

立法會
Legislative Council

LC Paper No. CB(1)1099/06-07
(These minutes have been seen
by the Administration)

Ref: CB1/BC/3/05

Bills Committee on Rail Merger Bill

**Minutes of sixteenth meeting on
Tuesday, 6 February 2007, at 8:30 am
in the Chamber of the Legislative Council Building**

Members present : Hon Miriam LAU Kin-yee, GBS, JP (Chairman)
Hon TAM Yiu-chung, GBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Hon LAU Kong-wah, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, BBS, JP
Hon WONG Kwok-hing, MH
Hon LI Kwok-ying, MH, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Ronny TONG Ka-wah, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon TAM Heung-man

Members absent : Hon Albert HO Chun-yan
Hon CHAN Kam-lam, SBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon LEUNG Kwok-hung
Hon CHIM Pui-chung
Hon KWONG Chi-kin

- Public Officers attending** :
- Mr Patrick HO
Deputy Secretary for the Environment, Transport and Works
 - Miss Ida LEE
Principal Assistant Secretary for the Environment,
Transport and Works
 - Mr Kady LO Kin-hung
Chief Inspecting Officer (Railways)
Environment, Transport and Works Bureau
 - Mr Andrew TSANG
Principal Assistant Secretary for Financial Services and the
Treasury (Acting)
 - Mr Sunny CHAN Yuen-sun
Senior Government Counsel
Department of Justice
 - Miss Clara LEUNG
Government Counsel
Department of Justice
 - Mr Albert YUEN Lap-pun
Assistant Commissioner for Transport/Bus & Railway
 - Miss Alice AU YEUNG
Principal Transport Officer (Bus and Railway)
Transport Department
- Attendance by invitation** :
- MTR Corporation Limited
 - Mr Andrew McCUSKER
Operations Director
 - Mr Wilfred LAU
Head of Operations
 - Mrs Miranda LEUNG
General Manager – Corporate Relations
 - Ms Maggie SO
External Affairs & Government Relations Manager

Kowloon-Canton Railway Corporation

Mr Y T LI
Senior Director, Transport

Mr Raymond WONG
Senior Corporate Affairs Manager

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

Staff in attendance : Ms Connie FUNG
Assistant Legal Adviser 3

Mr Anthony CHU
Council Secretary (1)2

Miss Winnie CHENG
Legislative Assistant (1)5

Action

- I Confirmation of minutes and matters arising**
(LC Paper No. CB(1)867/06-07 - Minutes of the meeting held on
19 December 2006)

The minutes of the meeting held on 19 December 2006 were confirmed.

- II Integrated Operating Agreement**
(LC Paper No. CB(1)872/06-07(01) - Information paper on collection of
fares provided by MTR Corporation
Limited
LC Paper No. CB(1)627/06-07(01) - The Administration's response to
issues raised at the meeting on
19 December 2006 on integrated
Operating Agreement
LC Paper No. CB(1)755/06-07(01) - Submission from Dr Hon Fernando
CHEUNG Chiu-hung on the
integrated Operating Agreement
LC Paper No. CB(1)520/06-07(01) - Information paper on the integrated
Operating Agreement provided by the
Administration

Action

LC Paper No. IN03/06-07

- Information note on major changes proposed in the draft integrated Operating Agreement between the MTR Corporation Limited and the Government prepared by Research and Library Services Division of the LegCo Secretariat)

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).
3. The Bills Committee continued to examine the integrated Operating Agreement (IOA) clause by clause.

Clause 4.7 – Collection of Fares

4. In the light of the incident of incorrect deduction of fares at an exit gate of the MTR Kowloon Tong Station in the afternoon of 10 January 2007, the Bills Committee had examined the adequacy of the preventive measures taken by the two railway corporations, and how Government monitored the performance of the railway corporations to ensure the provision of an accurate and reliable fare collection system. MTR Corporation Limited (MTRCL) explained that the Corporation had put in place established procedure and tests to ensure correct deduction of fares. These included daily automatic health checks of the fare collection system and facilities and other maintenance procedures and random checks to ensure that all equipment were in the proper working order. Subsequent to the incident, the Corporation had also provided relevant information to Government and implemented further improvements to its preventive measures.

5. Regarding the operation of Octopus Cards and EPS payment system in Hong Kong, the Bills Committee agreed that as the recent over-deduction incidents touched on a wider policy issue and would be taken up by the Financial Affairs Panel at its meeting on 2 March 2007, the Bills Committee would not deliberate on the related issues.

6. In response to the request of the Bills Committee, the Administration however undertook to consider amending clause 4.7 to require the post-merger corporation (MergeCo) to provide and maintain a reliable ticketing system for the efficient, effective and accurate collection of fares.

7. To facilitate passengers' checking on the accuracy of fare deduction, views had also been expressed that the railway corporations should consider displaying the remaining stored value on an Octopus card when passenger touched the card on an Octopus Fare Deducting Processor at entry gate. MTRCL explained that at present, passengers could use the Octopus Enquiry Processor to check the past 10 recent transactions of an Octopus card at railway stations. In view of members' suggestion, they would further examine the proposal and revert to the Bills Committee.

Action

Needs of persons with disabilities

8. Some members took the view that the ticketing system and related facilities should be designed for maximum accessibility and the convenience of persons with disabilities (PwDs). In this respect, the Bills Committee noted the proposed amendments by Dr Fernando CHEUNG to the IOA as set out in LC Paper No. CB(1)755/06-07(01). The Administration and the two railway corporations were requested to consider the various proposals and revert to the Bills Committee in due course.

Clause 4.9 – Escalators and lifts

9. Some members considered that in order to enhance passengers' safety, there was a need to refine clause 4.9 to ensure that MergeCo should provide and maintain adequate and reliable escalators and lifts for the efficient, effective and safe transportation of passengers within stations. The Administration and the two railway corporations took note of members' suggestion.

10. Some members of the Bills Committee also asked the railway corporations to consider the needs of PwDs and review the provision of lifts near the main entrances of stations and platform.

Clause 4.10

11. Some members of the Bills Committee were concerned that despite the fact that under the Mass Transit Railway Ordinance, the Chief Executive in Council might impose on MTRCL a financial penalty for any failure by the corporation to comply with any provisions in the Ordinance or the operating agreement, the Administration had not exercised its rights in the past to achieve the desired deterrent effect to prevent the railway corporation from breaching any of the Performance Requirements. They took the view that instead of simply requiring the railway corporation to provide an incident report to account for the cause of the incident upon occurrence, the Administration should refine clause 4.10 to reflect its determination to penalize the railway corporation in case of railway incidents and disruptions. To this end, some members suggested that the Administration should consider measures to introduce an objective and effective system, for the purpose of issuing warnings and/or imposing financial penalty on MergeCo for any failure by MergeCo to comply with any Performance Requirement, and set out the circumstances under which information pertaining to the failure by MergeCo to meet any Performance Requirement would be made known to the public.

Follow-up actions

Admin/
MTRCL/
KCRC 12. To address various concerns expressed at the meeting, the Administration and the two railway corporations were requested to provide information on the following

Action

Clause 4.7

- (a) The Administration to consider amending clause 4.7 to the effect that MergeCo should provide and maintain adequate staff and a reliable ticketing system for the efficient, effective and accurate collection of fares;
- (b) The two railway corporations to consider
 - (i) providing bi-directional wide gates at all KCR stations; and
 - (ii) improving the design of ticketing machines to facilitate access and use by persons with different types of disabilities.
- (c) The two railway corporations to consider the proposal to display the remaining stored value on an Octopus card when passenger touched the card on an Octopus Fare Deducting Processor at entry gate, and provide the cost estimate for the related upgrading works;
- (d) In relation to the recent incident of inaccurate fare deduction from Octopus card in MTR Kowloon Tong Station, the Administration to provide information on the records furnished by the two railway corporations regarding the malfunctioning of the ticket gates and how Government would monitor the performance of railway corporations in order to ensure the provision of a reliable and accurate fare collection system;
- (e) The Administration to consider including the requirement on the reliability of MTR fare saver under IOA;
- (f) The two railway corporations to consider introducing new/maintaining existing concessionary monthly ticket schemes;

Clause 4.8

- (g) The Administration to consider amending clause 4.8 to further require that MergeCo should ensure that all smart card handling facilities were at all times accurate;

Clause 4.9

- (h) The Administration to consider amending clause 4.9 to the effect that MergeCo should provide and maintain adequate and reliable escalators and lifts for the safe, efficient and effective transportation of passengers within stations;
- (i) The Administration to consider adding a new clause to the effect that lifts should be provided near the main entrances of station and platform as far as practicable;

Action

- (j) The Administration to consider adding a new clause to the effect that MergeCo should review the provision of lifts annually and to adjust the level of provision having regard to the results of the annual review on the demand for lift services by passengers;
- (k) In relation to accidents on escalators inside railway stations in the past two years, the two railway corporations to provide statistics of those accidents, including the number of injuries and the related claims, and follow-up actions taken by the two railway corporations to reduce escalator accidents;

Clause 4.10

- (l) The Administration to consider introducing an objective and effective system, for the purpose of issuing warnings and/or imposing financial penalty on MergeCo for any repeated failures by MergeCo to comply with any Performance Requirement; and
- (m) In respect of clauses 4.10.1, the Administration to consider setting out the circumstances under which information pertaining to the failure by MergeCo to meet any Performance Requirement would be made public.

III Any other business

13. The Bills Committee agreed to continue examining the IOA clause by clause at the next meeting scheduled for Tuesday, 13 February 2007, from 10:45 am to 12:45 pm.

14. There being no other business, the meeting ended at 10:35 am.

Council Business Division 1
Legislative Council Secretariat
12 March 2007

**Proceedings of the sixteenth meeting of
the Bills Committee on Rail Merger Bill
on Tuesday, 6 February 2007, at 8:30 am
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I – Confirmation of minutes and matters arising</i>			
000000 - 000024	Chairman	Confirmation of minutes of the meeting held on 19 December 2006 (LC Paper No. CB(1)867/06-07)	
<i>Agenda Item II – Integrated Operating Agreement(IOA)</i>			
000025 - 000145	Chairman	Opening remarks	
000146 - 000439	Administration MTR Corporation Limited (MTRCL)	Briefing by the MTRCL (LC Paper No. CB(1)627/06-07(01))	
000440 - 001024	Dr Fernando CHEUNG Mrs Selina CHOW Chairman Ms Emily LAU Mr LAU Kong-wah	- Discussion on the relevancy of the recent incidents in which errors occurred in the use of EPS payment system to add value to the Octopus cards to IOA	
001025 - 001520	Dr Fernando CHEUNG Chairman MTRCL Kowloon-Canton Railway Corporation (KCRC)	- Discussion on clause 4.7 on how passengers could retrieve records on their Octopus cards to verify the accurate deduction of fares - Discussion on the provision of adequate staff and ticketing system to facilitate access and use by persons with different types of disabilities	
001521 - 002033	Mr WONG Kwok-hing Administration MTRCL KCRC	- Discussion on the provision of monthly tickets	
002034 - 002541	Ms LI Fung-ying Chairman MTRCL KCRC	- Discussion on the Administration's responsibility and measures to monitor a reliable ticketing system - Discussion on the assistance offered by the two railway corporations to the travelling public in using the ticketing system	
002542 - 003121	Ms Emily LAU MTRCL	- Discussion on the incident of over-deduction of fares at MTR Kowloon Tong Station and the procedures and tests to ensure correct deduction of fares	

Time marker	Speaker	Subject(s)	Action required
003122 - 003648	Mr Andrew CHENG Administration MTRCL	<ul style="list-style-type: none"> - Discussion on the inadequacy of clause 4.7 to ensure the accurate collection of fares - Discussion on the display of the remaining stored value of Octopus card when passenger touched the card on an Octopus Fare Deducting Processor at entry gate 	
003649 - 004207	Dr Fernando CHEUNG Administration KCRC MTRCL	<ul style="list-style-type: none"> - Discussion on the concrete measures to improve the design of ticketing machines to facilitate access and use by persons with different types of disabilities 	
004208 - 004352	Mr LEE Cheuk-yan MTRCL	<ul style="list-style-type: none"> - Discussion on additional manpower deployment to assist persons with disabilities (PwDs) in using the ticketing system 	
004353 - 010123	Mr Andrew CHENG Ms Emily LAU Dr Fernando CHEUNG Chairman Administration MTRCL KCRC	<ul style="list-style-type: none"> - Discussion on the inadequacy of clause 4.7 to ensure the accurate collection of fares - Discussion on the display of the remaining stored value of an Octopus card when passengers touched the Octopus card on an Octopus Fare Deducting Processor at entry gate - Discussion on the concrete measures to improve the design of ticketing machines to facilitate access and use by PwDs - Discussion on Dr Fernando CHEUNG's proposed amendment to clause 4.7 (LC Paper No. CB(1)755/06-07(01)) 	Administration to take necessary follow-up action
010124 - 011013	Mr Andrew CHENG Administration Chairman	<ul style="list-style-type: none"> - Discussion on how the Administration monitored the performance of railway corporations in order to ensure the provision of a reliable and accurate fare collection system 	Administration to take necessary follow-up action
011014 - 011840	Ms Emily LAU Mr Andrew CHENG MTRCL KCRC	<ul style="list-style-type: none"> - Discussion on the procedures and tests to ensure correct deduction of fares and follow-up actions taken by railway corporations if errors were discovered during the checking of the fare collection system and facilities - Discussion on the display of the remaining stored value of an Octopus 	Administration to take necessary follow-up action

Time marker	Speaker	Subject(s)	Action required
		card when passenger touched the Octopus card on an Octopus Fare Deducting Processor at entry gate	
011841 - 012532	Mr WONG Kwok-hing MTRCL Administration Chairman	- Discussion on the inclusion of a requirement on the reliability of MTR fare saver under the IOA	Administration to take necessary follow-up action
012533 - 012905	Mr Andrew CHENG Administration Ms Emily LAU	- Briefing on clause 4.8 - Discussion on the need for MergeCo to ensure that all ticket, smart card and cash facilities were properly maintained to ensure correct deduction of fares	Administration to take necessary follow-up action
012906 - 014843	Administration Ms Emily LAU Mr LEUNG Yiu-chung Dr Fernando CHEUNG Chairman MTRCL KCRC	- Briefing on clause 4.9 - Discussion on the need for MergeCo to provide escalators and lifts for safe transportation of passengers within stations - Discussion on the measures to ensure the provision and maintenance of adequate and reliable escalators and lifts - Discussion on the guidelines on how to handle accidents on the escalators and lifts within stations - Discussion on Dr Fernando CHEUNG's proposed amendments to clause 4.9 (LC Paper No. CB(1)755/06-07(01)) - Discussion on the provision of lifts for passengers near the main entrances of station and platform, especially wheelchairs users	Administration to take necessary follow-up action
014844 - 020124	Mr LAU Kong-wah Administration Mr WONG Kwok-hing Chairman MTRCL Mr Andrew CHENG	- Discussion on introduction of a penalty point system, or other objective and effective system for the purpose of imposing financial penalty on MergeCo for any failure by MergeCo to comply with any Performance Requirement - Discussion on clause 4.10.1(b) to (d) on whether any information pertaining to MergeCo's failure to meet any Performance Requirement would be made known to the public - Discussion on clause 4.10.2 on review	Administration to take necessary follow-up action

Time marker	Speaker	Subject(s)	Action required
		of performance requirements	
<i>Agenda Item III – Any other business</i>			
020125 - 020136	Chairman	- Date of next meeting	

Council Business Division 1
Legislative Council Secretariat
12 March 2007