

立法會

Legislative Council

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the Administration)

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Panel on Transport

**Minutes of meeting held on
Tuesday, 15 December 2009, at 8:30 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Andrew CHENG Kar-foo
(Deputy Chairman and Chair of the meeting)
Hon LAU Kong-wah, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon WONG Kwok-hing, MH
Hon LEUNG Kwok-hung
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Member attending** : Hon CHAN Hak-kan
- Members absent** : Hon CHEUNG Hok-ming, GBS, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP

**Public officers
attending**

: Agenda item III

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Alan K M CHU
Deputy Secretary for Transport & Housing
(Transport) 3

Agenda item IV

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

Mr Don HO
Assistant Commissioner / Management &
Paratransit
Transport Department

Mr Albert SU
Principal Transport Officer / Urban
Transport Department

Mr Charles HO
Chief Engineer (Acting) / Road Safety and
Standards
Transport Department

**Attendance by
Invitation**

: Agenda item III

Tate's Cairn Tunnel Co Ltd

Mr T K WONG
General Manager

Ms Rowena LEE
Head of Finance & Administration Department

Ms Donna YIP
Corporate Affairs Manager

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (1)2

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

Miss Winnie CHENG
Legislative Assistant (1)5

Action

As the Chairman was otherwise engaged, the Deputy Chairman took over to chair the meeting.

I Information papers issued since last meeting

2. Members noted that no information paper had been issued since the last meeting.

II Items for discussion at the next meeting scheduled for 22 January 2010

(LC Paper No. CB(1)615/09-10(01) — List of outstanding items for discussion

LC Paper No. CB(1)615/09-10(02) — List of follow-up actions)

3. Members agreed to discuss the following items at the next regular meeting on Friday, 22 January 2010, at 8:30 am –

(a) Proposed creation of one permanent Principal Transport Officer post in the Bus and Rail Branch of Transport Department; and

(b) Improving pedestrian environment.

4. Members also agreed that members of the Development Panel would be invited to join the discussion of item (b) above, and that a joint meeting would be held with the Panel on Environmental Affairs to discuss "Rationalization of bus routes to improve air quality" in January 2010.

(Post-meeting note: The joint meeting was subsequently scheduled for Friday, 22 January 2010, from 8:30 am to 9:30 am.)

III Tate's Cairn Tunnel toll increase application

- (LC Paper No. CB(1)615/09-10(03) — Administration's paper on application for toll increase by Tate's Cairn Tunnel Company Limited
- LC Paper No. CB(1)615/09-10(04) — Paper on toll increase application provided by the Tate's Cairn Tunnel Company Limited
- LC Paper No. CB(1)616/09-10 — Background brief on Tate's Cairn Tunnel toll increase application prepared by the Legislative Council Secretariat)

5. The Under Secretary for Transport and Housing (USTH) briefed members on the Administration's paper on the application for toll increase (the proposed toll increase) by Tate's Cairn Tunnel Company Limited (TCTC).

6. With the aid of power-point, Mr T K WONG, General Manager of TCTC, explained the justifications for the proposed toll increase.

(Post-meeting note: The presentation material was issued to members by email on 15 December 2009.)

Concerns about the implications of the proposed toll increase

7. Pointing out that the economy was not really recovering, Mr WONG Kwok-hing expressed concern about the public affordability of the proposed toll increase and its impacts such as inducing various public transport operators to raise the fares of public transport services. Mr CHAN Hak-kan said that if the proposed toll increase was approved, the cumulative increase in TCT's tolls would exceed 15% and this might exert great pressure on transport operators to raise fares. USTH responded that TCT's tolls took up less than 1% of the operational cost of bus companies and buses contributed to only 8% of TCT's traffic flow. Moreover, bus fare adjustment was subject to a separate mechanism as agreed between the operators concerned and the Government. USTH pointed out that tunnel tolls only took up a very small percentage of the consumer price index and the operational cost of bus companies.

8. Ms LI Fung-ying opined that even if the proposed toll increase was not approved, TCTC would still be able to achieve an Internal Rate of Return (IRR) of 6.0%, which was quite high compared with those of many other business companies after having been hard hit by the financial tsunami. As such, to fulfill its corporate social responsibility, TCTC should refrain from increasing tolls considering their impacts on the fares of other transport services. Mr T

K WONG responded that the proposed toll increase would not have the above perceived impact, as different commercial entities had different considerations when determining whether to increase charges. He highlighted that TCTC could accumulate a profit of \$103 million only after a period of 20 years. He said that the amount was small if compared with the profit that could have been generated by placing the 2-billion investment cost for TCT in fixed deposit for a 30-year period. Even if the proposed toll increase was approved, TCTC's latest estimated IRR would only be 6.1%, which was much lower than the expected IRR of 13.02%. The proposed toll increase was therefore minimal. TCTC was indeed under pressure to increase tolls.

Admin

9. Mr Tommy CHEUNG requested details on increases in the fares of buses and public light buses (PLBs) after TCT's toll increase in 2008 (the 2008 toll increase) to ascertain toll increase's impact on inflation. While agreeing to provide the requested details, USTH explained that bus fare adjustment was subject to a separate mechanism taking into account a basket of factors.

10. Mr Albert CHAN pointed out that while the Legislative Council could do nothing to turn down the proposed toll increase, the proposed increase, if approved, would likely give rise to a spate of price increases for public utilities and also aggravate the congestion problem of Lion Rock Tunnel (LRT). In response to Mr CHAN's enquiry, USTH clarified that the Administration had not made any agreement with TCTC on a guaranteed rate of return notwithstanding TCTC's expected IRR of 13.02%. Mr Albert CHAN requested to put on record his regret of the Administration's failure to improve the utilization of the Build-Operate-Transfer (BOT) tunnels and tackle the problem of uneven distribution of tunnel traffic. Ms LI Fung-ying also considered that the widened toll disparity between LRT and TCT as a result of the proposed toll increase would divert more vehicles to LRT and aggravate its congestion. Mr T K WONG responded that the proposed rate of toll increase had been minimized in consideration of the economic situation and public affordability, which were in fact TCTC's major considerations when working out the proposed toll increase.

11. Highlighting the 2008 toll increase, Mr WONG Kwok-hing warned TCTC that repeated toll increases might reduce the number of vehicles using TCT. This might aggravate TCTC's financial underperformance and necessitate further toll increases by TCTC. Mr T K WONG responded that the proposed toll increase was forecast to cause only a slight traffic diversion of about 500 vehicles daily to LRT.

12. USTH pointed out that the diversion effect of Route 8 and the availability of a number of alternative routes to TCT could help minimize the traffic implications arising from the proposed toll increase. Mr WONG Sing-chi was not convinced, pointing out that many motorists had to use TCT because the Shatin section of Tai Po Road near New Town Plaza, which was

the road leading to Route 8, was heavily congested during morning peak hours. He called for measures to relieve congestion there to facilitate vehicles from the Northern District in using Route 8, such as by requiring certain bus routes to use Tai Chung Kiu Road instead. In this regard, Mr WONG Sing-chi expressed disappointment that the Transport Department (TD) had not actively responded in resolving the congestion problem, and said that TCT should not be allowed to increase tolls before the problem was solved. USTH responded that TD was aware of the problem and was already exploring solutions. He urged members to allow TD some time to conduct relevant studies for working out the best solution. He undertook to report to the Panel on the progress in this regard in due course.

13. Mr Tommy CHEUNG enquired whether the changes in the number of buses and PLBs using TCT after the 2008 toll increase tallied with the relevant forecasts made before the 2008 toll increase. Mr T K WONG responded that after the 2008 toll increase, the number of vehicles using TCT dropped by around 2 500 vehicles (about 5%) as forecast.

14. In response to Mr Tommy CHEUNG's enquiry, Mr T K WONG said that TCTC estimated that with its proposed toll increase, about 500 vehicles would be diverted to LRT and 100 vehicles each would be diverted to Tai Po Road and Route 8 between Cheung Sha Wan and Shatin respectively per day. Mr T K WONG explained that after the commissioning of Route 8, it had the effect of relieving the congestion at LRT and therefore some vehicles previously using TCTC had changed to use LRT.

15. In response to Mr WONG Kwok-hing and Mr LEUNG Kwok-hung on the Government's stance regarding the proposed toll increase, USTH explained that in considering the toll increase application, the Administration would take into consideration members' views and a number of factors, including TCTC's financial position, the resultant traffic implications, and public affordability and acceptability. Mr WONG Kwok-hing urged the Administration to perform its gate-keeper role by negotiating for a smaller toll increase.

16. Pointing out that a motion on "Alleviating the burden of travelling expenses" had recently been passed at the Council meeting on 4 November 2009, Ms LI Fung-ying expressed disappointment at the Government's failure to actively protect the public against increases in the prices of services related to people's livelihood such as tunnel tolls and electricity tariffs. Mr IP Wai-ming added that the operators of many green minibus routes as well as The "Star" Ferry Company, Limited had already planned to increase fares, and that the Housing Authority was planning to increase the fees of its car parks.

17. In response, USTH emphasized that the Administration was mindful of public affordability and acceptability, and would play a gate-keeper role. For

example, in 2008, proposed toll increases of TCT were reduced after discussion with the Administration. He assured members that their views as well as public affordability would be taken into consideration when vetting the proposed toll increase.

18. Mr CHAN Hak-kan enquired whether the Government would turn down the proposed toll increase application in consideration of its impacts on the public. USTH recapitulated that there was an established mechanism for processing the relevant application. The Administration would take into account members' views and consult the Transport Advisory Committee before seeking the approval of the Chief Executive (CE)-in-Council.

19. In response to Mr WONG Kwok-hing's call to reduce the rate of the proposed toll increase, Mr T K WONG explained that TCTC originally expected that it would achieve an IRR of 13.02% over its 30-year franchise period but had been making loss for 19 years. TCTC only began to accumulate profit in 2007-2008, a little more than ten years before its 30-year franchise period expired. The proposed increase of \$1 for each vehicle type had also been minimized considering the public affordability. As such, while Mr WONG Kwok-hing's call would be taken into consideration, TCTC was in fact under pressure of the accumulated shortfall in traffic revenue.

20. Mr WONG Kwok-hing enquired about the possible scope of adjustment to the rates of the proposed toll increase and when the relevant decision would be made. While reiterating that TCTC had already minimized the rates of increase, Mr T K WONG said that members' views expressed at this meeting would be considered. USTH assured members that the Administration would actively examine any new proposal from TCTC in this regard and take follow-up actions as necessary.

21. Noting that TCTC had revised the rates of the 2008 toll increase originally ranging from 13% to 28% for different vehicle types to 9% to 20%, Mr IP Wai-ming questioned if TCTC was applying for toll increase again this year to make up for the above shortfall. He was also concerned that to achieve its IRR of 13.02%, TCTC might apply for toll increase every year in the remaining nine years of its franchise period. Mr IP said that if that was the case, it would be unfair because TCTC should shoulder the consequences of its commercial decision to construct TCT.

22. Mr T K WONG responded that every toll increase application had been made in response to the prevailing circumstances and was in no way related to any past or future application. He further emphasized that the rates of the proposed toll increase had already been minimized taking into account public affordability and acceptability. He added that TCTC was willing to bear investment risks, and that TCT's target IRR was already the lowest among the four BOT tunnels in Hong Kong.

Alternative options*Arbitration*

23. Mrs Regina IP enquired about the likely outcome if an agreement could not be reached on the proposed toll increase and if TCTC eventually resorted to arbitration after its application for the toll increase was turned down by the Government. In response, USTH reported that on the two occasions that the New Hong Kong Tunnel Company Limited (NHKTC), the franchisee of the Eastern Harbour Crossing (EHC), sought arbitration on its toll increase applications, the arbitrator had repeatedly ruled that the band of reasonable remuneration for NHKTC was an IRR between 15% and 17% over the life of the franchise. EHC's toll increases were eventually greater than originally proposed on the second occasion. In response to Mrs IP's comment that the above IRRs were extremely high, USTH pointed out that the economic situation in the eighties when EHC and TCT were built was different. Moreover, it was then considered that under the "big market, small government" principle, the Government should optimize the use of public resources by taking forward large infrastructure projects through the BOT mode.

The buy-back option

24. Mr WONG Kwok-hing and Mr Ronny TONG enquired about the Administration's plans to buy back TCT to improve the traffic distribution among TCT and the alternative routes, so as to effect a long-term solution to obviate further toll increases by TCTC. USTH responded that the Government had discussed the buy-back option with TCTC previously. However, the option would necessitate assessments of relevant traffic flows and of the remaining value of TCT to be made, and consensus was difficult to be reached on such matters. Moreover, substantial financial resources would be incurred by this option. Notwithstanding, it should be noted that a number of alternative routes to TCT such as Route 8, LRT and Tai Po Road were available to offer the public sufficient road choice to mitigate impacts of the proposed toll increase.

25. Mr Albert CHAN and Mr LEUNG Kwok-hung considered that the uneven distribution of traffic amongst the three road harbour crossings was also a serious problem, and urged the Administration to buy back the ownership of not only TCT but all BOT tunnels. They took the view that a Tunnels and Bridges Authority should be established to own and manage the tunnel facilities, so that tunnel traffic could be redistributed by way of toll alignment. USTH responded that the option required more in-depth public discussion considering the substantial public resources involved. The Administration was conducting a study on rationalizing the utilization of road harbour crossings in this regard.

26. Considering the big gap between TCTC's presently achieved IRR and its targeted IRR, the Deputy Chairman expressed grave concern that it was possible for TCTC to apply for toll increases frequently in the years to come. He was therefore keen to ensure that the Administration would actively liaise with TCTC on the buy-back option, or extension of its franchise or joint operation in return for a lower IRR and even for a new toll increase mechanism. USTH responded that the Administration had already discussed with TCTC the above options. So far, no significant progress had been made in the discussion on this matter. Notwithstanding the difficulty encountered in the negotiation, the Administration would remain open-minded on these options.

Admin

27. Mr LEUNG Kwok-hung requested details of the studies and discussions conducted by the Administration in its examination of the feasibility of buying back TCT. USTH responded that care had to be exercised in providing details of the relevant discussions in recognition of the commercial sensitivity of some of the details. Mr LEUNG opined that the Administration should provide the requested details as far as possible to facilitate the Panel's monitoring of the progress of negotiation.

Measures to encourage and maintain patronage

28. Mr CHAN Hak-kan enquired about what measures had been taken to promote patronage of TCT so as to obviate toll increases. He said that measures such as the offer of same day return discount, or co-operation with EHC to offer discounts for vehicles using both tunnels should be taken. Mr T K WONG responded that promotional efforts directed at taxis and other commercial vehicles had been made but the effect achieved had not been satisfactory. Notwithstanding, TCTC would explore Mr CHAN's proposals above in cooperation with other tunnel operators.

Admin

29. Mr IP Wai-ming also urged the Administration to explore options other than allowing TCTC to increase tolls, and asked for estimates on TCT's traffic flow if its tolls were decreased to encourage patronage of TCT. Highlighting the adverse impacts of toll increase, Mr Ronny TONG added that even if proposed toll increase was inevitable, taxis and PLBs should be exempted considering the impact of the toll increase on passengers as it was likely that the fares of these transport means would be increased by \$1 correspondingly.

30. Mr T K WONG responded that TCT's toll for private cars and taxis, at \$14 (or \$15 if increased), was in fact very low compared to the minimum \$25 charged by the other three BOT tunnels in Hong Kong. By applying for the proposed toll increase, TCTC was only aiming to generate additional revenue to achieve a reasonable investment return after making substantial efforts to improve its financial performance.

Admin

31. Mr Ronny TONG maintained that TCTC and the Administration should seriously examine his proposal to exempt taxis and PLBs from the proposed toll increase, and assess the implications of his proposal on the financial viability of TCT. He requested the Administration/TCTC to provide information on the assessment to the Panel before further taking forward the proposed toll increase.

Other options

32. Mr Ronny TONG urged the Administration to explore the provision of subsidy to TCTC, such as by way of tax concessions as in other cities, to obviate the proposed toll increase. USTH responded that care had to be exercised in pursuing this option considering the substantial public resources involved.

33. Mr LEUNG Kwok-hung enquired whether the Administration had explored the legal and financial feasibility of seeking acquisition of TCT to solve the problem of frequent toll increases. USTH responded that to ensure there was no interference with private property rights, sufficient justifications had to be given before this option could be pursued. If not, the legal proceedings so arising might cost the Government great loss.

Admin

34. Summing up, the Deputy Chairman urged the Administration and TCTC to provide the information requested by members above as soon as practicable. He stressed that the Administration had to report to the Panel the outcome of its consideration of the toll increase application before submitting the application to CE-in-Council for consideration. Where necessary, the Panel should revisit this agenda item at the next regular meeting.

IV Enhancement of professional drivers' health awareness

(LC Paper No. CB(1)615/09-10(05) — Administration's paper on enhancement of professional drivers' health awareness)

Health checks

35. Noting that Health Check Days would only be held at five different locations, Mr WONG Kwok-hing and Mr IP Wai-ming expressed concern that not many professional drivers could benefit from the health checks so provided and the activity might be cosmetic. Mr WONG further opined that the measurements taken, namely, Body Mass Index, body fat percentage, blood pressure, total Cholesterol and Plasma Glucose measurements, were not comprehensive enough to help professional drivers prevent sudden illnesses that might lead to traffic accidents. Moreover, professional drivers might not

have time to take part in these Health Check Days.

36. The Deputy Commissioner for Transport/Transport Services & Management (DC for T/TS&M) responded that it was estimated that altogether 2 500 health checks could be conducted on these Health Check Days. While the number might be small when compared to that of professional drivers, it should be noted that the Health Check Days aimed to enhance professional drivers' health awareness rather than really providing comprehensive health checks for them. If the results of any of the above measurements were unsatisfactory, the drivers concerned should seek more detailed health checks to identify the problems.

37. Mr WONG Kwok-hing highlighted the Motor Transport Workers General Union (the General Union)'s request of the Administration to provide free health checks to all professional drivers, or to offer concessions such as tax concessions to encourage them to receive health checks. DC for T/TS&M responded that while free health checks were already provided on the planned Health Check Days, the Administration would relay the above suggestions to relevant departments for consideration.

Admin

38. Mr WONG Kwok-hing stressed the need for more active efforts to encourage drivers to receive health checks, and urged the Administration to negotiate with the Hospital Authority (HA) or other social welfare organizations for provision of health checks for professional drivers free of charge or at concessionary rates. Mr IP Wai-ming shared his views. DC for T/TS&M responded that simple health checks were already available from HA. The Administration would further follow up Mr WONG's proposal with it. At Mr WONG's request, she further agreed to report on the progress in this regard in writing in due course.

39. Ms LI Fung-ying pointed out that most people would perform unsatisfactorily in the measurements covered on Health Check Days when they reached a certain age. As such, many professional drivers were reluctant to take part in the Health Check Days for fear that their insurance companies might increase their insurance premiums if their measurements were unsatisfactory. The Administration should therefore map out measures to address such concerns to encourage participation in the planned Safe Driving and Health Campaign for Professional Drivers. DC for T/TS&M responded that the major purpose of the campaign was to focus the attention of professional drivers on the importance of safe driving attitude and good health condition. As a result, the health checks so provided were conducted to alert professional drivers to signs of illnesses rather than for health certification purposes, and no records would be kept. Ms LI, however, opined that there was no use identifying problems if no solutions were offered.

40. Mr IP Wai-ming expressed concern that if the response to the Health Check Days was poor, the Administration might mandate professional drivers to receive annual health checks, which might impact on professional drivers' career, relevant insurance premium and in turn public transport fares. DC for T/TS&M responded that professional drivers should ensure their fitness for driving considering the risks they would pose to other road users if they were suddenly taken ill. However, as at present the Administration only aimed to enhance their health awareness and had no plan to mandate them to receive health checks.

41. The Deputy Chairman, however, opined that annual health checks for professional drivers should be mandated, and that the Administration should help minimize the cost so incurred by providing the checks through HA or the occupational health clinics under the Department of Health, or by providing licence fee concessions upon production of health check proofs when professional drivers renewed their licences. The drop in traffic accidents so resulting would worth the costs so incurred. The Administration noted his views.

Proposals for improvement

42. Mr WONG Sing-chi urged the Administration to consider the following options to improve professional drivers' health –

- (a) Produce posters to remind professional drivers to receive health checks for posting in vehicles;
- (b) Encourage Radio Television Hong Kong to produce more health programmes to help enhance professional drivers' health awareness;
- (c) Encourage professional drivers to receive health checks by presenting certificates to those drivers who had participated in the Health Check Days; and
- (d) Help driver associations or transport operators to negotiate for bulk health check services at discounted rates.

43. In response, DC for T/TS&M thanked Mr WONG Sing-chi for his suggestions, and reported that the Administration had already been liaising with a radio station for provision of programmes on safe driving and health tips. Stickers to enhance health awareness would also be produced for posting in vehicles. There were also plans to show appreciation to and even commend safe and healthy drivers.

Working hours of professional drivers

44. Mr WONG Kwok-hing recapitulated the General Union's view that many professional drivers were overloaded by long working hours and stressful working conditions. Mr IP Wai-ming concurred that professional drivers' health was suffering from long working hours and as such, the Administration should ensure they would have sufficient rest to prevent traffic accidents caused by drivers' sudden illness. Mr WONG Sing-chi shared their views.

45. DC for T/TS&M responded that TD had already been following up the General Union's concerns about drivers' working hours in various forums. In particular, the Administration was actively following up bus drivers' working hours with their trade unions and the bus companies, and would report back to the Panel in due course.

46. Ms LI Fung-ying shared the view that professional drivers' health should be enhanced through ensuring their working hours were reasonable, and expressed regrets that the maximum duty and driving duty specified in the relevant guidelines for bus drivers were as long as 14 and 11 hours in a day, so that they did not have time to attend skill upgrading courses, or safety seminars, talks, workshops and exhibitions. As a result, since 2004 only about 2 100 professional drivers attended courses under the Skill Upgrading Scheme, and since 2005 only about 6 200 professional drivers attended the above talks and seminars. The Deputy Chairman concurred that the Administration had failed to shorten professional drivers' working hours to tackle their health problem, which would not only affect themselves and their families but also road safety. The Administration noted their views.

V Any other business

47. There being no other business, the meeting ended at 10:40 am.