

立法會

Legislative Council

LC Paper No. CB(1)1002/06-07
(These minutes have been seen
by the Administration)

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Panel on Transport

**Minutes of meeting held on
Friday, 26 January 2007, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon Andrew CHENG Kar-foo (Chairman)
Hon CHEUNG Hok-ming, SBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, 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

Member attending : Hon LEE Cheuk-yan

Member absent : Hon Ronny TONG Ka-wah, SC

**Public Officers
attending** : **Agenda item IV**

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 (Transport) 1

Ms Carolina YIP
Deputy Commissioner for Transport/
Transport Services & Management

Mr Carey WONG
Principal Transport Officer/Planning/Ferry
Transport Department

Agenda item V

Mr Philip YUNG
Deputy Secretary for the Environment, Transport and Works
(Transport) 1

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

Miss Angela LEE
Principal Assistant Secretary for the Environment, Transport
and Works (Transport) 1

Mr Donald NG
Principal Assistant Secretary for the Environment, Transport
and Works (Transport) 6

Ms Manda CHAN
Principal Assistant Secretary for Security

Ms Cindy LAW
Assistant Commissioner for Transport/New Territories

Agenda item VI

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

Mr Clement LAU
Principal Assistant Secretary for the Environment, Transport
and Works (Acting) (Transport) 2

Mr CHOW Ying-shun
Project Manager/Major Works
Highways Department

Mr LO Yat-cheung
Principal Transport Officer/Management
Transport Department

Attendance by invitation : **Agenda item IV**

Hong Kong and Kowloon Ferry Holding Ltd.

Mr Nelson NG
Director and General Manager

Ms April LAM
Management Executive

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

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Miss Winnie CHENG
Legislative Assistant (1)5

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I Confirmation of minutes and matters arising

- (LC Paper No. CB(1)527/06-07 - Minutes of the meeting held on
24 November 2006
LC Paper No. CB(1)763/06-07 - Minutes of the meeting held on
15 December 2006)

The minutes of the meetings held on 24 November and 15 December 2006 respectively were confirmed.

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II Information papers issued since last meeting

- (LC Paper No. CB(1)544/06-07(01) - Referral from the Complaints Division on the implications of the construction of the Central Kowloon Route on the local community
- LC Paper No. CB(1)624/06-07(01) – (03) - Submissions from a member of the public on measures to enhance road safety
- LC Paper No. CB(1)770/06-07(01) - Submission from the 的士、小巴權益關注大聯盟 on review of the roles and functions of taxis and van-type light goods vehicles in the transport services sector
- LC Paper No. CB(1)783/06-07(01) - Information paper on safety of franchised bus operations provided by the Administration
- LC Paper No. CB(1)809/06-07(01) - Information paper on voluntary registration scheme for vehicle mechanics provided by the Administration)

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

III Items for discussion at the next meeting scheduled for 2 March 2007

- (LC Paper No. CB(1)771/06-07(01) - List of outstanding items for discussion
- LC Paper No. CB(1)771/06-07(02) - List of follow-up actions)

3. Noting that the Administration was finalizing the traffic and transport arrangements for the commissioning of Hong Kong – Shenzhen Western Corridor (HK-SWC) and hence could only brief the Panel on the arrangements for Sheung Shui to Lok Ma Chau Spur Line under agenda item V of this meeting on "Traffic and transport arrangements for the commissioning of Hong Kong – Shenzhen Western Corridor and Sheung Shui to Lok Ma Chau Spur Line", members agreed to revisit the item at the next meeting scheduled for 2 March 2007. They also agreed that representatives of the concerned trades be invited to attend the meeting to give views on the item.

4. On HK-SWC, given its impending commissioning, Mr LAU Kong-wah expressed concern about the measures taken/to be taken by the Administration to alleviate the traffic congestion in Tuen Mun and Yuen Long districts. The Panel agreed to ask the Administration to provide a progress report on the motion on "Expediently improving the traffic arrangements in the western and northwestern parts of the New Territories" passed by the Council on 8 March 2006.

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5. As proposed by Mr WONG Kwok-hing, members also decided to discuss the item on safety of franchised bus operation at the meeting on 2 March 2007.

6. In order to allow sufficient time for deputations to express their views and members to deliberate on the related matters, members agreed to advance the meeting time to start at 10:00 am instead of 10:45 am.

IV Proposed fare increase by Hong Kong & Kowloon Ferry Holding Ltd.

(LC Paper No. CB(1)771/06-07(03) - Information paper provided by the Administration

LC Paper No. CB(1)628/06-07(01) - Referral from Legislative Council Members' Meeting-cum-luncheon with Islands District Council on Ferry services to outlying islands)

7. The Deputy Secretary for the Environment, Transport and Works (Transport)2 (DS/T2) briefed members on the application of Hong Kong and Kowloon Ferry Limited (HKK) to increase the fares of its licensed ferry services for Lamma Island (the ferry services).

The fare increase application

8. At the invitation of the Chairman, Mr Nelson NG, Director and General Manager, HKK, explained the need for the fare increase application. Members noted that since its commencement of operation of the ferry services from 1998, HKK had accumulated a total loss of about \$27 million. Even after the fare increase in February 2005, HKK still suffered from a loss of about \$11 million in the past two years due to increase in operating costs including fuel prices, insurance premium, electricity charge, cost of spare parts, etc. Fare box revenues, however, had remained stable as there had not been any apparent increase in patronage. Mr NG explained that HKK had already implemented a number of cost-cutting measures including procurement of vessel maintenance service at a lower cost, purchase of spare parts directly from overseas to save agency fees, downsize of pier staff by improving fare collection arrangement and streamlining work practices. To improve its financial performance, HKK had also introduced a series of measures to generate more non-fare box revenues. For example, sub-letting spaces at piers for commercial and retail activities, charter-hiring its vessel to travel agents and sub-letting a berth for operation of a harbour sightseeing tour service in the evenings, and leasing its vessels to other operators for providing other ferry services from time to time. He emphasized that HKK had already exhausted all feasible measures to cut cost and increase revenues before filing the fare increase application.

9. Noting HKK's explanation above, Mr LEE Wing-tat opined that HKK should disclose its operating account to convince residents of Lamma Island that it was really operating at a great loss despite making various efforts to cut cost and increase income. If not, both he and residents of Lamma Island would oppose to the fare increase

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application. The Deputy Commissioner for Transport/Transport Services & Management (DC for T) replied that HKK had already explained its operating account to the residents and to the Islands District Council (IsDC) Traffic and Transport Committee. However, HKK had reservation about making the relevant figures public in view of the commercial sensitivity of the subject.

10. Mr WONG Kwok-hing opined that the proposed fare increase would fail to obtain the support of local residents and the Legislative Council (LegCo) because it was too drastic and had gone far beyond inflation and residents' affordability. Instead of allowing HKK to increase fares for the ferry services to such an extent to make up for the operating loss within the short term of the licence, the Administration should review the term of the licence to allow HKK to recover its investment over a longer period of time. DC for T shared Mr WONG's view that ferry operators needed a sufficiently long operation period for their investment to pay off. She reported that at present the Administration was consulting residents of Lamma Island through IsDC and the relevant rural committees on the proposed fare increase. With a view to striking a good balance, the Administration would carefully take into account local views and all relevant factors, including the financial position of HKK, when considering the fare increase application. Noting the response, Mr WONG urged the Administration to consult LegCo before making a decision on the matter.

11. Mr Jeffrey LAM pointed out that fuel prices, which had been quoted as a reason to support the fare increase application, had dropped recently. The rate of the proposed fare increase should therefore be lowered. In response, DS/T2 assured members that the fuel prices would be taken into account when making a decision on the fare increase application.

12. Whilst indicating opposition to the proposed fare increase which in his view was substantial, Mr Albert CHAN sought additional information to enable members to ascertain HKK's financial condition. In particular, he enquired whether HKK had benefited from any land development rights granted to it as part of the terms and conditions of the ferry service licences (FSLs). He also enquired about the utilization rates of fast ferries and ordinary ferries and whether adjustments to the type of ferries deployed might help reduce the operating loss. In response, Mr Nelson NG of HKK clarified that HKK had not been granted any land development rights. As to the usage rates of ferries, although there would inevitably be idle time during non-peak hours, during peak hours all ferries were utilized to the full. He further explained that of the some 3 000 passengers who used the ferry service between Central and Yung Shue Wan every day, 1 400 were holders of monthly tickets which enabled them to take fast ferries at no extra fares. As such, it would be difficult to say whether the loss had resulted from the use of fast ferries or ordinary ferries. Mr CHAN pointed out that there were views that increased use of ordinary ferries might help enhance the financial viability of the ferry services. At his request, Mr NG agreed to provide the requested usage figures if possible given that the calculation would be very complicated.

HKK

13. Mr WONG Kwok-hing reiterated his request that LegCo be consulted again

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before a decision on the fare increase application was made. Noting that the relevant FSLs would expire in March 2008, he queried how HKK could further sub-let spaces at the piers concerned for commercial and retail activities to increase non-fare box revenue under such circumstance. He also queried if the FSLs concerned could bring HKK any hidden benefits so that it was willing to continue operate the ferry services despite the loss of up to \$27 million. He opined that the Administration should explain to members how much subsidy it would shoulder to ensure the continued provision of the ferry services as well as the relevant operation figures to enable members to examine the fare increase application with sufficient information. In particular, the Administration should provide details on the non-fare box revenue to be generated from the new measures which it planned to introduce to ensure the continued operation of the ferry services.

14. Mr LEE Wing-tat stated opposition to the proposed fare increase which in his view was drastic and much greater than the level of salary increase in general. He pointed out that high fares for outlying island ferry services not only affected local residents but also local economy because high fares would discourage people from residing in or visiting the islands as was the case in Cheung Chau. Now that the same situation might recur on Lamma Island, he expressed disappointment at the Administration's failure to discourage HKK from applying for fare increase. In response, DS/T2 emphasized that the Administration had already been closely monitoring HKK's operation. DC for T supplemented that the fare increase application was still being vetted. Before determining on the fare increase application, due regard would be given to HKK's financial position and forecasts of changes in operating costs, revenue and return, whether it had done its best to increase income and cut costs, as well as public acceptability of the proposed fare increase. In this regard, the Administration was satisfied that HKK had already done its best to achieve cost saving and generate additional revenue.

15. Recalling that the fares of the ferry services had already been adjusted upwards in February 2005 at a weighted average rate of 6.2%, Mr LEE Cheuk-yan considered it undesirable to introduce further increase as great as 12.2% barely two years later, not to mention its resultant impact on local tourism. In response, Mr Nelson NG of HKK said that HKK was running the ferry services as a public service and was therefore willing to recover its investment over a long period of time. However, due to certain unforeseen circumstances such as increase in the prices of fuel and spare parts, there was a need to introduce fare increase.

16. While noting HKK's operational difficulties, Mr CHEUNG Hok-ming still considered the proposed fare increase unacceptable to members, the relevant DC and rural committees. In response, Mr Nelson NG of HKK emphasized that HKK had already done its best to reduce cost and increase income. In making the fare increase application, it was also acting according to the existing mechanism. Although the proposed rate of increase appeared to be high, the actual increase in monetary terms was only \$0.4 to \$1.6. If monthly tickets were used, the average fare per journey would only

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be \$9.5, which would still be among the lowest ferry fares charged. Moreover, no extra fare would be charged for travelling on fast ferries.

17. Pointing out that the ferry services were Lamma Island's only means of public transport, Ms LI Fung-ying found the proposed fare increase unacceptable, particularly when the rate of salary increase for the general public was not as high as the proposed weighted average fare increase of 12.2% by HKK. Moreover, the proposed increase had come amidst LegCo's call upon public transport operators to introduce fare concessions for the elderly and people with disabilities (PwDs). In reply to her on Government's stance towards the fare increase application, DS/T2 assured members that residents' concerns would be taken into due consideration during assessment of the fare increase application. Moreover, fare increase applications were not necessarily approved in full. A balance would be struck between the financial viability of the ferry operator and public acceptability. For example, the rate of fare increase introduced by New World First Ferry Services Ltd last year had been reduced by half. Mr Nelson NG of HKK supplemented that HKK had already been offering concessionary fares to the elderly, children and PwDs ever since it took over operation of the ferry services.

Existing and planned measures to assist ferry operation

18. Mr WONG Kwok-hing opined that the Administration should assist HKK to generate more non-fare box revenue to cross-subsidize ferry operation. In reply to him on efforts in this regard, DC for T advised that the Administration was already helping HKK to generate more non-fare box revenue. In fact, HKK was faring quite well in this regard with its non-fare box revenue making up about 10% of its income. In addition, the Administration was also helping HKK to cut costs by taking over from HKK the responsibility of maintaining the pier structures and pier facilities, permitting HKK to carry out a number of commercial activities at the piers leased to them by the Government and to make use of their vessels to generate non-fare box revenue, etc. Last year alone, the Administration had spent about \$27 million on the maintenance of ferry piers.

19. Pointing out that the ferry service market was shrinking, Ms Miriam LAU opined that ferry service could not be sustained without Government's support. In response to her, DC for T confirmed that the Government was already reimbursing HKK its pier rentals and the licence fee for vessels for provision of fare concession for the elderly.

20. Ms Miriam LAU opined that Government should make greater efforts to help HKK improve its financial condition. For example, by securing approval for it to set up advertising panels on roof top of pier premises to increase non-fare box revenue, by lowering the Government fees for mandatory safety inspection, etc. In response, DC for T agreed to convey the latter proposal to the relevant parties for consideration. As to the former proposal, she reported that the Administration had already actively helped HKK with the applications. However, HKK's applications had been turned down due to opposition from the Harbour-front Enhancement Committee (the Committee) in consideration of the visual impact the advertising panels might create on nearby

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residents. The Administration would continue to follow up the matter with HKK. Noting the response, Ms LAU called for more active efforts from the Administration, pointing out that the former proposal had been made a long time before. DC for T reiterated that the Administration would continue to follow up the proposal with relevant Government departments. She assured members that there had been success in this regard with other piers. DS/T2 added that HKK's previous application had been rejected mainly because it involved the erection of a LED display panel that would give out light. In general, if the size of the advertising panels to be erected on roof top of pier premises was not so big as to create visual impact, the Committee was willing to consider the application.

21. Mr Jeffrey LAM pointed out that while there was a need to consider the visual impact created by advertising panels on roof top of pier premises, there was also a need to consider islanders' need for sustainable ferry service. He enquired whether the Administration had consulted the residents in this regard, and how the Administration had been following up the issue after the Committee had rejected HKK's application to erect advertising panels on roof top of pier premises.

22. In response, DS/T2 elaborated that the erection of advertising panels on roof top of pier premises was only one measure to increase HKK's non-fare box revenue. In parallel, the Administration was also strengthening HKK's ability to generate non-fare box revenue through sub-letting spaces at piers for commercial and retail activities by upgrading the pier facilities concerned, such as reprovisioning fire prevention facilities to attract higher-end commercial tenants, relaxing restrictions on the size and number of spaces, and shortening the processing time for commercial concession applications from six months to one month where applications did not involve retrofit works, and to three months for more complicated applications.

23. Ms LI Fung-ying enquired about the effect of the measures highlighted in paragraph 13 of the Administration's information paper, which had been taken by the Government to reduce the operating costs of ferry services, and whether alternative measures would be available if these measures were not effective. In her view, HKK should withhold the proposed fare increase until the effect of the measures could be assessed. In response, DS/T2 said that the measures could only help HKK reduce operating costs. To ensure the financial viability of the ferry services, the most important thing was to increase HKK's fare box revenue which was its major source of income. Notwithstanding, new measures as described in paragraph 14 of the paper would be implemented to help HKK generate more non-fare box revenue.

24. Mr LEE Wing-tat pointed out that under the existing legislation, a FSL might be granted for an initial period not exceeding three years and then extended for a further period not exceeding three years at any one time. In his view, the above arrangement had posed difficulty to HKK in sub-letting spaces at piers for commercial and retail activities because few commercial tenants were willing to enter into leases spanning only three years. He was disappointed that nothing much had been done to address the above problem although the Administration's attention had been drawn to it time and

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again. In response, DS/T2 advised that the Administration had already discussed with ferry operators the favourableness of granting them FSLs of a longer term. However, in recognition of the unstable operating environment and the diminishing patronage, ferry operators preferred the flexibility accorded by the present arrangement to committing themselves to FSLs of a longer term. From the angle of residents, the present arrangement might also facilitate change of operator if the service provided was not up to standard.

Possible long-term solutions

25. Mr LEE cheuk-yan considered it undesirable that in maintaining the ferry services, HKK had frozen staff salaries. He opined that the long-term solution to the operational problem of ferry service might lie in Government operating the ferry services instead and contracting out daily operation to HKK. In this way, the Administration would be in complete control of the fares to ensure they were affordable instead of requiring residents to bear the high costs. At his invitation to comment on the above proposal, Mr Nelson NG of HKK said that the proposal would be conveyed to HKK's board for consideration. DS/T2, however, emphasized that it was the Government's established policy that public transport services should be operated by the private sector without direct Government subsidy. If HKK was unwilling to operate the ferry services, its FSLs would be put out for re-tendering.

26. Mrs Selina CHOW considered Mr LEE Cheuk-yan's proposal infeasible. In her view, although ideally an option that could suit the needs of all three parties, namely, residents, HKK and its staff should be worked out, at the end the most important thing was to respond to local residents' needs and hence the proposed fare increase, at 12.2%, was unacceptable. Instead of ensuring the financial viability and hence continued provision of the ferry services in a haphazard way and by increasing fares, the Administration and HKK should actively work out a comprehensive long-term plan in this regard. For example, LegCo Members could examine how they could help to implement measures to assist ferry operators so that efforts to pursue the erection of advertising panels on roof top of pier premises to generate additional income for HKK would not always be thwarted. In particular, co-ordination among different Government departments concerned should be geared up to enable such efforts to bear fruits. The real cause of the problem of low patronage should also be identified having regard that Lamma Island was, contrary to what some members' thought, a hot tourist spot.

27. In reply, DS/T2 agreed that HKK should be involved in working out viable long-term solutions to the operational problems of the ferry services. This was why the Administration would take the opportunity to review the vessel quality and service level when the FSLs concerned were due for tendering. The Administration would also consult local residents on their views in the coming tender exercises, in particular on the fare charges vis-à-vis service quality. As to Mrs Selina CHOW's comments on the measures to generate non-fare box revenue, the Administration had already discussed with HKK the various new measures to be introduced as a whole. At Mrs CHOW's

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request, DS/T2 agreed to provide supplementary details on the new measures together with the relevant implementation timetable. She also noted Mrs CHOW and the Chairman's call to expedite the progress of the measures, which according to the original plan would take two years to implement.

28. Noting that the Administration had to subsidize ferry operators by shouldering pier maintenance cost amounting to \$27 million a year, the Chairman opined that the Administration might as well work out a comprehensive long-term plan in this regard as Mrs Selina CHOW proposed. Apart from reviewing the vessel quality and service level when the relevant FSLs were due for tendering, the Administration should also be prepared to play a more active role to ensure the services were sustainable without always having to increase the fares. In this regard, Government might consider adjusting its transport policy, and absorb all major costs of ferry operation including the purchase of ferries so that operators would bid for daily operation of the services only. In response, DS/T2 emphasized that since the choice of vessels and the schedule would significantly affect the operating cost, review of the vessel quality and service level during the tendering process would help enhance the financial viability of the ferry services. She also pointed out that since the core business of ferry operators was to provide ferry service by owning their own vessel fleet, it might not be appropriate for the Government to take up such duties. She assured members that with the vessel quality and service level suitably adjusted, ferry operators might find operation of the ferry services viable. In assessing the tender bids for the FSLs concerned, operators' financial viability and management ability would be taken into due consideration.

29. Mr CHEUNG Hok-ming enquired when the FSLs concerned would expire, and the measures available if HKK did not want to continue to provide the ferry services. In his view, Government had the responsibility to identify long-term measures to ensure continued provision of the ferry services because ferry service was the only means of public transport for the indigenous residents of Lamma Island, who were unwilling to leave the island and never stopped paying land rent and rates. In response, DS/T2 said that the FSLs concerned would expire in March 2008. Till then, HKK was willing to continue operation of the ferry services even when operating at a loss. The Administration would ensure timely discussion with HKK regarding renewal of the FSLs concerned to ensure any service transfer, if necessary, would be smooth and that the ferry services would be uninterrupted. Moreover, in recognition that the revenue for ferry operators mainly came from fare box but that the population on outlying islands and hence patronage had been diminishing, when the existing licences for outlying island ferry routes were due for tendering, the Administration would also take the opportunity to review the vessel quality and service level in consultation with the residents, DC and rural committees concerned in the hope of working out a mode of operation acceptable to both the residents and the operator. In this regard, an opinion survey would also be conducted.

30. Ms Miriam LAU highlighted the substantial investment involved in ferry operation, in particular the need to purchase fast ferries at residents' request while patronage was diminishing. In her view, bolder measures were necessary to sustain the

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ferry services. She therefore urged the Administration to tackle the problem at root from a more macro perspective, and make efforts to revitalize the outlying islands so as to attract more people there to boost patronage. In this regard, efforts might need to be made to negotiate with the shops on these islands for promotional activities to attract visitors. In so doing, other relevant bureaux such as the Economic Services Bureau might need to be involved. Messrs Albert CHAN and Jeffrey LAM also expressed similar views. In particular, Mr CHAN said that if more visitors could be attracted to Lamma Island, the higher fares charged on holidays could enable HKK to recover the operating cost on weekdays for maintaining a lower weekday fare. In response, DS/T2 reported that the Administration had already been making such efforts. In fact, the Hong Kong Tourism Board was keen to promote the islands as tourist spots. For example, the Culture and Heritage Celebrations organized at Central Piers last year had attracted many visitors to Cheung Chau.

Admin 31. Summing up, the Chairman echoed Mr WONG Kwok-hing on the need to revert to the Panel before making a decision on the fare increase application by HKK. He also urged the Administration to ensure all details requested were ready when reporting back.

- V Traffic and transport arrangements for the commissioning of Hong Kong – Shenzhen Western Corridor and Sheung Shui to Lok Ma Chau Spur Line**
- | | | |
|--------------------------------------------------------|----------|---------------------------------------------------------------------------|
| (LC Paper No. CB(1)771/06-07(04) | - | Information paper provided by the Administration |
| LC Paper No. CB(1)771/06-07(05) | - | Background brief on boundary control points prepared by the Secretariat |
| LC Papers
CB(1)1902/05-06(01)
CB(1)658/06-07(01) | Nos. and | Submissions from Hongkong and Guangdong Boundary Crossing Bus Association |
| LC Papers
CB(1)1852/05-06(01)
CB(1)740/06-07(01) | Nos. and | Submissions from Public Omnibus Operators Association Ltd. |
| LC Paper No. CB(1)479/06-07(01) | - | Joint submission from six NFB associations |
| LC Paper No. CB(1)514/06-07(01) | - | Submission from 的士、小巴權益關注大聯盟 |
| LC Paper No. CB(1)810/06-07(01) | - | Joint submission from a number of Yuen Long District Councillors |

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LC Paper No. CB(1)167/06-07(01) - Referral from the Complaints Division on the transport arrangements for the commissioning of Hong Kong-Shenzhen Western Corridor and Sheung Shui to Lok Ma Chau Spur Line)

32. Members noted the following submissions tabled at the meeting –

- (a) Submission dated 25 January 2007 from Non-franchised Public Buses Workers Association; and
- (b) Submission dated 26 January 2007 from China Hong Kong and Macau Boundary Crossing Bus Association.

(Post-meeting note: The above submissions were issued to members vide LC Papers Nos. CB(1)823/06-07(01) and (02) dated 29 January 2007.)

Hong Kong-Shenzhen Western Corridor

33. Ms Miriam LAU called upon the Administration to positively respond to the transport trades' concern about the traffic and transport arrangements for the commissioning of HK-SWC, in particular about the Administration's plan for the provision of public transport services at the public transport interchange (PTI) of the new boundary control point. She also enquired whether HK-SWC would be commissioned in July 2007 as originally scheduled and, if so, the legislative timetable for the Hong Kong Port Areas Bill (the Co-location Bill) which was intended to apply the laws of Hong Kong to Hong Kong Port Areas and provide for related purposes, so as to implement the co-location arrangements for customs and immigration facilities in the Mainland.

34. In response, the Deputy Secretary for the Environment, Transport and Works (Transport)1 (DS/T1) explained that the Administration was actively following up the traffic and transport arrangements for the commissioning of HK-SWC and aimed to consult members on them at the next Panel meeting scheduled for 2 March 2007. As to the Co-location Bill, the Security Bureau was working on it and would submit it to LegCo as soon as practicable. The Administration was also working towards commissioning HK-SWC in mid 2007. The Deputy Secretary for the Environment, Transport and Works (Transport)3 (DS/T3) supplemented that the Administration would work out the public transport services to be provided at the PTI concerned with due regard to its size and the relevant limitations, as well as the existing public transport arrangements. In reply to Ms Miriam LAU on plans to consult the relevant trades and the public on the suitability and adequacy of the services, DS/T3 advised that the Transport Department would brief the relevant trades on the proposed arrangements in

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due course.

Sheung Shui to Lok Ma Chau Spur Line

35. The majority of the members present at the meeting supported non-franchised bus (NFB) operators' call to allow them to access the PTI at Lok Ma Chau Terminus (the LMC Terminus) in consideration of fairness, conservation and passenger needs.

The need to allow non-franchised buses access to the PTI concerned to ensure fairness

36. Mr WONG Kwok-hing highlighted the above call of NFB operators. Noting that the Administration had only planned one franchised bus route to/from Yuen Long East, one green minibus route to/from Yuen Long town centre and the provision of urban and New Territories taxis in the PTI, he requested the Administration to allow NFBs to enter the PTI to ensure fairness to all public transport operators, enhance convenience to the public and create more employment opportunities for professional drivers. In response, DS/T3 explained that the PTI had an area of only about 6 200 square metres. Its size was limited by the physical constraints of the area and the need to protect the adjacent environment, in particular the nearby wetland conservation areas. The capacity of the road leading to the new control point, which was a single two-lane carriageway of about seven metres wide, was also limited. Moreover, the environmental permit issued under the Environmental Impact Assessment Ordinance (Cap 499) for the construction and operation of the PTI had imposed restrictions on the number of vehicle trips along the road. As a result of the above limitations, the PTI could not be made accessible to too many vehicles. It should also be noted that the new boundary crossing was originally planned for rail passengers only.

37. Mr WONG Kwok-hing was not convinced that nothing could be done to allow NFB operators to use the PTI. In his view, the Government's transport policy was seriously tilted in favour of rail transport to the detriment of the public's choice of public transport modes. NFB operators' grievances were thus understandable. In response to his call to reconsider allowing NFB operators to use the PTI, DS/T3 reiterated that the LMC Terminus was designed as a railway boundary crossing. Operation of other public transport modes was allowed to provide supplementary services at members' suggestion when the Subcommittee on Matters Relating to Railways of the Panel was consulted on the proposal to construct the Spur Line. The Subcommittee was consulted on the size of the PTI. Mr WONG maintained that despite its small size, the PTI could accommodate more public transport modes if its capacity could be expanded with the provision of additional storeys. Mr LAU Kong-wah shared his view. DS/T3, however, reiterated that the relevant environmental permit and the capacity of the access road had imposed a ceiling on the traffic flow to and from the PTI.

38. Ms LI Fung-ying urged the Administration to ensure that all public transport operators could compete on a level playing field. In reply to her question of why NFB operators were denied access to the PTI, DS/T3 pointed out that different public transport operators had different views on access to the PTI. Some even opined that

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there should not be a PTI at the LMC Terminus. In determining who should be given access, the Administration had taken into account the limitations of the PTI and existing cross-boundary public transport services available. In this respect, it should be noted that there were public transport services available at the existing LMC Control Point such as cross-boundary coaches. NFB passengers could also take LMC-Huanggang Shuttle Buses at the San Tin Interchange. She emphasized that the public transport services to be provided at the PTI were already close to the maximum that could be accommodated given the above considerations. Moreover, the LMC Terminus was planned to serve cross-boundary railway passengers while other road-based passenger traffic was expected to make use of the existing LMC Control Point.

39. Ms LI Fung-ying maintained that there was a need to strike a balance among the different interests of the transport trades to ensure fairness. She also opined that as NFB operators were licensed to operate point-to-point passenger service, it was unfair and discriminatory to deny them access to certain points. In response, the Principal Assistant Secretary for the Environment, Transport and Works (Transport)¹ said that in consideration of the above highlighted limitations of the PTI, it was decided that public transport services accessible to all would be provided there. As NFBs only played a supplementary role and they served fixed destinations and specific groups of passengers only, priority had been accorded to services by franchised buses, green minibuses and taxis when planning public transport services at the PTI.

40. Mr Albert CHAN found the reasons given by the Administration for denying NFBs access to the PTI unacceptable. If these reasons could stand, the Spur Line should not have been constructed and franchised buses, green minibuses and taxis should also be denied access to the PTI. Instead, Government's tilted public transport policy was the true reason for the above arrangement. In fact, if not for the Subcommittee's suggestion, the Spur Line boundary control point would be a crossing served mainly by the East Rail on the Hong Kong side. In his view, Government's transport policy was so tilted in favour of rail transport that very little room had been left for other modes of public transport to operate. As a result, while the two railway corporations were making huge profits and expanding their market shares, other public transport modes had to fight over the very little market share left. In particular, the market shares of the other services might further shrink after the rail merger. Mr LEUNG Kwok-hung shared his views, and said that as seen from the location of the LMC Terminus, the Administration intended to allow rail service monopoly as early as the planning stage of the Spur Line. He further opined that the treatment Government gave to public transport operators was determined by the size and influence of the large corporations behind these operators. This was why NFB operators, who were not backed up by any large corporation, had difficulty in getting licences. In response, DS/T3 reiterated the Administration's stance on the need to give priority to transport services that were open to all.

The need to allow non-franchised buses access to the PTI to protect the environment

41. The Chairman opined that from the conservation perspective, NFBs instead of taxis should be allowed access to the PTI in consideration of the larger number of

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passengers the former could carry and hence the savings on vehicle trips. Mr LEUNG Kwok-hung shared his view, and said that the Government was granting the railway corporations monopoly under the pretext of environmental protection. This was undesirable because Persons with Disabilities might need to travel on NFBs to the PTI. In response, DS/T3 reiterated that the new boundary crossing was originally planned for rail passengers only. The public transport services to be provided in the PTI were proposed in response to the Subcommittee's suggestion to meet the demand of residents of North West New Territories, for whom travelling by train was neither convenient nor cost-effective because of the lack of rail stations nearby. Mr LEUNG, however, was not convinced, and pointed out that residents of North West New Territories also had a need to use the service of NFBs.

The need to allow non-franchised buses access to the PTI to satisfy passenger needs

42. Mr LAU Kong-wah highlighted the need to allow NFBs access to the PTI to serve tourists who travelled in groups from different parts of the Mainland to Futian Port. If not, tour groups would be forced to continue to use Huanggang instead of being diverted to the new boundary crossing to reduce congestion. To make up for the present proposed arrangement which in his view was a policy mistake, NFBs should be allowed to provide shuttle service at the LMC Terminus as a short-term measure. In the medium term, more storeys should be added to the PTI. In the long term, measures should be mapped out in preparation for the opening of the Frontier Closed Area. In response, DS/T3 said that no coaches would be allowed access to the Futian Port because the new boundary crossing concerned was originally planned for rail passengers only. As such, the LMC Terminus would be linked to the Futian Port and the Huanggang Station of the Shenzhen Metro through a double-deck Passenger Bridge (the Passenger Bridge). The new boundary crossing would be served mainly by the East Rail on the Hong Kong side. Hotel coaches could pick up tour groups at the rail stations along the East Rail. As for the suggestion to add more storeys to the PTI, its feasibility would need to be carefully examined. More importantly, as explained above, there was a need to contain the traffic flow along the access road to the PTI.

43. Noting the above response, Mr Albert CHAN asked the Administration to confirm whether the Shenzhen Municipal Government really would not allow buses/coaches to access the Futian Port. If this was not the case, the Hong Kong Government should consider allowing NFBs access to the PTI because the proposed denial of their access to the PTI was unreasonable and in his view a planning mistake. In response, DS/T3 advised that the above had been the understanding of the Administration. Mr CHAN, however, requested that confirmation in this regard be given in writing.

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Possible solutions

44. Mr Albert CHAN considered the space constraints quoted by the Administration as a reason to deny NFBs access to the PTI misleading because the taxi stacking area inside the PTI was bigger than necessary. In his view, if the PTI was more properly

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designed and the size of the taxi stacking area could be reduced, the PTI would in fact be able to accommodate use by NFBs. For example, part of the taxi stacking area inside the PTI, or the area immediately west of the taxi stacking area could be converted to general loading bays for the purpose of allowing the provision of NFB services, including feeder or point-to-point services to the PTI. He also proposed that NFBs could be allowed to access the PTI through the operation of a closed road permit system whereby the concerned operators could apply in advance for permission to access the PTI. Mr LEUNG Kwok-hung indicated support for the latter proposal. At Mr CHAN's request, the Administration agreed to examine the feasibility of the above proposals, and provide a 3-D drawing or photograph showing the layout and usage of the area west of the taxi stacking area inside the PTI.

Other views and concerns

45. Mr CHEUNG Hok-ming pointed out that the Spur Line had been constructed to relieve the increasing congestion at Lo Wu. However, the present arrangements seemed to have gone against the above objective. To cater for the needs of residents of North West New Territories, franchised bus routes to Tin Shui Wai and Tsing Yi should also be provided at the PTI because the two areas were not served by any cross-boundary coaches. In response, DS/T3 advised that residents of Tsing Yi could travel on MTR and then change to the East Rail. As for residents of Tin Shui Wai, there were bus and PLB routes to San Tin, where they could take the LMC-Huanggang Shuttle Bus. There were also bus and PLB routes to Sheung Shui where passengers could interchange for the East Rail. She emphasized that the Spur Line and the new boundary crossing there were constructed to "supplement" the East Rail boundary trains and the existing LMC Control Point. Given the limitations of the PTI, it could not accommodate the provision of more bus routes.

46. Mr CHEUNG Hok-ming highlighted the concern of the residents in the Frontier Closed Area on how they could access the new boundary crossing. They were also concerned that increased usage of the roads to the PTI might affect the traffic flow there. In response, DS/T3 said that pedestrian access to the boundary crossing was normally not allowed because of security reasons. For the PTI, the Administration's preliminary plan was to allow residents of the two villages in the vicinity to have access to it. As for the traffic impacts, the present proposed limitation on access to the PTI was intended to minimize such impacts.

47. Mr LAU Kong-wah enquired about the progress of the provision of travellers and air-conditioning for the Passenger Bridge and whether they would be ready in time for commissioning of the Spur Line. In response, DS/T1 and DS/T3 assured members that both the Hong Kong side and the Mainland side were making efforts to ensure that the facilities could tie in with the commissioning of the Spur Line.

48. In reply to Mr LAU Kong-wah on the fares for the Spur Line, DS/T3 said that the Kowloon-Canton Railway Corporation was still examining the fares and would brief the Panel on them in due course.

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Proposed motion

49. Mr WONG Kwok-hing indicated wish to move the following motion –

"促請政府重新檢討讓非專利公共巴士可使用落馬洲總站公共運輸交匯處"

"That the Government should be urged to reconsider allowing NFBs access to the PTI at the LMC Terminus"

50. Since the motion was moved at the appointed ending time of the meeting (i.e. 12:45 pm), the Chairman decided not to proceed to deal with the motion. He directed instead that Mr WONG Kwok-hing should move his motion at the next meeting of the Panel, at which the present item would be revisited.

51. Mr WONG Kwok-hing, nonetheless, took the opportunity to brief members on his motion. In his view, the PTI could be expanded by building a basement there under. The road to the PTI could also be widened from seven to 14 metres. Moreover, since NFBs were more environmentally friendly than taxis, they should be accommodated in the PTI by redesigning the taxi stacking area there. He also expressed concern that the provision of only one franchised bus route and one green minibus route service in the PTI might result in some form of monopoly and hence lack of control on the fares they charged. He further pointed out that there was strong request from residents of Kwai Chung, Tsing Yi and even Tung Chung for cross-boundary coach service to the Mainland through HK-SWC. Government's transport policy, which was tilted in favour of rail transport, was hence against residents' wish and had limited their choices for cross-boundary transport. The tilted policy would also affect other transport trades' operation rights and hence the employment opportunities of professional drivers. He therefore urged members to support his motion and the Administration to reconsider the transport arrangements for the LMC Terminus.

52. Mr Albert CHAN considered Mr WONG Kwok-hing's proposed motion not strong enough, and said that the Panel should state strong opposition to the present transport service arrangements at the LMC Terminus, which in his view were discriminatory, and directly ask the Administration to allow NFB operators to access the PTI.

VI Tsing Sha Control Area Bill

(LC Paper No. CB(1)771/06-07(06) - Information paper provided by the Administration)

53. Mr Albert CHAN stressed the importance of careful road planning by highlighting the case of the Route 9 extension in Tsuen Wan, the commissioning date of which had been deferred because the Administration had difficulty in honouring its undertaking to the relevant DC of denying use of the section by vehicles carrying

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dangerous goods because of certain loopholes in the relevant legislation. He urged the Administration to learn the lesson from the case and ensure the same would not happen to Tsing Sha Control Area, i.e. the section of Route 8 between Tsing Yi and Sha Tin. In this regard, he urged the Administration to check that all undertakings in relation to Route 8 could all be honoured before commissioning the route, in particular undertakings made by local officials which the relevant policy bureau might not be aware. DS/T3 noted his views. She further assured members that the Administration was expediting works on Route 9 to facilitate its early commissioning. The Administration was also preparing amendments to the relevant legislation to ensure it could honour the undertakings in relation to Route 9.

54. Ms LI Fung-ying urged the Administration to provide details on matters of concern to the relevant trades, in particular about the operation of the Tsing Sha Control Area when introducing the Bill into LegCo. In response, DS/T3 said that as the Bill would clearly spell out the purposes of all its major components, she believed that during scrutiny of the Bill there would be detailed discussion on all important matters governing operation of the Control Area.

VII Any other business

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