that the Government

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reviewed various government fees and charges on a regular basis and as and when the need arose. It was understood that the Financial Services and Treasury Bureau (FSTB) anticipated that the next review on the 22 fees proposed for revision in this exercise would be carried out about one year after the new fees came into effect.

**VII Proposed reduction of embarkation fee for cross-boundary ferry terminals**  
(LC Paper No. CB(1)1830/04-05(05) - Information paper provided by  
the Administration)

48. Ms Miriam LAU questioned why the proposed reduction of the passenger embarkation fee (PEF) from \$18 to \$15 per passenger would not be implemented until December 2005. She understood that in December 2004, the Financial Services and the Treasury Bureau (FSTB) had already indicated that the fee could be reduced by \$3 per passenger. It was however only by now that the proposal was put to this Panel for consideration.

49. The Deputy Secretary for the Environment, Transport and Works (Transport)3 (DS/T3) advised that a preliminary proposal on the reduction of the PEF was drawn up a few months ago. After some internal discussions within the Administration, the Administration decided to take on board the proposal, and in May 2005, requested that the proposal be discussed at this Panel meeting. Subject to the discussion at this Panel meeting, the Administration planned to gazette the relevant legislative amendments in October 2005. The legislative amendments would be subject to the negative vetting of the Legislative Council (LegCo). Taking into account the vetting period for scrutinizing and amending subsidiary legislation by LegCo, it was anticipated that the proposed PEF reduction could be implemented in December 2005.

50. Ms Miriam LAU asked why the Administration did not plan to gazette the legislative amendments in early July 2005 so as to enable earlier implementation of the PEF reduction. DS/T3 advised that there would not be substantial difference in the implementation time of the PEF reduction if the legislative amendments were gazetted in July 2005 instead of October 2005. She explained that even if the legislative amendments were laid on the table of the Council on 6 July 2005, since 6 July 2005 was the date of the last Council Meeting in the current legislative session, the vetting period for the legislative amendments would still need to be extended into the next legislative session. Moreover, it was necessary to obtain the approval of the Executive Council for the proposed legislative amendments prior to their gazettal.

51. Notwithstanding the Administration's explanation, Ms Miriam LAU expressed dissatisfaction with the tardy manner in which the Administration had handled the matter. She considered that if not for the tardiness of the Administration, the PEF reduction could be implemented much earlier than December 2005.

52. Mr WONG Kwok-hing also expressed dissatisfaction with the tardiness of the Administration in handling the matter. Noting from the Administration's paper that the

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PEF adjustment would reduce the operating costs of the ferry operators and provide greater room for them to reduce ticket fare, he sought clarification on whether the travelling public would fully benefit from the \$3 fee reduction.

53. DS/T3 responded that since a vetting period should be allowed for LegCo to scrutinize the relevant legislative amendments upon their gazettal, there was little room to advance the implementation of the PEF reduction. As to whether the travelling public would fully benefit from the \$3 fee reduction, she advised that under Regulation 34 of the Shipping and Port Control (Ferry Terminals) Regulations (Cap. 313H), the PEF should be paid by the owner of a ferry vessel in respect of each passenger embarking on the ferry vessel at a cross-boundary ferry terminal. The cross-boundary ferry operators set their fares taking into account the market situation including the fares charged by competing ferry operators and the fares of other competing transport modes. All along, the PEF had been included in the fares charged by the ferry operators. In the previous instance of PEF reduction in 1998, the ferry operators had fully transferred the benefit to passengers by reducing their fares correspondingly. In the present instance, the Administration understood that the ferry operators planned to reduce their fares by the same amount as the proposed PEF reduction.

54. Mr WONG Kwok-hing sought assurance from the Administration that the ferry operators would fully transfer the benefit to passengers by reducing their ticket fares correspondingly. DS/T3 explained that under the existing legislation, the Government did not have the power to compel the ferry operators to do so. However, based on past experience and the understanding obtained from the ferry operators in this instance, the Administration anticipated that the ferry operators would reduce their fares by the same amount as the proposed PEF reduction. Should the ferry operators not do so in this instance, the Administration would certainly take this into account in future discussions with ferry operators on PEF adjustment and other relevant matters.

55. The Chairman suggested that he would write to the seven cross-boundary ferry service operators to seek their assurance that the \$3 reduction in PEF would be fully transferred to passengers by means of a corresponding decrease in fares. The replies from the ferry operators would then be referred to when the subsidiary legislation to implement the PEF reduction was scrutinized by LegCo.

56. Mr WONG Kwok-hing criticized that being an executive-led government, the Administration had not duly performed its duty to ensure that the travelling public would fully benefit from the proposed PEF reduction.

57. Ms Miriam LAU said that her understanding was the same as that of the Administration, i.e. the travelling public would fully benefit from the proposed PEF reduction. She agreed that it would be desirable if the ferry operators could provide assurance in this regard. She highlighted that at present, the ferry operators specifically stated in their ferry tickets that the fare included the PEF of \$18. She believed that the reduced PEF of \$15 would be stated in the ferry tickets in future and thus, passengers would continue to know the amount of PEF included in the fare.

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58. Ms LAU further said that the PEF was in fact a kind of departure tax. All along, cross-boundary ferry service operators had questioned the inequitable arrangement that the departure tax was imposed on persons departing Hong Kong by sea but not on persons departing Hong Kong by land, resulting in an unfair competitive environment. The ferry operators in fact had been collecting the PEF on behalf of the Government without the relevant administration cost reimbursed by the Government.

59. Mr CHENG Kar-foo shared Mr WONG Kwok-hing's concern on the lack of assurance that the travelling public would fully benefit from the proposed PEF reduction. He appreciated that under the existing legislation, the Administration had no power to compel the ferry operators to reduce their ferry fares correspondingly. He said that since the PEF reduction would lead to a reduction of \$29.8 million in Government revenue per annum, if there was no assurance from the ferry operators that they would correspondingly reduce their fares by \$3 so as to fully transfer the PEF reduction to the travelling public, the Democratic Party would not support the subsidiary legislation to effect the PEF reduction.

60. In reply to Mr CHENG's enquiry, DS/T3 clarified that the amount of PEF was specified in the Schedule to Cap. 313H. The Government collected the PEF from the ferry operators according to the Regulation 34 of Cap. 313H, but the extent to which the PEF was taken into account in setting the ferry fare was determined by the ferry operators and the Government had no power to interfere with the operation of the ferry operators in this regard.

61. Mr CHENG Kar-foo shared Ms Miriam LAU's view that there was inconsistency in the Government's policy on the imposition of departure tax in respect of different transport modes used for departing Hong Kong. In this connection, he suggested that the Administration should undertake an overall review of the policy and implementation arrangements. DS/T3 undertook to convey the suggestion to FSTB.

62. Mr CHENG Kar-foo considered that given that there was consensus between members and the Administration that any adjustment to the PEF should be fully reflected in the ferry fares, the relevant legislation could be amended to accurately reflect this legislative intent and to impose a statutory obligation on the ferry operators to comply with the arrangement. He suggested that the Legal Service Division of the LegCo Secretariat be requested to give advice in this regard and the Administration consider incorporating relevant legislative amendments in the legislative proposal to effect the proposed PEF reduction.

63. DS/T3 responded that the arrangement for the collection of the PEF had been in place more than 20 years ago through legislation. The Administration needed to examine Mr CHENG's suggestion in detail. She considered that in order to effect the proposed PEF reduction as soon as possible, a more practical approach was to seek assurance from the ferry operators to fully reflect the PEF reduction in their fares. She undertook to convey members' views to the ferry operators.

Action

64. The Chairman concluded that the Panel would write to the ferry operators to seek assurance from the operators to fully reflect the PEF reduction in their ticket fares. Mr CHENG's view and suggestion would be further examined by the Administration and the Legal Service Division of the LegCo Secretariat. Replies from the ferry operators would be referred to when the subsidiary legislation to effect the proposed PEF reduction was scrutinized by LegCo.

**VIII Any other business**

65. There being no other business, the meeting ended at 12:30 pm.

Council Business Division 1  
Legislative Council Secretariat  
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