

立法會  
*Legislative Council*

LC Paper No. CB(1)309/00-01  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/TP/1

**Legislative Council  
Panel on Transport**

**Minutes of Meeting held on  
Friday, 24 November 2000, at 10:45 am  
in Conference Room A of the Legislative Council Building**

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

**Public officers  
attending**

**: Agenda Item IV**

Transport Bureau

Ms Linda LAI  
Deputy Secretary for Transport (2)

Transport Department

Mr Robert FOOTMAN  
Commissioner for Transport

**Agenda Item V**

Transport Bureau

Ms Shirley LAM  
Principal Assistant Secretary for Transport (5)

Ms Doris CHEUNG  
Principal Assistant Secretary for Transport (6)

Transport Department

Mr Robert FOOTMAN  
Commissioner for Transport

Mr Daniel AU  
Assistant Commissioner for Transport

Mr Y M LEE  
Chief Engineer

Highways Department

Mr John CHAI  
Principal Government Engineer/Railway Development

Mr CHAN Wai-cheung  
Deputy Project Manager/Major Works (2)

**Attendance by invitation** : **Agenda Item IV**  
MTR Corporation Limited  
  
Mr Jack SO  
Chairman  
  
Mr Phil GAFFNEY  
Operations Director  
  
Mrs Miranda LEUNG  
Corporate Relations Manager

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

**Staff in attendance** : Ms Alice AU  
Senior Assistant Secretary (1)5

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- IV Improvement to mass transit railway service after privatization**  
(LC Paper No. CB(1)205/00-01(05) - Information paper provided by the MTR Corporation Limited; and  
LC Paper No. CB(1)205/00-01(06) - Submission from the Eastern District Council)

8. At the invitation of the Chairman, Mr Jack SO, the Chairman of the MTR Corporation Limited (Chairman/MTRCL), provided members with an update of mass transit railway (MTR) services and its related business since the MTR Corporation Limited (MTRCL) had been listed on the Hong Kong Stock Exchange on 5 October 2000. Details of which were set out in LC Paper No. CB(1)205/00-01(05).

9. Mr Phil GAFFNEY, the Operations Director of MTRCL (OD/MTRCL) then gave a presentation introducing major refurbishment and improvement projects of MTR stations in the following areas:

- (a) Station improvement programme;
- (b) Platform screen doors (PSDs);

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- (c) Station modification;
- (d) Enhancement of Octopus Ticketing System;
- (e) Improvement to operational systems; and
- (f) Escalators.

*(Post-meeting note: A set of presentation materials tabled at the meeting was subsequently issued to members vide LC Paper No. CB(1)222/00-01.)*

10. Citing MTRCL's rejection to previous requests made by the Tsuen Wan community for improvement works to the Tsuen Wan station in respect of the installation of escalators and noise barriers, Mr Albert CHAN expressed grave dissatisfaction that the interests of residents in the New Territories had been ignored as improvement projects presently proposed were mainly catered for stations in urban areas. In reply, OD/MTRCL clarified that it was absolutely not the case as improvement to operational systems would be made across the whole MTR system. Regarding the Tsuen Wan District Council's request for the provision of an escalator outside Tsuen Wan station to facilitate interchange of passengers from public light buses, green minibuses and franchised buses at street level, he explained that the proposal was considered technically not feasible after careful study. However, the Corporation had now identified an alternative solution to the problem by creating an additional entrance at street level and it was anticipated that related work would be completed by September 2001.

11. Regarding the noise created by MTR operation, OD/MTRCL said that the matter was taken seriously by the Corporation and the level of railway noise was kept under constant monitoring to ensure compliance with legal requirements. Various mitigation measures had also been taken including intensive wheel and track maintenance, as well as the use of damper device and noise barrier. As for areas around the Tsuen Wan station, OD/MTRCL confirmed that the noise level from existing rail operation was about 65dB(A) after 11:00 pm which had not exceeded the statutory noise limit. In supplement, Mrs Miranda LEUNG, the Corporate Relations Manager of MTRCL also assured members that if noise emissions of the railway was in excess of the statutory requirement, every effort would be made to bring that down to the permissible limit.

12. Mr Albert CHAN was unconvinced by the Corporation's explanation as the noise level quoted by OD/MTRCL was only an average value. Much nuisance was in fact caused to nearby residents who were intermittently awakened late at night by railway noise. He thus urged the Corporation to revisit its position on the provision of noise barriers in the area. The Chairman also opined that apart from compliance with statutory noise limits, the plight of local residents caused by excessive noise every night, albeit only for a short period of time, should be taken seriously by the Corporation.

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Fare revision

13. Referring to the historical adjustment of MTR fare which was in line with inflation, Mr LAU Chin-shek asked whether the Corporation would consider a downward fare adjustment in times of deflation and consult public views accordingly under the statutory consultation mechanism. Chairman/MTRCL replied that it was only through conscientious cost control effort that MTR fare could be kept unchanged for the past few years. He further explained that apart from staff costs, other operating costs such as energy, parts and spares imported from other countries would in no way be affected by deflation.

14. Responding to Mr LAU's request for an undertaking to maintain the present fare level for a specific period of time, Chairman/MTRCL advised that when the fare level was reviewed next year, due regard would be given to all relevant factors including general economic situation, public affordability, competition from other public transport providers and shareholders' return. Views as to the acceptability of any proposed fare revision would be collected in accordance with the consultation mechanism. However, he could not make a firm commitment as regards the timeframe of fare review.

Property development

15. Reiterating the Democratic Party's strong opposition to the continued granting of property development rights above new railway stations and depots to MTRCL after its privatization which constituted a case of granting subsidy to a private company, Mr Albert HO was worried that any loss suffered by MTRCL in property development might have to be borne by railway passengers. In response, Chairman/MTRCL assured members that the Corporation would continue to operate within prudent commercial principles in all its undertakings. By adopting a profit-sharing arrangement with property developers, financial risks associated with property developments undertaken by MTRCL would be kept to a minimum. As the land premium and development costs were all borne by the developer, it was unlikely that the Corporation would have to contribute towards a loss-making development scheme. Furthermore, he advised that fare review would be considered separately from the Corporation's business in property development. Mr HO nevertheless took the view that if the business of MTRCL suffered a loss as a whole, its development plan for other extension lines would invariably be affected.

16. Mr Albert HO opined that as the property development rights were not awarded through open tender, the Government was not receiving the full market value of those rights. He also remarked that it would be most important to increase the transparency of the valuation process. He also requested the Administration to provide information on the land premium to be charged by the Government for the three development sites

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Admin. mentioned in paragraph 12 of the paper. In response, the Deputy Secretary for Transport (2) (DS for T(2)) explained that as she did not have the information at hand, she would consult the Lands Department and provide the requested information to members after the meeting. In addition, Chairman/MTRCL stressed that the Corporation had to pay full market value premium for the land to be developed and no revenue was foregone by the Government. Any so-called "discount" on land premium was in fact the value added onto the land by the development of MTR network.

Retrofitting PSDs

17. Responding to Mr TAM Yiu-chung and the Chairman, OD/MTRCL said that the contract for PSDs was awarded through an international tendering exercise to a Swiss company which was by far the most competitive. Out of the five companies pre-qualified, bids were received from three companies and other tenderers included a UK company and a French company with a Japanese joint venture partner. He further advised that the project would have a high local content because alterations to air conditioning and ventilation, as well as the actual installation of the screen doors would be carried out by Hong Kong contractors.

18. Mr CHENG Kar-foo opined that the target completion date of 2006 was too slow and installation progress should be expedited. Moreover, he was dissatisfied that an additional charge of ten cents per passenger trip was levied on users of Octopus ticket to fund the programme cost which was unfair to Octopus ticket users and was indeed a case of indirect fare increase. Mr Albert CHAN remarked that many members of the public were also against this surcharge which was imposed arbitrarily on the passengers.

19. In this connection, the Chairman drew members' attention to the submission provided by the Eastern District Council stating their opposition to the additional charge levied by MTRCL (LC Paper CB(1)205/00-01(06)).

MTRCL 20. In response, Chairman/MTRCL emphasized that the additional charge of ten cents per passenger trip was intended to fund part of the substantial cost involved in retrofitting PSDs which was not covered in the original investment plan of the urban lines of MTR. However, in view of practical considerations, it was not possible to levy an across-the-board surcharge and there was no question of unfair treatment for the Octopus ticket users as Octopus fare was comparatively lower than single fare. In order to facilitate monitoring by members, Mr CHENG Kar-foo requested for information on the project cost of retrofitting PSDs to 30 underground MTR stations and the share of such cost from passenger contribution. Chairman/MTRCL agreed to provide such information to members after the meeting.

21. Mr Andrew WONG opined that from a policy point of view, there might be a case for the Administration to borne the full cost of retrofitting if such work was considered necessary in addition to the Corporation's responsibility for ensuring passenger safety.

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In response, DS for T(2) clarified that while the Administration welcomed MTRCL's decision to proceed with the retrofitting programme, it was not the Administration's policy to request for such work to be undertaken as PSDs were not considered an absolute requirement for safe railway operation.

22. Worrying that other surcharges might be levied by MTRCL in future, Mr CHENG Kar-foo considered that it would be most important to ensure that any adjustment in either train fare or other surcharges contemplated by MTRCL would strictly adhere to the consultation mechanism for fare revision that had been formalized and included into the MTRCL's Operating Agreement (OA) under the Mass Transit Railway Ordinance (Cap. 556).

23. In reply, Chairman/MTRCL assured members that the surcharge for retrofitting PSDs was an exceptional case. MTRCL would be responsible for all refurbishment and improvement projects undertaken as part of its operational and safety requirements and it was not envisaged that any other additional charge would be levied. Mr CHENG Kar-foo and Mr Andrew WONG nevertheless had queries about the exact scope of MTRCL's responsibility. In response, Chairman/MTRCL confirmed that various refurbishment and improvement projects as outlined by OD/MTRCL and connecting facilities between MTR stations and stations of other transport system would be covered. Even the complete overhaul of railway tracks due to an exceptional emergency would come under the responsibility of MTRCL. Responding to Mr Andrew WONG's further enquiry, Chairman/MTRCL explained that as the cost of installing PSDs had been included in the project estimate of new stations, no additional charge would be levied for the purpose.

24. Focusing on the Administration's monitoring role, Mr CHENG Kar-foo sought confirmation from the Administration that surcharges in any form or description that might be imposed by MTRCL would be under the scope of the statutory consultation mechanism. In response, DS for T(2) said that all fare revision decisions made by MTRCL would be closely monitored by TB to ensure compliance with statutory requirements. Funding for works in relation to service provision and safety requirements within the Corporation's responsibility would be considered under the Operating Agreement and extensive consultation with the public, the Panel on Transport and the Transport Advisory Committee was required.

25. Expressing dissatisfaction with the Administration's non-committal reply, both Mr CHENG Kar-foo and Mr Andrew WONG took the view that if the Administration did not have a clear stance in the matter, public interest would not be adequately safeguarded as the Corporation could in fact bypass the required consultation process and increase its fares on the pretext of surcharges for improvement works that were not part of its responsibility. The Administration would have no way to monitor the situation. In response, Chairman/MTRCL assured members that such would not be the case and that no additional surcharges for future improvement works would be levied.

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26. Summing up the discussion, the Chairman said that MTRCL should stand by its statement that the additional charge for retrofitting PSDs was well and truly the only exception and no other surcharges would be levied again.

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Legislative Council Secretariat  
13 December 2000