

立法會
Legislative Council

LC Paper No. CB(1)1817/04-05

Ref : CB1/PL/TP

Report of the Panel on Transport 2004/05

Purpose

This report gives an account of the work of the Panel on Transport during the 2004-2005 legislative session. It will be tabled at the meeting of the Legislative Council on 6 July 2005 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to transport matters. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 17 members, with Hon LAU Kong-wah and Hon Albert CHAN Wai-yip elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is at **Appendix II**.

Major Work

Toll increase of the Eastern Harbour Crossing

4. In August 2003, the New Hong Kong Tunnel Company Limited (NHKTC), franchisee of the Eastern Harbour Crossing (EHC), commenced arbitration against the Government's decision for rejecting its toll increase application. In January 2005, the arbitrators determined that the tolls for private cars and taxis should be increased by \$10 to \$25 with corresponding

increases for other types of vehicles. The Panel was briefed on the outcome of the arbitration in March 2005.

5. The Panel was gravely concerned about the substantial increase in the EHC tolls and the resultant economic and traffic implications. The EHC toll increase might induce public transport operators and the trucking industries to raise the fares of public transport services and delivery charges, hence adding to the financial burden of the public and the business sector. It would also aggravate the traffic congestion at the Cross Harbour Tunnel (CHT).

6. The Panel passed a motion on 18 March 2005 expressing astonishment and strong dissatisfaction over the far excessive toll increase of the EHC, which was in total disregard of the affordability and expectation of the general public. The Panel requested the tunnel company to consider deferring the toll increase and the Administration to review the high toll levels of the three road harbour crossings taking prudent consideration of the interest of the general public. The Administration should also come up with measures to improve the uneven distribution of traffic among the three road harbour crossings.

7. In April 2005, the Panel was briefed on the Administration's proposals for improving the distribution of traffic between the three road harbour crossings. They could be broadly divided into three main types:

- (a) the toll-related measures, including overall increase in CHT tolls, peak hour surcharge at CHT, surcharge and rebate at CHT, variable toll adjustment system at CHT, and toll increase at CHT & toll reduction at Western Harbour Crossing (WHC)/EHC;
- (b) the franchise-related measures, including buying out the franchises of WHC/EHC, selling CHT to the franchisees of WHC/EHC, common ownership for CHT, WHC and EHC, extension of franchises of WHC and EHC; and
- (c) other measures, including construction of a Fourth Road Harbour Crossing or expanding the capacity of CHT, restricting the use of CHT, enhancement of ferry services.

8. The Panel urged the Administration to further examine the proposals in collaboration with the tunnel companies with a view to resolving the problem of uneven distribution of traffic among the three road harbour crossings and high tunnel tolls as soon as practicable. The Panel also called on the Administration to closely monitor the traffic conditions upon the toll increase

of EHC and implement suitable traffic management measures to mitigate the adverse impacts on road users.

9. In view of the increase in the EHC toll for taxis from \$15 to \$25, the Panel noted that the taxi trade had proposed a corresponding increase of the return toll charge for taxi passengers using the EHC and WHC.

Toll increase of the Tate's Cairn Tunnel and Tai Lam Tunnel and Yuen Long Approach Road

10. The Panel discussed the application for toll increase by Tate's Cairn Tunnel Company Limited on 2 February 2005. Members were worried that the proposed toll increase would aggravate the traffic congestion at Lion Rock Tunnel and induce other public transport operators to increase their fares. They called on the Administration to request the tunnel company to defer the toll increase. Views were also expressed that the Administration should expeditiously make a decision on its position regarding the application for toll adjustments by the tunnel company and hold discussions with the company in accordance with section 36 of the Tate's Cairn Tunnel Ordinance (Cap. 393) and it should refer the matter for arbitration as soon as possible if an agreement could not be reached.

11. On 2 February 2005, the Panel passed the following motion:

"In view of the gradually improving financial position of the Tate's Cairn Tunnel Company Limited, this Panel considers it inappropriate to increase the tunnel tolls at this stage."

12. On 10 June 2005, the Government published in the Gazette the new Schedules to reflect the toll increases of the Tate's Cairn Tunnel and Tai Lam Tunnel and Yuen Long Approach Road. The Panel was disappointed that the Administration did not consult the Panel prior to gazettal of the notices. The Panel held a meeting on 15 June 2005 to discuss the matter with the Administration and the tunnel companies.

13. The Panel was very concerned about the tunnel toll increases and their impact on traffic and the general public. The toll increases would inevitably induce other public transport operators to increase their fares. The Panel urged the tunnel companies to consider deferring the toll increases or offering concessionary tolls to motorists. The Panel also called on the Administration to review the decision of allowing the tunnel companies to

increase their tolls. Whilst recognizing the inherent problems associated with the "Build-Operate-Transfer" ("BOT") tunnels whereby tunnel operators would only aim at maximizing their profit, the Panel called on the Administration to review the effectiveness and appropriateness of using BOT approach in taking forward infrastructure projects. The Administration should also implement measures to reduce tunnel tolls and boost utilization of scarce tunnel resources with a view to addressing the transport needs of the travelling public and the logistics industry.

14. On 15 June 2005, the Panel passed a motion which urged the Government to withdraw the notices published in the Gazette in relation to its approval for the toll increases of Tate's Cairn Tunnel Company Limited (L.N. 93) and Route 3 (Country Park Section) Company Limited (L.N. 95).

Railway development and operation

15. The Panel continued to monitor the development and implementation of new railway projects in Hong Kong. The Panel also attached great importance to the maintenance of safety and reliability of existing railway services. The Panel decided at its meeting on 12 October 2004 to form a subcommittee to oversee the development, implementation and operation of railways in Hong Kong. A report prepared by the Subcommittee is in **Appendix III**.

Railway Fares

16. The completion and opening of both the Tsim Sha Tsui Extension (TSTE) and Ma On Shan Rail (MOSR) in 2004 were major steps forward for Hong Kong's transportation network. The TSTE and MOSR were opened for public service on 24 October 2004 and 21 December 2004 respectively.

Tsim Sha Tsui Extension fares

17. The Panel had expressed grave concern about the Value of Time (VOT) approach adopted by the Kowloon-Canton Railway Corporation (KCRC) for determining the fares of TSTE. In its simplest form, VOT was the value travellers would be willing to pay to save a certain amount of time in their journeys. According to KCRC, VOT for Northeast New Territories (NENT) residents should be 16 cents per minute (i.e. the NENT residents were willing to pay 16 cents more for every one minute saved in the journey). The Panel had criticized that the VOT-based fares had ignored the fact that the commuting public was currently paying unreasonably high fares for trips to

TST and Central. Members also queried the basis for adopting the said VOT value for NENT residents which seemed to be on the high side. The Panel urged KCRC to review the fares of TSTE, taking into account the affordability of the general public. KCRC should also consider offering monthly pass option for East Rail passengers, which were currently available for West Rail passengers.

Ma On Shan Rail fares

18. Ma On Shan Rail (MOSR) fares were another matter of considerable interest to the Panel and the traveling public. In setting MOSR fares, the Panel noted that the KCRC had adopted the same methodology previously used in setting fares for the West Rail and TSTE. The Corporation's policy was to set competitive fares in the market in which it operated, within the statutory framework of prudent commercial principles as dictated by its Ordinance, and at the same time, provided value-for-money services to the passengers. In order for the new railway to be financially viable, the bottom 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.

19. The Panel had reviewed with KCRC whether there was any room for lowering the fares of MOSR. As passengers taking MOSR to Tsim Sha Tsui and Central would be required to interchange and endure the crowded condition of East Rail 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. Views had also been expressed that special fare discounts should be provided to senior citizens aged 60 or above at non-peak hours on weekdays and throughout public holidays. As there were quite a number of scenic spots in the countryside side of Ma On Shan, considerations should be given to offering concessionary fares to all MOSR passengers during weekends and public holidays to help boost MOSR's patronage and thus increase MOSR's fare revenue and at the same time promote green leisure activities.

West Rail fares

20. KCRC announced on 22 November 2004 that the West Rail's second 10% fare discount offered to passengers travelling between the North West New Territories (NWNT) and urban Kowloon would be discontinued upon the expiry of the offer on 19 December 2004. The first 10% discount offered to all passengers of West Rail would remain effective.

21. The Panel had expressed grave concern about KCRC's decision to

cancel the second 10% discount, which would have financial impact on the commuting public. The Panel passed two motions relating to the second 10% discount and other fare concessions of West Rail. The first motion urged the Administration to request KCRC to continue offering a second 10% fare discount to West Rail passengers and the West Rail's One Month Pass to all passengers at a cost of \$300, and discuss with MTR Corporation Limited (MTRCL) the continuation of the provision of interchange discount between MTR and West Rail. KCRC should also make these concessionary schemes permanent pending a review to be conducted after the commissioning of the Kowloon Southern Link. The second motion related to the objection expressed by the Panel to KCRC's decision to cancel the West Rail's second 10% discount.

22. In December 2004, KCRC indicated that it would continue to review the effectiveness of its concessionary schemes before deciding on whether to make them permanent. In this connection, after considering all the relevant factors, the Corporation decided that the additional 10% discount to West Rail passengers travelling between the NWNT and urban Kowloon would expire on 19 December 2004. On the other hand, KCRC announced the extension of the expiry date of West Rail One-Month Pass offer in December 2004 for six months to June 2005. While the Corporation considered the current monthly pass at a price of \$400 very competitive, it had decided to offer a special price of \$300 to passengers who travelled by monthly passes from September through December 2004.

Route 4, South Island Line and West Island Line

23. The implementation of Route 4, South Island Line (SIL) and West Island Line (WIL) was high on the agenda of the Panel. In the course of deliberation, the Panel passed three motions, urging the Administration to take appropriate follow-up actions. The Panel urged the Administration to expedite the comprehensive planning and implementation of tourism and commercial developments in Southern District of Hong Kong Island, and also discuss with MTRCL the construction of a cost-effective SIL, so as to ensure that there would be adequate transport facilities to support the development of Southern District and to cater for the transport needs of local residents. Apart from SIL, Route 4 should also be implemented at the earliest opportunity. Regarding WIL, as residents of the Western District had been striving for the construction of the WIL for more than 20 years, the Panel also urged the Administration to expeditiously reach an agreement with MTRCL on the construction of WIL which must have stations located at Sai Ying Pun and the University, so as to fully meet the transport needs of the local community. On

financing of the projects, the Panel called on the Administration to proactively discuss with MTRCL to work out a financial arrangement which was in the best interests of the public to facilitate early implementation of the projects. To solicit public views on location and design of the new railway stations, full consultation with local residents should be conducted.

NWNT Traffic and Infrastructure Review

24. The Panel saw the need for the Administration to implement new transport infrastructure development in NWNT and North Lantau, taking into account the impacts of the major projects now under construction or planning in the areas. These included the Hong Kong - Shenzhen Western Corridor, Deep Bay Link, Lok Ma Chau Spur Line, Hong Kong Disneyland Phase I and Hong Kong - Zhuhai - Macao Bridge (HZMB). In reviewing the findings of the NWNT Traffic and Infrastructure Review 2004, the Panel was concerned about the additional traffic generated by the new infrastructural developments and the resultant traffic impacts on Tuen Mun and Yuen Long. The Panel called on the Administration to speed up the planning and implementation processes to ensure timely provision of transport infrastructure to meet forecast demand. The Panel also passed a motion urging the Administration to expeditiously study the implementation of Tuen Mun Western Bypass and Tuen Mun - Chek Lap Kok Link so as to cater for the traffic generated by new developments in the vicinity and satisfy the transport needs of the travelling public.

25. The Panel also took the opportunity to examine whether it was necessary to widen the expressway section of Tuen Mun Road between Tsuen Wan to Sam Shing Hui (TMR) from dual-3 lane to dual 4-lane. The Panel also asked the Administration to speed up the delivery of the proposed short to medium term measures to improve the traffic conditions of TMR.

Hong Kong - Zhuhai - Macao Bridge

26. The Administration informed the Panel of the latest developments of the HZMB in May 2005. The Panel was concerned about the financing of the project and the future toll adjustment mechanism, particularly in the light of the experience of other "Build-Operate-Transfer" projects in the territory. The Panel reminded the Administration to avoid committing the same mistake as experienced in the case of the EHC toll increase. To safeguard public interest and ensure a reasonable toll, the Administration should formulate a transparent regulatory and control mechanism for compliance by franchisee. The Panel also made various suggestions on the choice of alignments and urged the

Administration to fully consult the local public and investigate the impacts of the project on white dolphins.

Non-franchised bus operation

27. The Panel noted the divergent views expressed by the non-franchised bus (NFB) trade and other transport trades, including taxi, red minibus and green minibus trades as well as local resident groups. There were requests for the Administration to take measures to address the oversupply problem of NFB, strengthen the regulation of NFB operation and step up enforcement against unauthorized NFB services so as to safeguard the financial viability of regular and legitimate transport services. There were also views that the Administration should allow the operation of NFB to ensure commuter choice. Measures should be put in place to improve the operating environment of NFB. In reviewing the findings and recommendations of the Review on the Regulatory Framework and Licensing System for NFB Operation conducted by the Transport Advisory Committee, the Panel acknowledged the problem relating to operation of unauthorized NFB services and called on the Administration to improve the enforcement mechanism. Some members considered that with the proliferation of railway services in recent years, the balance of the transport market had been upset. As such, the Administration should review its policy to ensure the financial viability of various public transport modes.

Tuen Mun Ferry Terminal

28. The Government signed a tenancy agreement with the Hong Kong North West Express Limited (North West) in December 2003. The agreement allowed North West to occupy, modify and use part of the existing Tuen Mun Ferry Pier for the operation of cross-boundary passenger ferry services. The company originally planned to complete the necessary pier modification works and start providing ferry services to Macao by December 2004. It also planned to provide ferry services to Mainland ports in the Pearl River Delta Region six months after the terminal had begun operation. In October 2004, the Administration advised the Panel that the target date for completion of the pier modification works and commencement of cross-boundary ferry services would be deferred. The Panel had examined whether the Administration had adopted an over-stringent approach in vetting the building plans submitted by the tenant and called on the Administration to make the best efforts to facilitate early commencement of the project works.

Taxi

29. The Panel also studied the current legislation governing the issue of taxi driving licence to non-local residents. The Panel considered that the Transport Department and other relevant departments should expeditiously amend the relevant legislation to plug the loophole whereby non-local residents without a valid employment visa could obtain a taxi driving licence. It should also set the timetable for amending the legislation. A relevant motion was passed by the Panel on 27 May 2005.

Road safety

30. With the benefits of public views and inputs from the transport trades, the Panel had reviewed with the Administration the road safety strategy and measures to enhance road safety.

31. While road users, vehicles and road environment all had a bearing on road safety, the human factor was the most complex and dynamic. Accident trends and public views pointed to inappropriate driving behaviour as a major contributory factor of road accidents. The Panel considered that priority should be given to improving driving behaviour and attitude through public education and formal training.

Probationary Driving Licence Scheme

32. The experience of the Probationary Driving Licence Scheme for Motorcyclists showed that such a scheme would have lasting benefits on the driving skill and behaviour of novice drivers. The Panel therefore supported the Administration's proposal to introduce a probationary driving licence for new drivers of private cars and light goods vehicles so as to enable new drivers to obtain on-the-road practical experience during the "probationary" period before being issued with a full driving licence.

Road safety-related legislation

33. The Panel had kept road safety-related legislation under constant review. The Panel was consulted at its meeting on 14 December 2004 on the proposed measures to enhance road safety in Hong Kong. At the meeting, members and various organizations from the transport trades expressed their views on the proposed measures, with the majority focusing on the proposed increase in the driving-offence points for red light jumping offences. After deliberation, the Panel passed a motion requesting the Government to adopt all possible and practical measures to improve the design of road junctions and the display of

traffic light signals to ensure the effective detection of deliberate red light jumping offences before considering increasing the driving-offence points for such offences.

34. At the meeting on 18 March 2005, the Administration consulted the Panel on a revised proposal which sought to increase the driving-offence points for failing to comply with traffic signals from 3 to 5, instead of from 3 to 8 as originally proposed. While some members supported the proposal to increase the penalty for red light jumping, they considered that the Administration should take heed of the views of the transport trades and make improvements to the road environment to facilitate drivers' compliance with traffic signals. To reduce disputes between the Police and drivers on charges against red light jumping, members urged the Administration to accelerate the procurement and installation of red light cameras and camera housings at signal-controlled road junctions. Some members were of the view that the legislation should be amended so that different penalties would be imposed for different scenarios of failure to comply with traffic signals in order to better reflect the relative gravity of the offences. They considered that the proposed penalty of 5 driving-offence points and the proposed fixed penalty of \$600 should only apply to cases where it was clear that the vehicle did not stop and went ahead when the red light was on, and for other cases of failure to comply with traffic signals, the existing level of penalty should be maintained.

35. The Panel was generally in support of the Administration's proposal to make three common traffic offences (i.e. using a handheld mobile telephone or telecommunication device while the vehicle was in motion, failing to drive in the nearside lane of an expressway, and driving motorcycle or motor tricycle without the necessary lights illuminated) as scheduled offences under the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240) so that prosecution could be done by way of fixed penalty ticket. This could facilitate enforcement and enhance the deterrent effect.

36. The Panel noted that failure to keep a safe distance from the vehicle in front was often the cause of multiple collisions. At the moment, this act did not constitute any specific offence under the law, and could only be prosecuted under "careless driving", of which the collection of evidence was rather complicated. The Administration was reviewing the feasibility of introducing a new offence against "failing to keep a safe distance" or "tailgating", to simplify the prosecution process. The Panel asked the Administration to examine further on the deployment of advanced technology to facilitate traffic enforcement.

37. In reviewing the effectiveness of the drink driving legislation, the Panel considered it most important to enhance public awareness of the serious consequences of drink driving. The Administration should step up publicity, especially during the festive seasons where drink-driving was more common. The Police would also need to take stringent enforcement actions to increase the deterrent effect.

Enforcement

38. Road safety legislation and publicity programmes needed to be complemented by an effective enforcement regime to achieve the intended effect. As such, the Panel was of the view that the Administration should continue to devise enforcement programmes in tandem with the publicity plans, and to deploy advanced technology to facilitate traffic enforcement.

Registration scheme for the vehicle maintenance trade

39. While mechanical defects of vehicles had not been the major contributory factor of road accidents, the Panel considered that proper maintenance of vehicles was certainly an effective means to prevent accidents and was conducive to the enhancement of road safety. Sub-standard maintenance services also created nuisance to vehicle owners and could cause air pollution, with corresponding negative impacts on the health of the public. When consulted on a related proposal by the Administration, the Panel considered it important to put in place suitable registration requirements, which would not unduly affect the livelihood of existing mechanics but at the same time would ensure that those registered did possess adequate skills and relevant experience to deliver quality services.

Bus safety

40. It had been reported that some bus drivers and trade unions complained that the franchised bus companies which they served forced the drivers to operate buses of different models and run various routes every day, and they were not given reasonable time for meal, rendering the drivers more prone to mistakes and thereby increasing the chances of traffic accidents. In view of the concerns expressed by the bus drivers and trade unions, the Panel had reviewed the duty arrangements for bus drivers adopted by franchised bus companies and their relationship with safety of bus operation. The Panel also passed a motion urging the Administration to study revising the Guidelines on Working Schedule for Franchised Bus Drivers issued by the Transport Department with a view to enhancing the safety of franchised bus service

operations.

41. During the period from October 2004 to June 2005, the Panel held a total of 16 meetings. The Panel also paid a visit to the Tsim Sha Tsui East Station and took a trial ride on MOSR.

Council Business Division 1
Legislative Council Secretariat
28 June 2005

Panel on Transport

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to transport matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy area prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council
Panel on Transport**

Membership list for 2004 - 2005 session

Chairman	Hon LAU Kong-wah, JP
Deputy Chairman	Hon Albert CHAN Wai-yip
Members	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 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 Hon Patrick LAU Sau-shing, SBS, JP (Total: 17 members)
Clerk	Mr Andy LAU
Legal Adviser	Ms Connie FUNG
Date	12 October 2004

立法會
Legislative Council

LC Paper No. CB(1)1815/04-05

Ref : CB1/PS/1/04/1

**Report of the
Subcommittee on Matters Relating to Railways
for submission to the Panel on Transport**

Purpose

This report gives an account of the work of the Subcommittee on Matters Relating to Railways.

The Subcommittee

2. The Transport Panel decided at its meeting on 12 October 2004 to form a subcommittee to oversee the development, implementation and operation of railway projects in Hong Kong. The terms of reference of the Subcommittee are at **Annex I**.

3. The Subcommittee comprises 13 members, with Hon Miriam LAU Kin-yeo elected as Chairman. The membership list of the Subcommittee is at **Annex II**.

Major work

Ma On Shan Rail and Tsim Sha Tsui Extension

4. The completion and opening of both the Tsim Sha Tsui Extension (TSTE) and Ma On Shan Rail (MOSR) in 2004 were major steps forward for Hong Kong's transportation network. The TSTE and MOSR were opened for public service on 24 October 2004 and 21 December 2004 respectively.

5. The Subcommittee had closely monitored the operational readiness of the TSTE and MOSR to ensure that they could provide the traveling public, including the disabled passengers with safe and quality journeys. The Subcommittee had also reviewed with the Administration and

Kowloon-Canton Railway Corporation (KCRC) the contingency plans for handling service disruptions, particularly during the initial stage of operations. The Subcommittee urged the Administration and KCRC to improve the co-ordination systems, remedial works and dissemination of information to the public to ensure smooth operation of the new railway systems.

6. Subsequent to the visit on 15 October 2004 to the East Tsim Sha Tsui Station (ETS Station), KCRC had put in place a number of improvement measures as suggested by members to provide better direction and more information about ETS Station service and facilities. KCRC also undertook to look for opportunities to improve the environment of its stations and would consider displaying works of art for public appreciation.

7. In reviewing the public transport service plans associated with the commissioning of the TSTE and MOSR, the Subcommittee urged the Administration to provide adequate feeder services to railway passengers whilst improving the business and operating environment of other road-based public transport services. There was also a need to ensure market competitiveness and commuters choice to satisfy the transport needs of the public.

8. On the environmental front, the Subcommittee had expressed grave concern about the noise nuisance caused by the commissioning of the MOSR. Notwithstanding the fact that the KCRC had taken a number of improvement measures to mitigate the train noise at source, the local community was still concerned about the sudden loud noise of passing trains. In reviewing the matter, the Subcommittee passed a motion on 19 November 2004, strongly urging the Administration and KCRC to implement effective mitigation measures at various locations along the MOSR alignment which would be exposed to a noise level exceeding 55 dB(A) as a result of the railway's operation in order to alleviate the noise nuisance caused by the MOSR to the nearby residents. For those locations where the nearby residents would suffer from serious noise impact from the MOSR but with a noise level under 55 dB(A), the Administration and KCRC should nonetheless actively consider the implementation of further mitigation measures to minimize the noise impact. In response to the motion, the KCRC undertook to examine whether further measures could be implemented subject to technical feasibility and resource implications.

9. The Subcommittee noted with concern that in a few very specific locations where the statutory noise limits were complied with, light coming from the trains would cause disturbance to some residential units because of their close proximity to the railway. The Subcommittee had reminded KCRC to take appropriate measures to resolve the issue, taking into account the views expressed by the affected residents.

10. Whilst the Subcommittee was not tasked to examine railway fares which was under the purview of the Panel, members took every opportunity to remind the Administration and KCRC to lower the fares of the TSTE and MOSR so as to improve the attractiveness of the railway service and reduce the burden of public transport fares on the public. Members also called on the Administration and KCRC to introduce inter-modal discounts and concessionary fares to boost the patronage of the MOSR during public holidays.

Kowloon Southern Link

11. The Subcommittee recognized the strategic function and importance of Kowloon Southern Link (KSL) which served to provide a fast and convenient railway link for over a million residents of the Northwest New Territories to reach the Tsim Sha Tsui area by the West Rail or to connect to other areas served by the East Rail without the need to interchange. However, the decision of the KCRC not to build one more station on Canton Road (CAR Station) at the site now being occupied by Harbour City had aroused different views in the community.

12. Recognizing the strong expectation in the community and the transport and economic benefits associated with the provision of a CAR Station under the KSL project, the Subcommittee hoped that KCRC and Wharf Estates Development Limited (Wharf) could reach an agreement on the provision of a CAR Station upon future redevelopment of Wharf's property on Canton Road. For this purpose, the Subcommittee held a series of meetings with the Administration, KCRC and Wharf to discuss the matter. The Subcommittee also passed a motion on 11 December 2004 urging the Administration to immediately engage the KCRC and Wharf in pragmatic discussions to resolve the issues in relation to the provision of a CAR Station under the KSL project.

13. In December 2004, the Subcommittee noted with disappointment that the Administration had decided to go ahead with the construction of the KSL without a CAR Station. The Administration pointed out that the decision was reached after months of discussions and studies by the relevant parties. It was also a conscientious decision made taking into account passengers' convenience and prudence in investment of public funds. Due to the lack of pertaining basic conditions and reasonable cost-effectiveness for the project, the discussion on the building of the additional station should stop so that the construction of the KSL could proceed with as soon as possible. This would enable the West Rail to minimize its loss and provide the residents in the Northwest New Territories with a well-coordinated railway network and direct access to Tsim Sha Tsui. For the convenience of passengers, the KCRC would provide a pedestrian subway to connect the existing pedestrian subway system attached to the ETS Station from the Kowloon Hotel location to the existing underground walkway at Peking Road. With the new pedestrian subway, passengers could reach Canton Road in about 7 to 10 minutes from the

ETS Station.

14. Looking forward, the Subcommittee called on the Administration and KCRC to minimize disturbance on the affected shop owners and business operators during the construction period. It would also be useful for the Government to make clear the principles or assessment criteria for the provision of railway stations in taking forward railway projects.

Railway incidents and performance of the railway systems

15. Following the spate of railway incidents occurred in the latter half of 2004 which had caused considerable public concerns over the safety and reliability of the railway systems, the Subcommittee had reviewed with the Administration and the two railway corporations the root causes of railway incidents and remedial actions taken to prevent their recurrence, the maintenance, regulatory and monitoring arrangements for railway services, the measures to improve the corporations' train service performance and safety. The Subcommittee was also briefed on the findings and recommendations of the independent review report on the performance and asset management of the MTR system carried out by the Lloyd's Register Rail. The Subcommittee had also reviewed the railway incident happened in the morning of 28 April 2005 whereby a Lo-Wu bound East Rail train departed Tai Po Market Station but did not stop at Tai Wo Station as scheduled for boarding and alighting.

16. In the course of deliberation, the Subcommittee had expressed serious concern about the frequent disruptions or delays in the two railway corporations' train services which affected railway commuters. The Subcommittee was also concerned about the non-stopping of an East Rail train on 28 April 2005 and the resultant safety implications. The Subcommittee asked the Administration to immediately press the two railway corporations to make every effort to raise the safety and reliability of their services and strictly monitor their improvement works. Consideration should be given to imposing penalties on the two railway corporations to achieve the necessary deterrent effect. Views had also been expressed that the Administration should consider amending the Mass Transit Railway Ordinance and the Kowloon-Canton Railway Corporation Ordinance to stipulate clear criteria in respect of defaults by the two railway corporations, and to introduce a demerit points system for disruptions or delays in train services, whereby penalties might be imposed on the railway corporations concerned when the demerit points they incurred exceeded the prescribed limit within a specified period. Some members also asked the Administration and the two railway corporations to comprehensively review the impact of outsourcing maintenance works on the train services provided by the two railway corporations. Adequate resources should be allocated for upkeeping the safety and reliability of the railway systems.

Shatin to Central Link

17. The Subcommittee was very concerned about the scheme design and slippage in the delivery of Shatin to Central Link (SCL). The Subcommittee noted that alongside with the planning for the SCL, the Government invited the MTR Corporation Limited (MTRCL) and the KCRC to discuss the possible merger of the two railway corporations in February 2004. One of the key issues for their merger discussion was the early resolution of the interchange arrangements for the SCL. The MTRCL and the KCRC submitted a Joint Merger Report to the Government on 16 September 2004. The Administration assured members that the Government was committed to implementing the SCL and had been actively discussing with the KCRC on the finalized scheme design. The preferred SCL option would be made known to the public at the same time when a decision on the merger was announced.

Disneyland Resort Line

18. Disneyland Resort Line (DRL) was an extension of the existing MTR system which connected the existing Tung Chung Line to the Hong Kong Disneyland Theme Park located at Penny's Bay of Lantau Island. The testing and commissioning of the new line had been progressing well. It was expected that the line would be open before the grand opening of the Hong Kong Disneyland on 12 September 2005 to provide visitors with a unique rail journey.

19. The Subcommittee noted that in order to bring the DRL project rate of return to a minimum acceptable commercial level of 11.25% (i.e. 1% to 3% above the estimated weighted average cost of capital), the Government agreed, in July 2002, to waive its claim for \$798 million (at present value) worth of dividends otherwise payable by the MTRCL to Government as a shareholder over the next few years. When briefed by the Administration and the MTRCL on the proposed fares of the DRL, some members requested the MTRCL to consider lowering the fares of the DRL as substantial Government subsidy in the form of waived dividends had already been granted to the MTRCL for undertaking the DRL. The Subcommittee had also examined details of the financial assumptions for the DRL when arriving at the funding gap of \$798 million and under what circumstances the waived dividends for filling the funding gap of the DRL could be recovered by the Government.

Open fare system for Light Rail

20. The Light Rail network of the KCRC was the major mode of transportation in the Northwest New Territories, serving more than one million residents of the Tuen Mun, Yuen Long and Tin Shui Wai areas. The Subcommittee had reviewed with the Administration and the KCRC the

appropriateness of adopting an open fare system for Light Rail. Concerns had been raised over the way KCRC warned, surcharged or prosecuted Light Rail passengers who did not have valid tickets or entry records. The Subcommittee passed a motion on 6 May 2005, requesting the KCRC to study and improve the open fare system for Light Rail in order to reduce passengers' psychological pressure.

MTR Platform Screen Door Retrofit Programme

21. Since July 2000, the MTRCL had been collecting ten cents per trip from Octopus passengers for subsidizing the MTR Platform Screen Door (PSD) Retrofit Programme. As funding assistance from the MTR Octopus passengers was merely intended for sharing out part of the capital costs of the Retrofit Programme, some members considered it not appropriate for the MTRCL to continue charging the Octopus passengers ten cents per trip for the purpose of cleaning and upkeeping PSDs. The Subcommittee called on the Administration and MTRCL to review the related charging policy. On the other hand, the Subcommittee also saw the merits of installing PSDs for safety enhancement purpose and requested the MTRCL to speed up the retrofitting of PSDs at ground level stations.

22. During the period from October 2004 to June 2005, the Subcommittee held a total of seven meetings.

Council Business Division 1
Legislative Council Secretariat
22 June 2005

Panel on Transport

Subcommittee on matters relating to railways

Terms of Reference

To follow up various issues relating to the planning and implementation of new railway projects, and the operation of existing railways as follows:

Planning and implementation of new railway projects

- (a) planning and financing of new railway projects;
- (b) environmental impact assessment of new railway projects;
- (c) resumption of land arising from the implementation of new railway projects under the Railways Ordinance (Cap. 519);
- (d) progress update on the implementation of new railway projects;
- (e) provision of supporting public infrastructure for new railway projects; and
- (f) co-ordination of public transport services arising from the commissioning of new railway lines.

Railway operation

- (a) performance of existing railway lines including train service performance and safety management;
- (b) maintenance programme; and
- (c) train service disruptions and breakdowns, and arrangements for handling emergency situations.

Matters relating to the two railway corporations in respect of their merger feasibility, corporate governance and fares should be dealt with by the Transport Panel.

**Legislative Council
Panel on Transport**

Subcommittee on Matters Relating to Railways

Membership list for 2004-2005 session

Chairman	Hon Miriam LAU Kin-ye, GBS, JP
Members	Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP Hon LAU Kong-wah, JP Hon Andrew CHENG Kar-foo Hon TAM Yiu-chung, GBS, JP Hon Abraham SHEK Lai-him, JP Hon Tommy CHEUNG Yu-yan, JP Hon Albert CHAN Wai-yip Hon WONG Kwok-hing, MH Hon LEE Wing-tat Hon Jeffrey LAM Kin-fung, SBS, JP Hon Patrick LAU Sau-shing, SBS, JP (Total: 13 members)
Clerk	Mr Andy LAU
Legal Adviser	Miss Connie FUNG
Date	20 October 2004