

立法會

Legislative Council

LC Paper No. CB(1)452/05-06

(These minutes have been
seen by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Friday, 4 November 2005, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon LAU Kong-wah, JP (Chairman)
Hon Andrew CHENG Kar-foo (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, 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 LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Albert Jinghan CHENG
- Members attending** : Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Dr Hon Fernando CHEUNG Chiu-hung
- Members absent** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Abraham SHEK Lai-him, JP

**Public Officers
attending**

: Agenda item V

Miss Cathy CHU
Deputy Secretary for the Environment, Transport and Works
(Transport) 2

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

Mrs MA LO To-wan, Mary
Commissioner for Rehabilitation

Mr Don HO
Assistant Commissioner for Transport/
Management and Paratransit

Agenda item VI

Miss Cathy CHU
Deputy Secretary for the Environment, Transport and Works
(Transport) 2

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

Mr Martin GLASS
Deputy Secretary for Financial Services and the Treasury

Ms Miranda CHIU
Deputy Secretary for Economic Development and Labour

Mr Don HO
Assistant Commissioner for Transport/
Management and Paratransit

Agenda item VII

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

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

Mr Stephen IP
Assistant Commissioner for Transport/
Administration and Licensing

Mr Honson YUEN
Chief Transport Officer/Driving Services
Transport Department

**Attendance by
invitation** : **Agenda item V**

Kowloon-Canton Railway Corporation

Mr Michael LAI
General Manager – Marketing

Mrs Grace LAM
General Manager – Corporate Affairs

MTR Corporation Limited

Mr Andrew McCUSKER
Acting Operations Director

Mrs Miranda LEUNG
General Manager – Corporate Relations

殘疾人士爭取公共交通半費優惠聯席

Mr CHEUNG Kam-kuen
Director

Ms TO Kuen-kuen
Member

Mr CHAN Kam-yuen
Member

Mr Herman WONG
Sign Interpreter

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

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

Miss Winnie CHENG
Legislative Assistant (1)5

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)102/05-06 - Minutes of the meeting held on 21 October 2005)

The minutes of the meeting held on 21 October 2005 were confirmed.

II Information papers issued since the meeting on 22 July 2005

- (LC Paper No. CB(1)2152/04-05(01) - Information paper on "Western Harbour Crossing Tolls" provided by the Administration
- LC Paper No. CB(1)2152/04-05(02) - Press release dated 28 July 2005 issued by the Western Harbour Tunnel Company Limited
- LC Paper No. CB(1)2156/04-05 - Financial information on Western Harbour Crossing provided by the Administration
- LC Paper No. CB(1)2182/04-05(01) - Submission from the Chartered Institute of Logistics & Transport regarding road safety measures on red light jumping
- LC Paper No. CB(1)2213/04-05(01) - Information paper on "Progress update on the Intelligent Transport System" provided by the Administration
- LC Paper No. CB(1)2322/04-05(01) - Referral from Legislative Council Members' meeting-cum-luncheon with Central & Western District Council on 12 May 2005 regarding Centre Street pedestrian escalator/elevator link
- LC Paper No. CB(1)2323/04-05(01) - Referral from Legislative Council Members' meeting-cum-luncheon with Tsuen Wan District Council on 6 January 2005 regarding operation

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- of taxis at Ma Wan
- LC Paper No. CB(1)2324/04-05(01) - Referral from Legislative Council Members' meeting-cum-luncheon with Central & Western District Council on 12 May 2005 regarding Mass Transit Railway West Island Line and South Island Line
- LC Paper No. CB(1)2325/04-05(01) - Referral from Legislative Council Members' meeting-cum-luncheon with Eastern District Council on 9 June 2005 regarding toll increase of Eastern Harbour Crossing
- LC Paper No. CB(1)2388/04-05(01) - Information paper on "Asia World-Expo Station" provided by the Administration
- LC Paper No. CB(1)63/05-06(01) - Submission from 的士、小巴權益關注大聯盟 on public light bus policy
- LC Paper No. CB(1)112/05-06(01) - Information paper on "Report on Parking Demand and Supply and Progress of Improvement Measures" provided by the Administration
- LC Paper No. CB(1)152/05-06(01) - Information paper on "Progress Report of Speed Limit Review 2004/05" provided by the Administration
- LC Paper No. CB(1)202/05-06(01) - Information paper on "Special traffic and transport arrangements during the Sixth Ministerial Conference of the World Trade Organization" provided by the Administration
- LC Paper No. CB(1)207/05-06(01) - Letter from Secretary for the Environment, Transport and Works, attaching a copy of the Net Revenue Statement for 2004/05 submitted by the Western Harbour Tunnel Company Limited
- LC Paper No. CB(1)207/05-06(02) - Letter from Secretary for the Environment, Transport and Works, attaching a copy of the Net Revenue Statement for 2004/05 submitted by the Route 3 (Country Park Section) Company Limited

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

III Items for discussion at the next meeting scheduled for 25 November 2005

- (LC Paper No. CB(1)180/05-06(01) - List of outstanding items for discussion
- LC Paper No. CB(1)180/05-06(02) - List of follow-up actions
- LC Paper No. CB(1)68/05-06(01) - A letter dated 13 October 2005 from Hon CHEUNG Hok-ming requesting that the Panel discuss provision of bus fare concessions for senior citizens on Sundays and public holidays)

3. Members noted that the Administration proposed to discuss the “Review of the basis for considering bus fare adjustments” at the next meeting scheduled for 25 November 2005. Mr CHENG Kar-foo said that he understood that the subject would be considered by the Executive Council very soon. The Administration should brief the Panel on the subject before it briefed the media on the matter or release information to them, and in fact, this was in line with the relevant arrangement agreed between the Legislative Council and the Administration. After discussion, members agreed that in the case that the Administration was ready to brief members on the matter prior to the meeting on 25 November 2005, special arrangements would be made for the Panel to receive the Administration’s briefing. The Chairman requested the Clerk to advise the Administration accordingly.

4. Members also agreed to discuss the “Special traffic and transport arrangements during the Sixth Ministerial Conference of the World Trade Organization” at the next regular Panel meeting.

IV Duty visit to Mainland

5. The Chairman said that it had been agreed at the previous legislative session that the Panel would conduct a duty visit to the Mainland to observe the latest development in cross-boundary transport infrastructure. The Legislative Council Secretariat was liaising with the relevant authorities in the Mainland and the Administration to work out the arrangements for such visits.

6. The Chairman further said that apart from Pearl River Delta, it might also be worthwhile to visit Shanghai to learn their experience on transport infrastructure planning and operation. He then consulted members on the timing of the duty visit and suggested that the visit be conducted either around 2-5 January or 10-13 April 2006. Ms Miriam LAU indicated that she would not be able to attend the visit if it was conducted in early January 2006. As other members did not indicate preference for any particular timing, the Chairman said that the timing of the visit would be decided after consultation

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with the Mainland side. He requested members to forward any suggestions they might have about the visit to the Panel Clerk for appropriate arrangements.

V Concessionary public transport fares for persons with disabilities

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| (LC Paper No. CB(1)180/05-06(03) | - Information paper provided by the Administration |
| LC Paper No. CB(1)2076/04-05(01) | - Information paper provided by the Administration |
| LC Paper No. CB(1)2169/04-05(01) | - Supplementary information on disability allowance provided by the Administration |
| LC Paper No. CB(1)2307/04-05 | - Minutes of meeting) |

Presentation by deputations

7. At the invitation of the Chairman, Mr CHEUNG Kam-kuen gave an oral presentation on the written submission from 殘疾人士爭取公共交通半費優惠聯席 (聯席) on the granting of half-fare concession to persons with disabilities (PwDs) by public transport (PT) operators. The submission was subsequently issued vide LC Paper No. CB(1)205/05-06(01).

8. Mr CHAN Kam-yuen said that he was deeply disappointed at the lack of proactive action taken by the Government in pursuing the matter with PT operators. He said that 聯席 had been championing hard in the past few years for a fare concession for PwDs, which was unanimously supported by Members of the Legislative Council (LegCo) as evidenced by the passing of a number of motions in LegCo urging the Government and the PT operators to implement the fare concession to enhance the integration of PwDs into the community. There was also vast support from the community at large, as reflected in the collection of more than 33 000 signatories from members of the public in a campaign conducted by 聯席 in October 2005. Yet, it was regrettable that the Government and the PT operators had failed to give effect to the motions passed by the Council.

9. Referring to the Administration's response provided in its papers that steps had been taken by PT operators to improve PwDs' access to PT services, Mr CHAN Kam-yuen said that they were general improvement measures which could hardly benefit the PwDs as substantially as a half fare concession. The Administration had also referred to the financial assistance provided to PwDs in the form of Disability Allowance (DA). However, DA was meant to assist PwDs in meeting special daily needs arising from disability and was by no means intended to cover transport expenses. Mr CHAN considered that all in all, the Administration had not provided any convincing reasons for the failure to take forward the proposal on fare concession for PwDs.

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10. Mr CHAN Kam-yuen further opined that the Government being the majority shareholder of the Mass Transit Railway Corporation Limited (MTRCL) and sole owner of the Kowloon-Canton Railway Corporation (KCRC), it had the responsibility for motivating the companies to take all possible measures to assist PwDs in using PT services. Albeit operating on commercial principles, large public corporations had the social responsibility to care for the interest of the community, in particular the interest of the underprivileged. The Government should therefore press the PT operators to offer half-fare concession to PwDs to promote their access to PT services hence enhancing their integration into the society. Mr CHAN expressed the view that the Administration should set up a dedicated cross-departmental committee to engage in direct discussion with the PT operators, the PwDs and the concerned groups in the disabled community.

The Administration's position

11. At the invitation of the Chairman, Deputy Secretary for the Environment, Transport and Works (Transport) 2 (DS/T2) briefed members on the paper provided by the Administration which provide an update on the Administration's position on issues relating to provision of PT fare concession to PwDs (LC Paper No. CB(1)180/05-06(03)).

Discussion

12. Referring to the Administration's response that the PT operators had undertaken to support the integration of PwDs into the society and taken enhancement programmes to improve accessibility of their facilities, Mr LEE Wing-tat said that measures to reduce barriers to PT services were not sufficient to satisfy the PwDs' transport need. Mr LEE also referred to the explanation given by the Administration that legal advice had indicated that selective provision of fare concession to certain groups of PwDs might contravene the Disability Discrimination Ordinance (DDO). He said that if a genuine legal problem really existed, the Administration should consider ways to address the problem by means of legislative amendments. In his view, the problem was not insurmountable since in practice, concessionary PT fare for PwDs was well in place in many developed overseas jurisdictions. Mr LEE quoted the saying "where there is a will, there is a way" and remarked that provided that the Administration and the PT operators had faith and determination in addressing the concerns of PwDs, there would be means to achieve the objective.

13. Mr LEE Wing-tat further pointed out that the Chief Executive (CE) had pledged to improve the relationship between the Executive Authorities and the Legislative Council. He said that to improve the relationship, the Administration should give full regard to the views of LegCo Members on matters of public interest, and take proactive actions to address the issues. The granting of concessionary fare to enable PwDs to make better use of PT facilities had the support of all LegCo Members. Mr LEE considered that if the Administration continued to ignore the request, LegCo Members should issue a joint protest to CE in writing.

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14. DS/T2 said that the Administration had taken the demand of PwDs and the views of LegCo Members seriously and had maintained dialogue with PT operators to encourage them to consider providing fare concessions to PwDs. Individual operators however had expressed concern about the financial implications of offering fare concessions and the practical difficulties in avoiding abuse. Taking into account the large number of potential beneficiaries of fare concessions and rising operating cost of PT services, the operators had stated that they had difficulties in providing fare concessions to PwDs. On the other hand, as PT services were provided by private entities under the spirit of free enterprise and both the MTRCL and KCRC were required to operate according to prudent commercial principles, it was not appropriate for the Government to direct the PT operators to make any commercial decisions, including the provision of fare concessions or otherwise.

15. DS/T2 further advised that having regard to the concern of PT operators, the Administration had sought advice from the Department of Justice (DOJ) and the Equal Opportunities Commission (EOC) on the legal implications of selective provision of fare concession to certain groups of PwDs, such as people who were recipients of DA. According to legal advice, if fare concession was provided to some PwDs but not others, irrespective of whether the differentiation was made on the basis of the types of disability or whether the PwD was a DA recipient, it was necessary to establish that the beneficiaries of the fare concession had special needs which the other PwDs did not have, and that the fare concession could address such special needs. Otherwise, selective provision of fare concession might contravene the DDO. The Administration also noted that PwDs did not support selective provision of any fare concession to certain groups of PwDs only.

16. Mr Andrew CHENG said that discussions on merger of MTRCL and KCRC and negotiations on renewal of agreements with franchised bus companies were in progress between the Administration and the PT service providers. He considered that the Administration had sufficient bargaining power in hand and urged the Administration to include the provision of concessionary fare to PwDs as a condition in the agreements to be concluded.

17. DS/T2 advised that level of fare was an important issue for consideration in the Government's negotiations with PT operators. For example, the introduction of a more objective fare adjustment arrangement under which fares could go upward or downward was being critically examined with franchised bus companies. She stressed that the paramount concern of the Government was that the PT operators would be providing efficient and reliable services to the public at reasonable prices, having regard to the costs of the services and the prevailing economic conditions. In her view, it would not be appropriate to impose a rigid condition relating to provision of concessionary fare in the agreements.

18. Ms Miriam LAU said that the issue of concessionary fare for PwDs had been discussed at length in LegCo in the past few years and there were no disputes among Members about the need to provide better support to PwDs in utilizing PT services to

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facilitate their participation in social activities. She expressed the view that while the discussion had been focusing on urging the PT operators to offer concessionary fare to PwDs, the issue should also be approached from a wider perspective straddling different policy areas including transport and welfare. She pointed out that while PwDs in many overseas countries enjoyed fare concessions, the situation was different in that unlike Hong Kong where PT services were operated on an entirely commercial basis, most PT services in those overseas places were provided or heavily subsidized by the government. Hence, in finding a satisfactory solution specific to the situation in Hong Kong, the relevant bureaux should first conduct a comprehensive review to examine whether, and if so how, appropriate changes to the relevant policies should be introduced.

19. Ms Miriam LAU further opined that it was equally important to provide a barrier-free environment to PwDs in using PT services. She said that she had the experience of visiting New York where wheelchair bound people were entitled to use the subway system free of charge, many of them in practice could not make their way to the subway platform because of the poor lift facilities and other supporting services. She considered that PT operators should continue to improve accessibility of PwDs to their services.

20. Commissioner for Rehabilitation (C for R) responded that the Administration would continue to work in close collaboration with the PT operators to reduce barriers to PwDs in using the services.

21. Mr Andrew McCUSKER said that MTRCL sympathized with PwDs and considered that it was a prime responsibility of the company to make continuous efforts to provide improved facilities to enable PwDs to use the services so as to enable them to better integrate into the society. He advised that the company had spent \$400 million on improving access facilities and had plans to spend another \$100 million on that. Referring to the point made by Ms Miriam LAU about the subway in New York, he said that research undertaken by MTRCL indicated that less than 10% of the subway facilities could be used by PwDs.

22. Echoing the view of Mr Andrew McCUSKER, Mrs Grace LAM said that the KCRC had spent about \$235 million in improving access facilities for the use of KCRC service by PwDs.

23. Mr LEE Cheuk-yan regretted that no headway had been made despite substantial discussions on the subject and the full support of LegCo Members. He pointed out when the proposal was first raised a few years ago the Secretary for Environment, Transport and Works had indicated that the Administration would take proactive actions to implement the fare concession. The lack of progress today reflected a regressive stance of the Administration which was disappointing to all. He pointed out that currently, some ferry operators already provided fare concessions to holders of the Registration Card for People with Disabilities issued by the Health, Welfare and Food Bureau (HWFB). Mr LEE enquired about the financial implications on MTRCL and

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KCRC if the same practice was adopted, and how much the two railway corporations and the Government would be prepared to shoulder the cost.

24. DS/T2 considered that it was difficult to compare the financial implications on the two railway corporations with that of ferry service operators in view of the vast difference in the scale of the services provided. She explained that the DDO stipulated that discrimination against a person on grounds of his/her disability in respect of the provision of goods, services and facilities, amongst others, was unlawful. "Disability" was defined in DDO and had a broad and general interpretation. Given the prohibition specified in DDO, it was necessary to take into consideration the possible legal implications of granting concessionary fares to certain groups of PwDs only.

25. Both Mrs Grace LAM and Mr Andrew McCUSKER said that given the wide scope of the definition of disability under DDO and the practical difficulty to identify people with different types of disabilities, it was difficult to accurately assess the number of PwDs using the services of the two railway corporations.

26. Mr LAU Chin-shek considered that the Government had an important role to play in the matter and should not shirk responsibility by simply holding on to the arguments of business decision and prudent commercial principles. In his view, as the Government was the sole owner of KCRC and the major shareholder of MTRCL, the responsibility was on the Government to urge the operators to provide fare concession for PwDs. The Government itself should also subsidize the fare concession. He asked whether the Government had explained its stance and made any commitment at the Board meetings of MTRCL and KCRC.

27. Ms LI Fung-ying pointed out that recent discussions in LegCo on welfare policy and measures to combat poverty had touched on the social responsibility of big enterprises in helping the poor and the underprivileged. She considered that the Government should take the lead in promoting this social responsibility and urge MTRCL and KCRC to accede to provide fare concession for PwDs.

28. In response, DS/T2 said that the Administration had repeatedly relayed the request of the disabled sector and LegCo for fare concession for PwDs to the PT operators and urged them to consider the request seriously in the light of the concerns raised and the Government's transport and welfare policies. The concern of the two railway corporations was that the granting of concessionary fares to a large number of potential beneficiaries could lead to huge income loss. Regarding the stance of the Administration, DS/T2 said that the Administration considered that it was important that the companies should operate according to prudent commercial principle to enable them to provide efficient PT services at reasonable prices and at the same time maintain competitiveness. She added that MTRCL was a listed company and the interest of minority shareholders had to be taken into account. As regards whether the Government should subsidize the granting of concessionary fare, DS/T2 said that it was in the interest of the community that public money should not be used for subsidizing the operation of PT service providers.

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29. Mr LEUNG Kwok-hung criticized the Administration for ignoring the interest of PwDs and their family members, which would undermine the image of Hong Kong. He also criticized the Administration for misleading the public when it referred to the need to protect the interest of the shareholders of the PT operators and the interest of the community at large. Mr LEUNG said that public at large was sympathetic to PwDs and was in full support of granting fare concession for PwDs. He further said that if the financial position of the two railway corporations had any determinant bearing on the granting of fare concession, the Government, being the largest shareholder of MTRCL and owner of KCRC, should be seriously taken to task for failing to effectively monitor the operation and investment decisions of the companies, which had resulted in tremendous income loss.

30. Mr CHEUNG Hok-ming informed members that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) was in support of providing half fare concession for PwDs, and had recommended to the Financial Secretary in its submission on the 2004 Budget that the Government and the PT operator should each subsidize 25% of the fare. Based on DAB's estimation, the financial implication of the subsidy to the Government would be in the region of \$400 million. He sought the Administration's stance on the DAB's recommendation. DS/T2 replied that the Administration had noted DAB's views and would provide a response after it had studied the proposal in detail.

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31. Referring to the last paragraph of the Administration's paper (LC Paper No. CB(1)180/05-06(03)), which stated that HWFB would continue to provide financial assistance to address the transport needs of PwDs, Ms LI Fung-ying asked what steps would be taken by the Administration. C for R replied that the Administration had explained in its papers provided to the Panel that the Government currently provided financial assistance to address the PwDs' special needs through the provision of DA, which included Normal Disability Allowance and Higher Disability Allowance. The allowance could be used for meeting transport expenses. Under the Comprehensive Social Security Assistance (CSSA) Scheme, special grants were payable to disabled persons. These special grants included transport to and from hospitals, clinics, workplace and school. She added that matters relating to review of the DA and CSSA would be further discussed at the meeting of the Panel on Welfare Services on 14 November 2005.

32. Dr Fernando CHEUNG said that it was shameful for the Administration to have used the DDO to suppress the call for fare concession for PwDs, which the disabled sector and LegCo had been pursuing for years. He criticised that this reflected the Government's total disregard of the needs of PwDs for services and facilities to assist them in full participation in social life. He pointed out that in almost all advanced countries, concessionary fares for using PT services were provided to PwDs. In some of them, fare concessions were provided even to people accompanying the PwDs. He further said that in the Mainland, Shenzhen for example, PwDs could take free rides on the metro. Dr CHEUNG considered that it was ridiculous to say that Hong Kong could not do the same. Mr LEUNG Yiu-chung also pointed out that in the United States,

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concessionary fares for PwDs were statutorily provided under the legislation and transport operators could be sued for non-compliance.

33. C for R replied that the DDO provided a broad definition of “Disability”. She reiterated that according to legal advice, selective provision of fare concession to certain groups of PwDs might be in breach of the DDO. In this connection, she advised that section 50 of DDO provided exception. For application of this exception clause, the Administration would need to be able to show that the targeted groups of PwDs have ‘special needs’ and that the provision of concessionary fares to them goes to meeting such needs.

34. Mr LEUNG Yiu-chung expressed regret at the Administration’s failure to find a satisfactory solution to give effect to the PwDs’ request. He criticized the Government for just paying lip-service, creating a false hope to the PwDs and LegCo by starting off with a positive attitude but retreating its position years later with unfounded arguments. He said that while the Administration had highlighted the consequences of a fare concession, including the financial implications on the operators and the legal implications of DDO, the Administration had failed to justify its concern with sufficient data and evidence. Mr LEUNG added that the provisions in section 50 of DDO provided precisely the justification for the granting of concessionary fare for PwDs.

35. Referring to the statistics on population of people with disabilities at Annex A of the Administration’s paper previously submitted in July 2005 (LC Paper No. CB(1)2076/04-05(01)), Dr Fernando CHEUNG asked how the figure of 215 700 of people aged 15-64 were arrived at.

36. C for R explained that according to the Special Topics Report No. 28 on “Persons with disabilities and chronic disease” published by the Census and Statistics Department in August 2001, the total number of PwDs was about 269 500 (excluding the mentally handicapped), and 880 000 patients with chronic illness. However, not all patients with chronic illness were disabled. According to C&S Dept, patients with limitation on locomotory function or restriction in one or more aspects of daily living activity arising from the chronic illness had been counted in the respective disability types (ie within the 269 500). For the figure of 269 500, after discounting elderly (age 65 and above) and children (of 11 and below), the number of PwDs was about 140 000. Adding the number of mentally handicapped which was estimated to be ranging from 62 000 to 87 000 according to the Report, there were about 220 000 PwDs for concessionary fare.

37. Mr CHEUNG Kam-kuen remarked that the Administration was exaggerating the financial impact of the potential beneficiaries on PT operators if fare concessions for PwDs were introduced. He said that it was unlikely that all the potential beneficiaries would set out immediately to use the PT services in daily activities. Mr CHEUNG also rebutted the Administration’s statement that PwDs in receipt of DA could use the allowance for transport expenses. He said that DA was a hardship allowance specifically for assisting severely disabled persons in meeting subsistence needs, and was by no means intended for use as a travelling allowance.

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38. Echoing the remark made by Dr Fernando CHEUNG, Mr WONG Kwok-hing said that it was despicable that the Administration had invoked DDO in its argument for not pursuing the proposal of fare concession for PwDs. He said that the failure of the Government to look after PwDs' well being would seriously undermine public confidence in the CE's pledge in his 2005-06 Policy Address for strong governance for the people. He added that the view that the provision of fare concession for particular groups of PwDs might breach the DDO should not be taken as the conclusion that put an end to the matter. Conversely, the Administration should make further efforts in finding a solution to address the PwDs' demand without contravening the DDO. Mr WONG asked the Administration to provide details on how PT operators in other jurisdictions had been able to provide concessionary fares to certain groups of PwDs without contravening the relevant anti-discrimination law of the jurisdictions. The Chairman also remarked that the Administration should seriously re-examine the proposal of a concessionary fare in the light of the Government's transport and welfare policy objectives. C for R responded that the Administration would provide information on overseas practices in the offer of concessionary fare to persons with disabilities to the Panel in two to three weeks' time.

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39. Mr LEUNG Yiu-chung expressed the view that what the Government and the PT operators had done was far from adequate in meeting the demand of PwDs and LegCo Members. He said that while he was not a member of the Panel on Transport, he would suggest that the Panel set up a subcommittee to follow up the matter. Mr LAU Chin-shek considered that Mr LEUNG Yiu-chung should put his proposal for the consideration of the House Committee, as the subject involved issues straddling across two or more Panels.

VI Impact of changes in oil prices on public transport services

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| (LC Paper No. CB(1)180/05-06(04) | - Information paper provided by the Environment, Transport and Works Bureau |
| LC Paper No. CB(1)180/05-06(05) | - Information paper provided by the Economic Development and Labour Bureau |
| LC Paper No. CB(1)180/05-06(06) | - Information paper provided by the Financial Services and the Treasury Bureau |
| LC Paper No. CB(1)180/05-06(07) | - Summary of views prepared by the Secretariat |
| LC Paper No. CB(1)2272/04-05(08) | - Information paper provided by the Administration |
| LC Paper No. CB(1)2392/04-05 | - Minutes of meeting) |

40. Mr WONG Kwok-hing commented that extension of the concessionary period for the duty on ultra low sulphur diesel (ULSD) for another year alone was not

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adequate to ease the hardship caused by the high cost of ULSD to the transport industry. Citing that the Administration was willing to accept the loss of \$1.5 billion annual revenue with the abolition of the estate duty, he questioned why the Administration refused to abolish the ULSD duty to directly benefit the transport industry and the commuting public, given that the ULSD duty only generated \$700 million annual revenue.

41. The Deputy Secretary for Financial Services and the Treasury said that having considered the pressure faced by the transport industry, the overall economic conditions of Hong Kong and the Government's fiscal situation, the Financial Secretary had decided to propose a further extension of the concessionary period for ULSD duty at \$1.11 per litre for another year up to 31 December 2006. Since the ULSD duty was an important and stable source of recurrent revenue for the Government, the Administration considered it not appropriate to further reduce or abolish the duty. The abolition of estate duty was to facilitate the development of Hong Kong as an asset management centre and help ease any cash flow problems that heirs to an estate might face. It would encourage trading in Hong Kong's financial market, thereby contributing additional revenue from stamp duty and other taxes. However, no significant economic benefits would be gained from further reduction or abolition of ULSD duty.

42. Mr TAM Yiu-chung said that oil prices were volatile and indeed had increased substantially in the past year or so. LegCo Members in general sympathized with the difficulty faced by the transport industry due to high oil prices. He enquired whether public transport operators had the practice of hedging against oil price increase and whether the Administration had had any discussion with the operators on this aspect.

43. DS/T2 said that public transport operators needed to take into consideration their scale and mode of operation to decide whether they should hedge against oil price increase. Such hedging was usually made when oil prices were at a low level. In the situation where oil prices continued to fall, such hedging would adversely affect the financial position of the companies. The Administration's understanding was that not many public transport operators engaged in such hedging activities at present, but some of them were actively considering the option.

44. Mr TAM opined that whilst hedging might result in reduction in profits if oil prices continued to fall, but it was an effective way of mitigating the impact of rising oil prices on the operating costs of public transport operators. He requested the Administration to further discuss with the operators on this aspect.

45. Ms Miriam LAU appealed to members for their support for her motion on "Reducing and remitting the duty on ultra low sulphur diesel" to be moved at the Council meeting on 16 November 2005. She said that the motion was to urge the Government to, inter alia, actively consider reducing and remitting the ULSD duty for one year until the end of 2006, by which time the situation should be reviewed. She highlighted that the retail price of ULSD was \$6.07 per litre in early 2004 and the price had increased to \$8.16 per litre at present, an increase of over 30%. This had hard hit

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those transport trades using ULSD. Further reducing and remitting the ULSD duty was the most direct way to tide them over.

46. Referring to the measures to help reducing the operating cost and opening up more business opportunities for public light buses (PLBs) set out in the Administration's information paper, Ms Miriam LAU commented that more vigorous measures were needed to assist the PLB trade. For example, more prohibited zones and non-stopping restrictions for PLBs should be relaxed and red mini-buses (RMBs) should be allowed to operate at public housing estates.

47. The Assistant Commissioner for Transport/Management and Paratransit (AC for T) said that in the course of considering the applications of green mini-bus (GMB) operators for fare increase, the Administration would discuss with the operators on the possible measures to reduce their operating costs and open up new business opportunities, such as adjustment to service schedules and re-routing etc. RMBs were not subject to TD's regulation of fares and services. As regards the suggestion of allowing RMBs to serve housing estates outside their existing operation area, he advised that the request could not be acceded to as this was not concordant with the current transport policy. The policy was to accord priority to GMBs as provider of feeder and supplementary services when planning for the public transport provision of new developments. The Administration had all along encouraged RMB operators to convert their RMBs to GMBs if they wished to provide such services.

48. Mr LAU Chin-shek said that he in principle supported Ms Miriam LAU's motion. He highlighted that residents of outlying islands had little choice other than ferry services to commute. He was concerned that despite the measures set out in the Administration's paper to assist ferry operators in reducing their operating costs and increasing non-fare box revenue, ferry operators still need to increase fares due to persistently high fuel cost. He asked if the Administration had any further plan to obviate fare increase of outlying island ferry services.

49. DS/T2 and AC for T responded that New World First Ferry Services Limited had applied for fare increase. The Administration would consider the application very carefully and would try to strike a proper balance among various relevant considerations including public affordability and the business conditions faced by the operator. DS/T2 stressed that the various measures set out in the Administration's paper were effective in alleviating the pressure on ferry operators to increase fares.

50. Ms LI Fung-ying said that the transport trades had the impression that the adjustments of local oil product prices were always quick in going up but slow in coming down. Noting that the Administration had undertaken to conduct a comprehensive review of the competition situation in the auto-fuel market in Hong Kong in late 2004, she asked why the relevant consultancy study only commenced in July 2005. She also asked how the Administration would follow up the findings of the study.

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51. The Deputy Secretary for Economic Development and Labour advised that the Competition Policy Advisory Group decided in December 2004 to commission an independent consultant to assess the competition situation in the auto-fuel retail market in Hong Kong. In January 2005, the Administration invited expression of interest to conduct the study from about 100 local and overseas consultancy firms. A selection exercise was conducted in accordance with Government procurement procedures and Arculli and Associates, with its consulting team comprising legal experts and economists, was commissioned in July 2005 to carry out the study. The study was expected to be completed in end 2005. The Administration would report the findings of the study to the Panel on Economic Services. The Chairman said that the Panel on Transport was also interested in the findings of the study.

52. Ms Miriam LAU also expressed dissatisfaction with the tardiness of the Administration in taking forward the review of the auto-fuel market in Hong Kong. She recalled that in November 2004, LegCo passed a motion on “Reducing the duty on ultra low sulphur diesel” moved by herself and amended by Mr Ronny TONG. Under the motion, the Government was urged to expeditiously review the current rate of duty on ULSD with a view to easing the hardship caused by the high cost of ULSD to the affected industries. It was however disappointing that so far, the Administration had not responded positively to the motion. She reiterated that due to persistently high fuel prices, the transport trades were operating under immense pressure, and there was an urgent need for the Government to provide urgent financial relief for them.

VII Private Driving Instructor’s Licences

- (LC Paper No. CB(1)1829/04-05(01) - Information paper on "Private Driving Instructor's Licences" provided by the Administration
- LC Paper No. CB(1)34/05-06(01) - Submission from Quality Driver Training Centre Limited
- LC Paper No. CB(1)111/05-06(02) - A joint submission from香港汽車駕駛教師聯會、九龍汽車駕駛教師公會、汽車駕駛教授商會 and汽車交通運輸業總公會駕駛教師分會 dated 12 September 2005
- LC Paper No. CB(1)111/05-06(01) - A memo from the Complaints Division regarding the meeting between Duty Roster Members and other invited Members with the 駕駛教師權益關注組 on 15 July 2005
- LC Paper No. CB(1)219/05-06(01) - Submission from a group of ex-Hong Kong School of Motoring Driving Instructors

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LC Paper No. CB(1)182/05-06 - Background brief on private driving instructor's licences prepared by the Secretariat)

53. Mr WONG Kwok-hing referred to the submission from a group of ex-Hong Kong School of Motoring Driving Instructors (LC Paper No. CB(1)219/05-06(01)) and pointed out that as the Administration had decided not to issue any new Private Driving Instructor's (PDI) licences until the next review, the group of ex-driving school instructors would lose their professional qualification when their current restricted driving instructor licences expired in March 2006. As these driving instructors were very experienced, the Administration should provide a channel for them to continue their job as driving instructors. So doing would also offer more choices for driver learners. Mr WONG also noted from the above submission that some 600 driving instructors had not been consulted on the proposal put up by the Administration in 2000 for a new mechanism for issuing new PDI licences. He sought the Administration's explanation in this regard.

54. The Deputy Secretary for the Environment, Transport and Works (Transport) 3 (DS/T3) explained that the decision not to issue any new PDI licences was made after a recent review. The review had been conducted in accordance with the mechanism agreed with this Panel and the trade in 1999/2000. Legislative amendments had been enacted in 2000/01 to effect the new arrangements. According to the agreed arrangements, the Commissioner for Transport (C for T) would conduct a review on the number of PDI licences biennially to determine if there was a need to issue new PDI licences having regard to the factors set out in the Road Traffic (Driving Licences) Regulations (Cap. 374B) (the Regulations). As regards consultation, DS/T3 advised that when the review on the mechanism for issuing new PDI licences was conducted in 1999/2000, the Administration had consulted the 14 relevant organisations in the trade. The package of proposals submitted thereafter was supported by LegCo.

55. As to why the Administration had not consulted the trade on the outcome of the recent review, DS/T3 explained that the recent review did not involve any policy changes and it had been conducted according to the relevant legislative provisions and agreed mechanism established in 2000. It was not necessary nor practicable for the Administration to conduct a new round of consultation for each review on the number of PDI licences.

56. Noting that over the past four years, the decrease in the demand for driver training was larger than that in the number of valid PDI licences, Ms Miriam LAU said that existing PDIs were already operating under very difficult conditions, as indicated in the submissions from some existing PDIs to the Panel. Thus, issuing new PDI licences would probably add to the hardship of existing PDIs. She however pointed out that the reduction in the number of learner drivers over the past few years was probably attributed to the previous period of economic downturn. As the economy was under recovery, the demand for driver training might increase significantly in the coming year

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or so. She urged the Administration to closely monitor the situation and respond timely with appropriate measures.

57. Ms Miriam LAU further said that some heavy vehicle PDIs had repeatedly reflected their view to the Administration that they should be allowed to give instructions in respect of light vehicles. She opined that the existing grouping of PDI licences was too rigid and that allowing greater flexibility would be beneficial to both PDIs and learner drivers.

58. DS/T3 said that in the comprehensive review conducted in 1999/2000, the then seven types of PDI licences were re-organized into three groups for the purpose of defining the types of vehicles in respect of which a PDI licence holder might give instructions. The grouping was agreed by LegCo. Changing the grouping or allowing greater flexibility with regard to the types of vehicles in respect of which PDIs could give instructions would involve a policy change, and would have different impacts on different groups of PDIs.

59. Mr TAM Yiu-chung said that the Administration should be sensitive to the circumstances of those ex-driving school instructors and those who wished to join the trade and should explore ways to address their needs. He asked whether the Administration had analyzed the trend of reducing demand for driver training over the past four years and whether any measures would be taken to encourage more people to learn driving.

60. DS/T3 responded that the demand for driver training in fact had fluctuated over the past four years, but compared to the situation in 1999, the demand in 2004 had reduced. The reduction in demand might be attributed to a number of reasons and the Administration had not made specific analysis in this regard. Under the existing mechanism, in conducting the biennial review, C for T was required to take into account the market demand for and supply of driver training to determine if there was a need to issue new PDI licences.

61. Ms LI Fung-ying said that with the anticipated rapid growth of cross-boundary traffic in the near future, the demand for professional drivers might increase significantly in the near future. Moreover, the newly implemented Mainland regulation prohibiting a person aged 60 or above from driving commercial vehicles and the relaxation of the "1-truck-1-driver" rule to "1-truck-2-drivers" would also give rise to an increase in demand for professional drivers. She asked whether the Administration had made any assessment on the demand for driver training having regard to the above and other relevant changes and then review the existing mechanism for issuing PDI licences accordingly.

62. DS/T3 responded that changes in the demand for driving training had already been catered for under the existing mechanism in determining whether there was a need to issue new PDI licences. The demand for driver training on medium/heavy goods vehicles had been on the decrease over the past four years. One possible reason was that

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some people had already obtained their driving licences in earlier years but had not taken up the job of professional drivers. She emphasised that any rise in demand in future would be reflected in the number of driving test forms sold, and thus would be taken into account in future biennial reviews.

63. Ms LI Fung-ying said that the Administration should have foresight over the future demand for driver training so that when the demand increased, there was sufficient supply of PDIs. She also conveyed Mr Albert CHAN's view that the existing restrictions applicable to the issuance of PDI licences were not appropriate. Similar restrictions did not exist in respect of other trades/professions. Hence, on grounds of equal treatment, the PDI trade should not be subject to the existing restrictions. Instead, the Government should open up the licensing system for aspiring driving instructors.

64. Ms Miriam LAU pointed out that one of the major problems being encountered by the local logistics industry was the lack of cross-boundary professional drivers. The number of new entrants to the trade had been on the decline. Coupled with the new Mainland regulation prohibiting a person aged 60 or above from driving commercial vehicles, the lack of experienced drivers would become a serious problem and would impede the development of the local logistics industry. In view of the circumstances, she suggested that the Environment, Transport and Works Bureau (ETWB) should liaise with the Economic Development and Labour Bureau (EDLB) to identify ways to encourage more people to receive driver training on medium/heavy goods vehicles.

65. DS/T3 said that whilst C for T was required to take into account the demand for driver training in determining the need to issue new PDI licences or otherwise, the demand situation was a result of the interplay of different market forces. The Administration was not in a position to create new demand for driver training.

66. Ms Miriam LAU clarified that she was not asking the Administration to create new demand. However, given the present shortage of professional drivers to support the growth of the logistics industry and the expectation that the shortage situation would worsen, it would be worthwhile for the EDLB and ETWB to examine if something could be done to publicize the situation to the local workforce so that those who were interested in joining the trade would take timely action to receive driver training.

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67. The Chairman requested DS/T3 to relay Ms LAU's suggestion to EDLB.

68. Mr Andrew CHENG said that whilst he understood that the Administration had to adhere to the arrangements stipulated in the legislation in determining whether new PDI licences should be issued, he would request the Administration to pay heed to the views of the trade and members. There were views that the existing policy and arrangements prejudiced against PDIs in favour of driving schools. It was important to uphold the principle of fair competition. The consultation channel should always be open to the trade. Where necessary, the Administration should take the initiative to explain the existing legislation and the direction for future reviews to remove any misunderstanding.

69. Mr WONG Kwok-hing expressed dissatisfaction that the Administration had not offered any solution to the predicament of the group of 52 ex-driving school instructors, who were about to lose their professional qualification and hence would become incapable of becoming driving instructors. As the next biennial review would only be carried out in late 2006, he asked the Administration to carry out a review right away taking into account the problems that had been transpired.

70. DS/T3 said that as prescribed in the Regulations, even if new PDI licences were to be issued, C for T must openly invite applications. For driving instructors of driving schools or organizations, it was already clearly stated in their restricted driving instructors licence that they were allowed to give instructions only for the school or organization concerned. C for T had no discretion to offer new PDI licences to a specific group of persons. As regards the timing of the next review on the number of PDI licences, when the existing mechanism was established, it had been agreed that the review should be conducted biennially and therefore the next review would be due in late 2006/early 2007.

71. Mr WONG Kwok-hing suggested that the Panel should arrange another session for further discussion of the subject, and the relevant trade associations should be invited to present views to the Panel. The Chairman said that Mr WONG's suggestion would be considered at the next regular Panel meeting.

Clerk

VIII Any other business

72. There being no other business, the meeting ended at 12:55 pm.