

立法會
Legislative Council

LC Paper No. CB(1)2392/04-05
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of special meeting held on
Friday, 16 September 2005, at 3:30 pm
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-ye, GBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon TAM Yiu-chung, GBS, 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

Member attending : Hon Howard YOUNG, SBS, JP

Members absent : Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP

Public Officers attending : Miss Cathy CHU
Deputy Secretary for the Environment, Transport and Works

Miss Angela LEE
Principal Assistant Secretary for the Environment, Transport and Works

Mr Don HO
Assistant Commissioner for Transport/
Management and Paratransit

Attendance by invitation : **Agenda item I**

Hong Kong Kowloon and New Territories Public & Maxicab Light Bus Merchants' United Association

Mr LEUNG Hung
Chairman

Public Light Bus General Association

Mr LING Chi-keung
Chairman

Public Omnibus Operators Association Limited

Mr YEUNG Wai-hung, Aaron
Chairman

New World First Bus Services Limited

Mr Mark SAVELLI
Deputy Managing Director

Citybus Limited

Mr Samuel CHENG
Deputy Managing Director

Rights of Taxi Owners and Drivers Association Limited

劉劍魂先生
主席

Park Island Transport Company Limited

Mr SIN Chi-bun
Assistant General Manager

New Lantao Bus Company (1973) Limited

Mr Peter MOK
Director

New World First Ferry Services Limited

Ms Josephine LAM
Corporate Communication Manager

China Hong Kong and Macau Boundary Crossing Bus Association Limited

Mr CHAN Chung-ye, Alan
Secretary General

Lam Tin Wai Hoi Public Light Bus Association

Mr NGAI Chor
Chairman

G.M.B. Maxicab Operators General Association Limited

Mr HIEW Moo-siew
Chairman

The “Star” Ferry Company Limited

Mr Johnny LEUNG
Assistant General Manager

The Kowloon Motor Bus Company (1933) Limited

Mr Edmond HO Tat-man
Deputy Managing Director

Hong Kong & Kowloon Ferry Limited

Mr NG Siu-yuen, Nelson
Director & General Manager

Non-franchised Public Buses Workers Association

Ms SO Po-lin
Chairman

Discovery Bay Transportation Services Limited

Ms Evonne KO
Manager – Services & Administration

Tuen Mun Public Light Bus Association

Mr LEE Ying-kai
Executive Member

Tsui Wah Ferry Service (H.K.) Limited.

Ms Sandy MAK
Director

Wai Yik Hong Kong and Kowloon and New Territories Taxi
Owners Association Limited

Mr LI Kwok-ying
Secretary

HK Public-Light Bus Owner & Driver Association

黎銘洪先生
秘書長

Pak Kai Taxi Owners Association Limited

Ms LAU Sin-kin
Secretary

Non-franchise Public Bus Association Limited

Mr YAN Sai-man
Secretary

The Fuel Price Concerning Transportation Joint Conference

Mr Stanley CHAING
Spokesman

Hong Kong & Kowloon Motor Boats & Tug Boats Association Ltd.

Mr KWOK Tak-kee
Chairman

Motor Transport Workers General Union

Mr LI Wing-sang
Chairman

Lei Yue Mun & Ko Chiu Road Public Light Bus Merchants Association Limited

潘成就先生
理事

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

Staff in attendance : Ms Rosalind MA
Senior Council Secretary (1)8

Miss Winnie CHENG
Legislative Assistant (1)5

Action

I Impact of sustained high oil prices on public transport services

- (LC Paper No. CB(1)2272/04-05(06) - Submission from 混凝土業職工會
LC Paper No. CB(1)2272/04-05(07) - Submission from Hong Kong
Scheduled (GMB) Licensee
Association
LC Paper No. CB(1)2279/04-05(04) - Submission from the Environmental
Light Bus Alliance
LC Paper No. CB(1)2279/04-05(06) - Submission from Hang Po
Transportation Company Limited
LC Paper No. CB(1)2272/04-05(08) - Information paper provided by the
Administration)

Members noted the following papers tabled at the meeting –

- (a) submission dated 14 September 2005 from the New Lantao Bus Company (1973) Limited;

Action

- (b) submission dated 15 September 2005 from Hong Kong Public Light Bus Owner & Driver Association;
- (c) submission dated 15 September 2005 from Clear the Air;
- (d) submission dated 15 September 2005 from China Hong Kong and Macau Boundary Crossing Bus Association;
- (e) submission dated 16 September 2005 from the Federation of Hong Kong & Kowloon Labour Unions; and
- (f) submission dated 16 September 2005 from Motor Transport Workers General Union.

(Post-meeting note: The above papers, together with a submission dated 17 September 2005 from Lok Ma Chau China-Hong Kong Freight Association, were issued to members vide LC Paper No. CB(1)2289/04-05 dated 20 September 2005.)

2. At the invitation of the Chairman, the Deputy Secretary for the Environment, Transport and Works (DS/ETW) informed members that a green minibus (GMB) operator had recently withdrawn the application for fare increase for two GMB routes. As such, as at the day of this meeting, the number of GMB routes involved in the fare increase applications was 49 instead of 51 as stated in the Administration's paper.

3. The Chairman welcomed the deputations to the meeting. He then invited the deputations to take turn and present their views on the impact of sustained high oil prices on public transport services. He said that in order to better manage the meeting time and to ensure fairness to all deputations, each deputation would be given two minutes to present its views.

Hong Kong Kowloon and New Territories Public & Maxicab Light Bus Merchants' United Association
(LC Paper No. CB(1)2272/04-05(01))

4. Mr LEUNG Hung, Chairman of the Association, said that the public light bus (PLB) trade was suffering from a surge in operating cost due to the continual increase in fuel prices, which had resulted in reduced income of PLB drivers adversely affecting their livelihood. To alleviate the hardship of the trade, Mr LEUNG put forward a number of proposed measures for the Administration's consideration. These included: regulating fuel prices to avoid monopoly of oil companies; exemption of fuel duty; restructuring of GMB routes and relaxing the restricted zones to facilitate the operation of red minibus.

Public Light Bus General Association

5. Mr LING Chi-keung, Chairman of the Association, pointed out that the price of auto fuel had increased by over 17% in the past year. The monthly income of PLB drivers had as a result reduced by \$2,500 to \$3,000. To ease the burden of the transport industry from sustained high fuel prices, Mr LING urged the Government to consider, in

Action

its upcoming review of the current concession for the duty on ultra low sulphur diesel (ULSD), exempting PLB operators and operators of other public transport from paying the duty.

Public Omnibus Operators Association Limited

6. Mr Aaron YEUNG, Chairman of the Association, said that the increase in vehicle fuel prices had eliminated the profit margin of the non-franchised bus trade, as the cost for fuel constituted up to 30% of the total operating cost of the trade. Mr YEUNG hoped that the Government could consider measures to facilitate the trade in cost control, such as waiving the duty on ULSD; reduction and or exemption of licence fees etc. so that the trade would not have to resort to other undesirable means for cost control such as reduction of staff wages and fare increase.

New World First Bus Services Limited

7. Mr Mark SAVELLI, Deputy Managing Director of the New World First Bus Services Limited, said that the company had endured very difficult operating environment in the past few years, during which it had not made any fare increase despite the continual increase in fuel expenses. He said that the company was committed to providing high quality bus services with high frequency. It also demonstrated its strong sense of corporate social responsibility through offering fare concessions for different services, such as bus-bus interchange discount and discount for long distance routes. To reduce the pressure of fare increase, the company would continue with its review of bus services, such as reducing total mileage of its bus fleet through consolidating and restructuring bus routes with low usage rates. He looked forward to working in conjunction with Members and the Administration to put in place cost control measures to relieve the pressure of fare increase.

Citybus Limited

8. Mr Samuel CHENG, Deputy Managing Director of the Citybus Limited (Citybus), pointed out that the increase in oil price had caused great burden to the operating cost of Citybus in the past few years. In 2004, the company had to spend an additional \$40 million on fuel as a result of the surge in fuel prices. While the company had continued to provide fare concessions to passengers of bus-bus interchange services and long distance routes, it had to implement a number of cost control measures, such as restructuring bus routes so that low usage routes would be consolidated. The total mileage of the bus routes had been reduced by about 10% in the past few years as a result. Mr CHENG hoped that Members could appreciate the difficulties encountered by Citybus and the efforts it had made in this respect.

Action

Rights of Taxi Owners and Drivers Association Limited
(LC Paper No. CB(1)2272/04-05(02))

9. 劉劍魂先生, 主席 of the Association, said that despite the conversion of taxis to liquefied petroleum gas (LPG) vehicles which used duty-free LPG as fuel, the operating cost of the taxis trade had still increased substantially due to the 47% increase in LPG price in the past few years. As a result, the trade was experiencing a very difficult time with increasing operating cost but no growth in business. He opined that the Government should consider the request of public transport operators for the introduction of fuel surcharge so that passengers would share part of the increasing fuel expenses. He pointed out that the concept of fuel surcharge was not new as this was introduced as early as the 1970's during the then oil crisis and had been adopted by airlines. He also urged the Administration to waive the duty on ULSD.

Park Island Transport Company Limited

10. Mr SIN Chi-bun, Assistant General Manager of the Park Island Transport Company Limited, said that the company provided ferry and bus services to the residents of Ma Wan. Although the marine light diesel used by its ferry fleet was duty-free, the operation environment of its ferry services had been very difficult due to the surge in fuel prices, with the fuel expenses constituting over 30% of its total operating cost. As a licensed ferry operator, Mr SIN pointed out that complicated procedures were involved for any fare adjustment. In this connection, Mr SIN urged the Government to consider allowing more flexibility in the fare adjustment procedures for licensed ferry operators. To facilitate cost control for the company's bus services, Mr SIN hoped that the Government would consider waiving the duty on ULSD.

New Lantao Bus Company (1973) Limited
(LC Paper No. CB(1)2289/04-05(01))

11. Mr Peter MOK, Director of the New Lantao Bus Company (1973) Limited, shared the view of other public transport operators about the difficulties in their operations in the past few years due to rising fuel prices. As the smallest franchised bus operator in Hong Kong, the company had very little room to maneuver in negotiation with fuel suppliers on volume discount compared with the other franchised bus operators. Nevertheless, the company had been working vigorously in reducing costs by internal control and route rationalization but had come to a point where further cost control measures might result in compromising the level of service safety. Mr MOK urged the Government to consider the hardship of the trade and explore measures to help maintain viable operation under the present adverse operating environment.

Action

New World First Ferry Services Limited
(LC Paper No. CB(1)2279/04-05(01))

12. Ms Josephine LAM, Corporate Communication Manager of the New World First Ferry Services Limited (the First Ferry), said that the First Ferry had introduced a series of cost-saving and revenue-generating measures since its service commencement in 2000 with a view to surviving the adverse operating conditions. Ms LAM pointed out that surging fuel prices posed additional pressure on First Ferry's operation. In the 2004-05, First Ferry had recorded an accumulated loss of \$5 million. The company's fuel expenses had nearly doubled from \$26 million in 2001 to \$50 million in 2005. While the First Ferry was committed to the provision of quality services to its customers and continued with its efforts in service improvements, Ms LAM hoped that Members could appreciate the difficulties it was facing under the present operating conditions.

China Hong Kong and Macau Boundary Crossing Bus Association Limited
(LC Paper No. CB(1)2289/04-05(04))

13. Mr Alan CHAN, Secretary General of the Association, said that rising fuel prices had resulted in increasing fuel expenses for operators of passenger transport trades and the pressure for fare increase was expected to aggravate if fuel prices continued to go up. Mr CHAN pointed out that it was fair for the burden of high fuel prices to be shared among public transport operators, passengers and the Government. Pointing out that the rate of fuel duty in Hong Kong was among the highest in the world, Mr CHAN opined that the Government should offer a concessionary rate of fuel duty to commercial vehicles, in particular those providing passenger services, so as to relieve the pressure for fare increase and the burden of the operators under the high cost operating environment.

Lam Tin Wai Hoi Public Light Bus Association

14. Mr NGAI Chor, Chairman of the Association, echoed the views of other deputations on the pressure of high fuel prices on public transport operators. He further pointed out that PLB drivers were suffering from reduced income as a result of the increasing fuel expenses. In this connection, Mr NGAI urged the Government to regulate fuel prices so that the burden of PLB operators and drivers could be relieved.

G.M.B. Maxicab Operators General Association Limited
(LC Paper No. CB(1)2272/04-05(03))

15. Mr HIEW Moo-siew, Chairman of the Association, said that the operation of GMB services was subject to the conditions specified in the passenger service licence, governing the fare to be charged, the routes and frequency of services. Mr HIEW pointed out that in the past few years, GMB operators had experienced great difficulties with increasing fuel prices, increasing interest rates for their bank loans for replacement of diesel light buses with LPG light buses as well as unsuccessful fare increase applications. Noting that the Government did not agree to the Association's request for

Action

the introduction of a fuel surcharge for all GMB routes, Mr HIEW urged the Government to give favourable consideration to its applications for fare increase and to complete the necessary procedures within three months' time.

The "Star" Ferry Company Limited
(*LC Paper No. CB(1)2272/04-05(04)*)

16. Mr Johnny LEUNG, Assistant General Manager of the "Star" Ferry Company Limited (Star Ferry), said that the fuel cost for Star Ferry in August 2005 had increased by 125% compared to that in January 2003. He estimated that fuel consumption for Star Ferry, which accounted for 6.4% of the total running cost in 2003, would increase to 11% in 2005. Although Star Ferry had introduced cost-saving measures to reduce non-fuel operating costs, the surge of fuel price had aggravated the pressure for Star Ferry to increase fare. Mr LEUNG further said that the relocation of the Central Piers in early 2006 would likely result in a reduction of passenger volume. In face of the increasingly difficult operating environment, Star Ferry would seriously consider fare increase in due course.

The Kowloon Motor Bus Company (1933) Limited
(*LC Paper No. CB(1)2279/04-05(02)*)

17. Mr Edmond HO Tat-man, Deputy Managing Director of the Kowloon Motor Bus Company (1933) Limited (KMB), said that KMB's total fuel cost for 2004 was \$605 million. If the price for diesel continued to stand at the existing high level, he estimated that fuel cost for KMB for 2005 and 2006 would be about \$850 million and \$980 million, representing an increase of 41% and 62% respectively. The surge of fuel cost, together with tunnel toll increases and pay rises, would erode most or even all of the company's profits and financial resources. He remarked that the company was facing great difficulties in meeting the expectations of its stakeholders that included passengers, the Government, KMB's shareholders and staff, as well as the community at large. The difficult situation could not be tackled by operators alone. He called for the collaboration of various stakeholders to tackle the problem of high oil prices.

Hong Kong & Kowloon Ferry Limited
(*LC Paper No. CB(1)2279/04-05(03)*)

18. Mr Nelson NG, Director & General Manager of the Hong Kong & Kowloon Ferry Limited (HK & Kowloon Ferry), shared the views of other deputations that the rising oil price, which had increased by 225% in the past five years, had seriously affected the operators of the transport industry. Although HK & Kowloon Ferry had a fare increase of \$1 in early 2005, the additional income was inadequate to cover the additional cost caused by the increase in fuel price. He also noticed that the Government was devising a fare adjustment mechanism through which both upward and downward adjustments would be catered for. He opined that a fair fare adjustment mechanism would safeguard the interest of the community and at the same time would provide the Government with an objective means to regulate the fares of public transport services.

Action

The mechanism should apply to HK & Kowloon Ferry. He further opined that the Administration should expedite the processing of ferry service operators' applications for sub-letting areas of pier premises, which was an additional income source for operators to sustain their business under the current difficult business conditions.

Non-franchised Public Buses Workers Association
(LC Paper No. CB(1)2289/04-05(05))

19. Ms SO Po-lin, Chairman of the Non-franchised Public Buses Workers Association, said that besides representing the Association, she also represented seven member-unions of the Federation of the Hong Kong & Kowloon Labour Unions. She pointed out that for small operators, fuel cost accounted for 25-50% of their total operating cost. The income of small operators had been adversely affected by the surge of auto-fuel prices as these operators had to absorb all the price increase. Moreover, they were facing the increases of insurance premiums, tunnel tolls and parking fees. She called on the Administration to tide over the small operators. She suggested that the duty on ULSD should be reduced to \$0.55 per litre.

Discovery Bay Transportation Services Limited
(LC Paper No. CB(1)2272/04-05(05))

20. Ms Evonne KO, Manager – Services & Administration of the Discovery Bay Transportation Services Limited, said that high oil prices had hit the trade hard, which would in turn adversely affect the general public. To tackle the problem of high oil prices, the Government should immediately implement certain measures. These included: fare increases and/or imposition of a fuel surcharge on passengers; waivers of rent and rate; government subsidies for the half-fare concession offered to children and students. In the longer term, the Government should help ferry service operators to open up new revenue sources. This might be in the form of granting tenancy to the operators to develop and operate commercial facilities in areas adjacent to piers.

Tuen Mun Public Light Bus Association

21. Representing operators of red minibuses (RMBs), Mr LEE Ying-kai, Executive Member of the Tuen Mun Public Light Bus Association, said that the surge of oil prices had adversely affected the livelihood of RMB drivers because the price increase was paid out from the income of the minibus drivers. He therefore urged the Government to take measures to lower auto-fuel prices or to waive diesel duty.

Tsui Wah Ferry Service (H.K.) Limited.

22. Ms Sandy MAK, Director of the Tsui Wah Ferry Service (H.K.) Limited, echoed the views expressed by other deputations. She opined that the Government, the public transport operators and the community at large should collaborate to tackle the problem of high oil prices. She urged the Administration to join hands with the ferry trade to devise cost-control and revenue-generating measures.

Action

Wai Yik Hong Kong and Kowloon and New Territories Taxi Owners Association Limited

23. Mr LI Kwok-ying, Secretary of the Wai Yik Hong Kong and Kowloon and New Territories Taxi Owners Association, said that the price of LPG had been doubled in recent years. He urged the Administration to consider approving the taxi trade to impose a fuel surcharge on passengers.

HK Public-Light Bus Owner & Driver Association
(*LC Paper No. CB(1)2289/04-05(02)*)

24. 黎銘洪先生, 秘書長 of the HK Public Light Bus Owner & Driver Association, said that it was unlikely that oil prices would drop in the near future. To alleviate the burden faced by PLBs, he opined that the Government should open up more restricted zones for PLBs, such as those in Tung Chung, the airport and the Hong Kong Disneyland. By doing so, the operational viability of PLBs would be strengthened, which he considered was the best means to help PLBs overcome the difficult business environment brought about by high oil prices. He further said that local oil companies manipulated oil prices and had been reaping unreasonably huge profits. Based on relevant government statistics, the profit from the retail of ULSD of the oil companies in 2004 amounted to some \$20 billion.

Pak Kai Taxi Owners Association Limited

25. Ms LAU Sin-kin, Secretary of the Pak Kai Taxi Owners Association Limited, said that high oil prices had hard hit the taxi trade. She urged the Administration to implement measures to tide the trade over.

Non-franchise Public Bus Association Limited
(*LC Paper No. CB(1)2279/04-05(05)*)

26. Mr YAN Sai-man, Secretary of the Non-franchise Public Bus Association Limited, said that fuel cost had all along accounted for a major portion of the operating cost in the transport industry. The industry was now suffering from very difficult business conditions due to the recent surge of oil prices. In the long run, it would be inevitable that the livelihood of the general public would be affected. He therefore urged the Administration to exercise stringent regulation over local oil companies and to lower or waive the diesel duty.

Action

The Fuel Price Concerning Transportation Joint Conference

27. Mr Stanley CHAING, Spokesman of the Fuel Price Concerning Transportation Joint Conference, pointed out that oil prices had risen over 40% compared to that in January 2004. He urged the Administration to consider reducing the diesel duty to alleviate the pressure on the industry. He also called for members' support to a motion to be moved by Hon Miriam LAU on the waiver/reduction of the diesel duty. He opined that the waiver/reduction of the diesel duty should aim at restoring the oil price to the level in January 2004.

28. In view of the impending visit of Legislative Council Members to Guangdong Province on 25 and 26 September 2005, Mr CHAING also requested Members to discuss with the Guangdong officials about the malpractices of some oil companies in the Guangdong region. He said that during the recent incident of shortage of auto-fuel supply, some oil stations in Guangdong gave preferential treatment to customers who possessed the companies' oil cards. For those drivers who preferred to pay cash, the oil stations only supplied the drivers with an amount of diesel equivalent to YMB100 each time. As a result, cross-boundary drivers had to spend a lot of time on filling up an oil tank in a number of oil stations. Some oil stations also charged a retail price 15% higher than the official price. He urged members to ask the Mainland officials to stop the malpractices.

Hong Kong & Kowloon Motor Boats & Tug Boats Association Ltd.

29. Mr KWOK Tak-kee, Chairman of the Hong Kong & Kowloon Motor Boats & Tug Boats Association Ltd., said that the Association had more than 200 member-companies which were operators of maritime services. He further said that like other operators, the maritime service operators were hard hit by high oil prices. To help the trade tide over this difficult period, he urged the Administration to consider lowering the licence fees and take measures to stabilize oil prices.

Motor Transport Workers General Union

(LC Paper No. CB(1)2289/04-05(06))

30. Mr LI Wing-sang, Chairman of the Motor Transport Workers General Union, said that the surge of oil prices had adversely affected motor transport workers. Take the drivers of mud trucks as an example, the income of these drivers had been reduced by around \$2,000 per month as a result of the increase in the retail price of ULSD from \$7.04 in August 2004 to \$8.27 in September 2005. As there had been no growth in business during the same period, the fuel price increase had to be paid out from the pocket of the drivers. He urged the Administration to take measures to help the trade, such as by offering a greater concession on the diesel duty.

Action

Lei Yue Mun & Ko Chiu Road Public Light Bus Merchants Association Limited

31. 潘成就先生, 理事 of the Lei Yue Mun & Ko Chiu Road Public Light Bus Merchants Association Limited, shared the views expressed by other deputations and urged members to support the proposal to waive/reduce the diesel duty.

Discussion

32. Mr WONG Kwok-hing said that over the past year, retail prices of ULSD had been adjusted upwards over 20 times and the accumulative increase was some 30%. The retail oil product prices in Hong Kong were higher than those in many developed countries. The adjustments of local oil product prices were always quick in going up but slow in coming down. In response to a relevant motion passed by the Legislative Council (LegCo) in January 2005, the Administration had undertaken to conduct a comprehensive review of the competition situation in the auto-fuel market in Hong Kong, but so far the Administration had not reported the results of the review to Members.

33. Mr WONG further said that at present, transportation expenses already constituted a substantial portion of daily expenses of the general public. Rising oil prices had caused immense difficulties to public transport (PT) operators, who were faced with increasing financial pressure to increase fares, in which case the general public would be much affected. To safeguard public interest, the Government had the responsibility to assist PT operators to tide over this difficult period caused by high oil prices. He urged the Government to waive the duty on ULSD as an urgent relief measure. He also asked the Administration to respond positively to the requests of PT operators for assistance in the implementation of revenue-generating and cost-saving measures so as to ease the pressure of fare increase.

34. The Deputy Secretary for the Environment, Transport and Works (DS/ETW) said that the Administration appreciated that high oil prices posed financial pressure on PT operators. As regards the duty on ULSD, the current concessionary duty rate at \$1.11 per litre would remain valid until the end of 2005. The Financial Services and Treasury Bureau (FSTB) would take into account all relevant factors including the fiscal position of the Government, the macroeconomic environment and the business conditions of the transport sector in deciding the way forward. Regarding the review on the competition situation in the auto-fuel market in Hong Kong, she understood that the Competition Policy Advisory Group (COMPAG) had appointed a consultant in July this year to conduct a study which was scheduled for completion by the end of 2005. The Economic Development and Labour Bureau (EDLB) would brief the relevant LegCo Panel on the results of the study in due course. As regards measures to reduce operating costs and increase the non-fare revenue of PT operators, DS/ETW advised that the Administration was prepared to consider related proposals from PT operators and in fact, the Administration had been providing assistance in this direction where feasible and appropriate.

Action

35. Mr WONG Kwok-hing said that earlier on, he had written to the Financial Secretary (FS) proposing a waiver of the duty on ULSD, but he had not yet received FS's reply. He was disappointed that the Administration still did not provide any substantive response to the request at this meeting. He stressed that there was an urgent need to provide relief for the transport industry.

36. DS/ETW reiterated that the Administration was aware of the requests made by the transport trades and other sectors for a waiver of the duty on ULSD. FSTB had indicated that it would review the duty on ULSD and decide the way forward before the current concession on the duty expired. While ETWB would relay to FS the difficulty faced by the transport industry caused by high oil prices, the decision with regard to a waiver or reduction of the duty on ULSD was vested with FS.

37. Ms Miriam LAU indicated that upon commencement of the 2005-06 legislative session, she would move a motion at a Council meeting proposing a waiver or reduction of the duty on ULSD. She pointed out that a waiver or reduction of the duty on ULSD alone was not sufficient to help the transport industry to tide over this difficult period. There were some PT operators such as franchised bus companies and ferry service operators who were not required to pay duty on the fuels used, and yet rising oil prices had affected their operations significantly. She stressed that rising oil prices not only would threaten the viability of the transport trades, but would adversely affect the whole economy and people's livelihood. It was therefore necessary for the Government to formulate a comprehensive package of measures that could specifically address the financial difficulties of the various transport trades caused by high oil prices. However, based on the Administration's response so far, the Administration seemed to be evading the problem. The suggested measures such as bus service network rationalization measures mentioned in the Administration's paper were too mild to have any substantive effect. She asked whether the Administration had in mind any further concrete measures.

38. DS/ETW said that bus service network rationalization measures were effective in reducing franchised bus companies' fleet size and thus achieving cost savings. The Administration would consult the relevant District Councils on the service plans of franchised bus companies in the course of finalizing the service schedules and routings. For ferry service operators, they were permitted to put up advertising panels on roof top of piers as well as to sub-let areas of pier premises as commercial concessions. In some cases, the rental income formed a significant portion of the operators' revenue. For PLBs, the Transport Department had been very positive in considering requests for relaxation of restricted zones etc. Hence, the Administration indeed had been implementing a series of measures to assist PT operators to achieve cost savings and to open up new revenue sources.

39. Ms Miriam LAU said that the measures mentioned by DS/ETW in fact had been implemented for some time. The fact that oil prices had increased substantially over the past months had resulted in a peculiar situation and nearly all PT operators had been seriously affected. She opined that the Administration should formulate comprehensive

Action

and effective measures to provide relief for PT operators taking into account their different business conditions.

40. DS/ETW said that fuel was one of the cost items of PT operators and the increase in fuel prices affected them to different extents. In considering the appropriate measures to alleviate the impact of fuel price increase on the operators, the Administration needed to consider the different business conditions and financial position of the operators. However, the various cost-saving and revenue-generating measures served the same objective of enabling the operators to maintain viable operation and quality services for the public.

41. Mr TAM Yiu-chung said that the transport industry was indeed hard hit by rising oil prices. Fare increases would add to the financial burden of the public and thus should be avoided as far as possible. He concurred that a temporary waiver of the duty on ULSD should be implemented as an urgent relief measure. On another front, the Administration should explore together with the industry other feasible measures to ease the financial pressure caused by high oil prices.

42. Ms LI Fung-ying expressed disappointment that while the issue under discussion involved the monitoring of oil prices and the duty on auto-fuels, the two relevant Bureaux, i.e. EDLB and FSTB did not send any representative to attend this meeting. In reply to her question, DS/ETW said that she would relay the views and concerns expressed by deputations and members to FS's Office, FSTB and EDLB.

43. The Chairman summarized the discussion that there was a consensus among members that the Government should implement a temporary waiver of the duty on ULSD as an urgent relief measure and that the Administration should explore together with PT operators other feasible measures to ease the pressure of fare increase. He suggested and members agreed that the Panel continue the discussion of the subject at a future meeting to be held in October 2005. The three relevant Bureaux, i.e. ETWB, FSTB and EDLB would be invited to attend the meeting. Non-Panel Members would also be invited to join the discussion.

44. Ms LI Fung-ying said that before the next Panel meeting to discuss the subject, the Administration should provide substantive response regarding the duty on ULSD, the progress of the review on the competition aspects of the auto-fuel market and measures to assist PT operators to save costs and increase revenue without compromising the quality of transport services for the public.

45. Mr WONG Kwok-hing suggested that the Chairman should, on behalf of Panel members, write to FS and the three responsible Bureaux Secretaries to convey members' views. In particular, FS should be urged to make a prompt decision in response to the request for a waiver of the duty on ULSD. Members agreed to Mr WONG's suggestion.

Action

(Post-meeting note: The letters dated 22 September 2005 to FS, the Secretary for the Environment, Transport and Works and the Secretary for Economic Development and Labour were issued to members vide LC Paper No. CB(1)2335/04-05.)

46. The Chairman also invited the deputations to set out their specific requests or suggestions in writing so that the Administration could be asked to respond specifically to such requests and suggestions.

II Any other Business

47. The Chairman said that since LegCo Members would visit the Guangdong Province on 25 and 26 September 2005, he hoped that Members could take the opportunity to raise some transport issues of mutual concern with the receiving Mainland officials. He then consulted members on the transport issues that might be raised during the visit.

48. Mr WONG Kwok-hing suggested that the following issues might be raised during the visit –

- (a) Recently, a new regulation had been implemented in Mainland under which a person aged 60 or above would not be issued a driving licence of commercial vehicles. This regulation would seriously affect the livelihood of many professional drivers in Hong Kong who were engaged in the cross-boundary transport trades. He considered that the restriction should be relaxed for those professional drivers whose health conditions were suitable for driving commercial vehicles.
- (b) The frequent occurrence of robberies on the highways in Guangdong was a serious problem. He hoped that the relevant Guangdong authority could step up the enforcement of law and order on the highways.
- (c) With regard to the Hong Kong – Zhuhai – Macao Bridge, he considered that although under current planning, a rail link would not be provided under the project, such a rail link might be required in future. It would thus be prudent to provide the required structural loading capacity at the Bridge to allow for the addition of a rail link in future.

49. Ms Miriam LAU said that the newly implemented Mainland regulation prohibiting a person aged 60 or above from driving commercial vehicles affected not only the livelihood of cross-boundary professional drivers but also the development of logistics between the two sides. In view of the serious impacts, the trades had made trips to Beijing to reflect their concerns to the relevant authority and to seek relaxation of the regulation. She pointed out that most existing cross-boundary professional drivers in Hong Kong joined the trades at their 30s and 40s during the 1980s. Over the past 10

Action

years or so, the operational environment of the trades had been getting increasingly difficult. Coupled with the requirement in the Mainland that a person must be aged 24 or above to be eligible to apply for a driving licence for commercial vehicles, the number of new entrants to the trades had been on the decline. If the said age restrictions were not relaxed for cross-boundary professional drivers, the lack of experienced drivers would become a serious problem for the cross-boundary transport trades and in turn the development of the logistics industry would be seriously affected.

50. Ms Miriam LAU also suggested that during the Guangdong visit, Members might also raise the problems faced by cross-boundary truck drivers in trying to get their vehicle's refilled with diesel oil during the recent period of auto-fuel shortage in Guangdong.

51. Mr Howard YOUNG suggested that the following issues might be raised during the Guangdong visit –

- (a) To facilitate the flow of people between Hong Kong and the Mainland, there was a need to simplify the procedures required of Hong Kong people for renewal of their driving licences and vehicle licences used in the Mainland. At present, such driving licences required to be renewed every two years and the procedures were complicated requiring body check and attendance of driving classes in the Mainland.
- (b) In view of the commissioning of a few new cross-boundary control points in the near future, it would be opportune to review the existing restriction that each cross-boundary vehicle was permitted to use only one designated control point.
- (c) At present, long queues of passengers and vehicles waiting for immigration and customs clearance were still commonplace at the Mainland side of various control points. The situation could be improved if immigration and customs staff could be strengthened.
- (d) There was a need to step up enforcement against illegal activities on fake vehicle registration marks.

52. Mr TAM Yiu-chung said that Members of the Democratic Alliance for the Betterment and Progress of Hong Kong were concerned with the following issues –

- (a) Overloading, speeding and other inappropriate driving behaviour were commonplace on the highways in the Guangdong Province, posing serious threats to the safety of other road users. It would be useful for LegCo Members to understand the measures taken by the Guangdong authorities to improve road design and traffic management and to combat against inappropriate driving behaviour.

Action

- (b) To facilitate the flow of people between Guangdong and Hong Kong, the existing licensing system for boundary-crossing private cars should be reviewed. Where feasible, the relevant quotas should be expanded and one-off permits might be introduced so as to allow the general public in Hong Kong and Guangdong to use their private cars to travel between the two places for tourism and family visit purposes.

53. The Chairman thanked Members for their suggestions and said that he would write to the Chief Executive to convey their concerns/views on the above transport issues and to inform him that these issues might be raised at the forthcoming visit of LegCo Members to the Guangdong Province on 25 and 26 September 2005.

(Post-meeting note: The letter to the Chief Executive dated 22 September 2005 was issued to members vide LC Paper No. CB(1)2312/04-05.)

Council Business Division 1
Legislative Council Secretariat
10 October 2005