

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 2nd meeting
held at the Legislative Council Chamber
on Friday, 5 November 2010, at 3:15 pm

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP

Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

Members absent:

Hon WONG Yung-kan, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon CHAN Hak-kan
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon PAN Pey-chyou
Hon WONG Yuk-man

Public officers attending:

Ms Julia LEUNG Fung-ye, JP	Acting Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Miss Shirley KWAN	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Revenue)
Mrs LAI CHI Lai-ming, JP	Acting Deputy Commissioner of Inland Revenue (Operations)
Mr CHIU Sai-ming	Chief Assessor, Inland Revenue Department
Mr LEUNG Kam-hang	Chief Systems Manager (Inland Revenue), Inland Revenue Department
Mr Alan CHU King-man	Deputy Secretary for Transport and Housing (Transport) ³
Mr TSANG King-man, JP	Assistant Commissioner for Transport (Technical Services)
Mr Everett LUK Yiu-wah	Chief Engineer (Traffic and Transport Survey), Transport Department
Mr Andrew WONG Ho-yuen, JP	Permanent Secretary for the Civil Service
Mr Johann WONG Chung-yan	Principal Assistant Secretary for the Civil Service (Appointments)
Ms Rhoda CHAN Miu-yu, JP	Assistant Director of Accounting Services (Establishment), The Treasury
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Ms Rebecca PUN Ting-ting, JP	Deputy Secretary for Transport and Housing (Transport) ²

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Mrs Hedy CHU POON Kit-man	Principal Assistant Secretary for Transport and Housing (Transport) 4
Mr Josiah TAU Chung-hong	Chief Treasury Accountant (Transport), Transport and Housing Bureau
Mr Albert YUEN Lap-pun, JP	Assistant Commissioner for Transport (Management & Paratransit)
Mr Carey WONG Wai-ming	Principal Transport Officer (Management), Transport Department

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Mary TANG	Senior Council Secretary (1)2
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

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Item No. 1 - FCR(2010-11)41

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Inland Revenue Department

New Subhead "Implementation of System Infrastructure Enhancement Project for the Inland Revenue Department"

The Chairman reminded members that if they had any pecuniary interest in the items under discussion at this meeting, they should declare the nature of interest before speaking.

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2. The Chairman informed members that the Panel on Financial Affairs (FA Panel) was consulted on the funding proposal under Item 1 at its meeting on 5 July 2010.
3. Mr CHAN Kam-lam, Chairman of the FA Panel, said that the FA Panel had discussed the proposal at its meeting on 5 July 2010 and members were supportive of the proposal.
4. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2010-11)42

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Transport Department

New Subhead "Development of the Traffic and Incident Management System"

5. The Chairman informed members that the Panel on Transport was consulted on the proposal at its meeting on 28 June 2010.

Functions of the Traffic and Incident Management System (TIMS)

6. Mr WONG Kwok-hing said that he supported the development of TIMS. Referring to the scaffolding incidents on 9 May 2005 which had given rise to serious traffic congestion in extensive areas in Hong Kong and the recent traffic congestion problems arising from the rail incident at the Yau Ma Tei MTR Station, he said that there were inadequacies in the existing traffic and transport management system. He enquired whether the proposed TIMS would help facilitate traffic and transport incident management. He also enquired whether TIMS would be linked with the rail management systems to facilitate the handling of traffic problems arising from rail incidents. The Deputy Secretary for Transport and Housing (Transport)³ (DSTH(T)³) advised that as TIMS would be able to disseminate real-time traffic and transport information, it would be very useful in facilitating traffic and transport incident management. With the use of TIMS, the Transport Department (TD) would be able to perform automatic incident detection, generate suggested traffic and transport contingency plans, provide a common view of traffic information to all stakeholders and streamline the dissemination of traffic and transport information to the public. The earlier dissemination of incident information through TIMS could reduce the severity of traffic impact during an incident, by

alerting more motorists or travellers to use alternative driving routes or transport modes. In turn, it would relieve traffic congestion near the incident area, benefit the road network and reduce travellers' journey time.

7. Mr WONG Kwok-hing asked when TIMS would be commissioned and where it would be located. The Assistant Commissioner for Transport (Technical Services) (AC for T (TS)) said that TIMS would require five years to complete. Efforts would be made to expedite the provision of some of the services made available by TIMS. While TIMS would be located at TD, all stakeholders would have access to the traffic and transport information disseminated by TIMS. Stakeholders including the Mass Transit Railway Corporation Limited (MTRCL) could input information to TIMS to alert the Government departments such as the Police and TD as well as the public about the occurrence of traffic and rail incidents.

8. Ir Dr Raymond HO said that the Professional Forum supported the proposal to develop TIMS. He enquired if the Administration was confident that the proposed system could effectively co-ordinate the traffic and transport arrangements if notification of rail incidents was made within eight minutes as pledged by MTRCL. He said that he did not see why TIMS was only tasked to deal with traffic incidents on the roads but not rail incidents. AC for T(TS) said that TD had all along worked with MTRCL to update the contingency arrangements to deal with rail incidents. TD would be alerted on the occurrence of rail incidents through the notification mechanism of MTRCL. With the agreement from mobile network operators, TIMS could disseminate special traffic news to the subscribers on mobile phones so that motorists or travellers could choose to use alternative driving routes or transport modes. With the dissemination of real-time traffic and transport information through TIMS, the severity of traffic impact caused by rail incidents such as that occurred at the Yau Ma Tei MTR Station could be reduced.

Dissemination of traffic and transport information

9. Mr LAU Kong-wah said that there was general dissatisfaction with the traffic congestion brought about by the rail incident at the Yau Ma Tei MTR Station on 21 October 2010. As TIMS would act as a platform to co-ordinate traffic and transport information, he enquired about the means for disseminating such information to the public, for example, whether such information would be available on mobile phones and video screens on buses/rails. He stressed that TIMS should be able to disseminate the traffic information in a timely manner. AC for T(TS) said that mobile network operators had agreed to provide images showing road traffic conditions and special traffic news to their subscribers on smartphones. MTRCL would also improve its traffic information system at

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MTR stations, while discussions were being held with bus companies to provide traffic information at major bus interchanges and on Road Show in buses.

10. Ms Cyd HO said that travellers should be advised not only of the occurrence of the traffic or rail incidents, but also the nature and approximate duration of the incidents so that they could decide whether to use alternative driving routes or transport modes. Referring to the rail incident at Yau Ma Tei MTR Station on 21 October 2010, she opined that the traffic congestion could have been avoided had the affected passengers been notified of the alternative transport modes available. She considered that TIMS should aim to provide more traffic and transport information to the public. AC for T(TS) responded that at the radio announcements made on the rail incident at Yau Ma Tei MTR Station on 21 October 2010, the public had been advised that the disruption of service of the MTR Tsuen Wan Line would expect to last for about four hours.

11. Mr IP Kwok-him expressed support for the funding proposal on account that TIMS would bring about more effective and efficient incident management. He enquired whether traffic information could be provided at more locations along trunk roads and highways to alert drivers on the traffic situation, similar to the practice in many parts of the Mainland. He opined that the provision of traffic information in strategic locations such as the Princess Road and the Harcourt Road would alert drivers of the traffic situation ahead, and facilitate them in making alternative routings to avoid traffic congestion. His concern was shared by Ir Dr Raymond HO. AC for T(TS) said that efforts had been made to provide traffic information at more locations along trunk roads even though this was not part of TIMS. Screens providing traffic information were also installed at new highways and along Gloucester Road, near the Excelsior Hotel.

12. Noting that TIMS would include a sub-system to enable public transport operators to report, view and update information of an incident, Ms Cyd HO enquired if transport operators should be required to set a performance pledge for providing alternative transport within a certain time frame in case of an incident. AC for T(TS) said that contingency plans, rather than performance pledges, would be worked out with transport operators on the means to cope with traffic incidents.

13. Mr WONG Sing-chi enquired if TIMS could provide a common platform for use by all stakeholders in disseminating traffic and transport information. He was concerned about the financial implications, other than the commitment of \$100 million, for the implementation of TIMS and its interface with other systems. AC for T(TS) said that TIMS would fuse different available real-time traffic information, such as images from closed-circuit

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televisions, journey times, traffic speed and density data, to perform incident detection. It would also include a common data platform for interested parties to acquire TD's traffic speed and incident information for developing value-added services such as global positioning systems (GPS) navigation. TD currently provides traffic and transport information for the northern part of Hong Kong island and Kowloon peninsula through the Journey Time Indication System. A separate system would be introduced later for monitoring the traffic situation in East and West New Territories, along Tuen Mun Road and Tolo Highway. More detectors would be installed in remote locations and side streets to increase the coverage of TIMS and separate funding would be sought for the purpose.

14. On Ms Cyd HO's enquiry about value-added traffic related services which could be developed from the data platform provided by TIMS, AC for T(TS) said that private companies and relevant parties could extract traffic speed and incident information from TIMS in the development of value-added traffic related services. These services might include the provision of traffic information within certain areas to facilitate drivers in planning their routing. Such information could be provided by way of mobile phones. Ms HO was of the view that as TIMS was funded by public money, the traffic information so collected should be provided free of charge to the travelling public through radio announcements and should not be used for profiteering by private companies. AC for T(TS) responded that the real-time traffic and transport information provided by TIMS would be useful in GPS applications. Private companies providing value-added traffic related services developed from the data platform provided by TIMS might be subject to a charge.

Recommendations of the Task Force on Emergency Transport Coordination

15. Mr LAU Kong-wah expressed concern that the Task Force on Emergency Transport Coordination had taken five years to complete the review on the mechanism for handling emergency traffic and transport incidents triggered off by the scaffolding incidents on 9 May 2005; and that it would take another five years to complete TIMS. He asked why it took such a long time to improve emergency transport coordination, and whether the development of TIMS could be expedited.

16. AC for T(TS) advised that following the scaffolding incidents on 9 May 2005 which had given rise to serious traffic congestion in extensive areas in Hong Kong, a Task Force on Emergency Transport Coordination (the Task Force) was set up to investigate the incident. The Task Force had made 56 recommendations and most of the short and medium-term measures had already been implemented. The remaining medium to long-term measures were

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related to the deployment of advanced technologies to collect, display, share and disseminate real-time traffic and transport information for incident management, and these required a longer time to implement. A consultancy study was subsequently carried out in 2007 to examine how the measures should be taken forward, with reference to local and overseas experience. Given the complexity of issues involved, the implementation of TIMS would take time. There were also copyright issues and tendering procedures which had to be dealt with.

17. Ir Dr Raymond HO enquired if the Panel on Transport had been consulted on the implementation of the 56 recommendations made by the Task Force. DSTH(T)3 said that discussion had been held with the Panel on Transport on the progress of implementation of the 56 recommendations of the Task Force. AC for T(TS) added that biannual reports on the subject had been provided to the Panel on Transport and the last discussion was held in August 2006.

Tendering for TIMS

18. Ir Dr Raymond HO questioned about the long time for dealing with copyright issues and tendering procedures for the implementation of TIMS. He queried the Administration for deviating from the conventional open tender approach and spending time and efforts in sourcing the right system design by itself, resulting in much delay in the implementation of TIMS. AC for T(TS) explained that in order to ensure compatibility of the systems and compliance with international standards, more time was needed in the system design as well as preparation of specifications and tender documents for TIMS, which was a new and emerging technology not readily available in the open market. Reference was made to the experience of the United States and European Union countries in the use of TIMS, and the possibility of merging the systems would also be explored. In response to Dr HO, AC for T(TS) confirmed that the Financial Services and the Treasury Bureau had not previously rejected the funding application for implementing TIMS.

19. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2010-11)43

HEAD 120 – PENSIONS

Subhead 016 Contract gratuities

20. The Chairman informed members that the Panel on Public Service was consulted on the proposal at its meeting on 18 October 2010.

21. Mr WONG Kwok-hing indicated support for the supplementary provision of \$30 million in 2010-2011 to meet an estimated increase in expenditure arising from the modification to the entry system for recruitment to the basic ranks in the civil service. He said that in the past six years, he had been seeking improvements to the '3+3' civil service entry system by removing the three-year agreement period (i.e. the second limb of the '3+3' system). He was pleased to note that the improvement could be implemented within the current term of Government, and he believed that the proposal would be most welcomed by the civil service. He enquired if consideration could be given to further modifying the entry system such that the probationary period could be shortened from three to two years, in line with the practice of most private organizations.

22. The Permanent Secretary for the Civil Service said that a three-year probationary period was considered appropriate as it would allow sufficient time for the management to assess the suitability of the staff for permanent appointment. It would also enable the staff enough time to decide whether he/she would be suitable for the civil service.

23. Mr WONG Kwok-hing requested to put on record that strenuous efforts had been made to achieve the modification to the entry system for recruitment to the basic ranks in the civil service. He considered it unfair that staff recruited at the basic ranks in the civil service had to be bound by the '3+3' system (i.e., a total of six years' service) before they could be considered for further appointment on permanent terms. He hoped that Government would not re-apply such unfair employment terms to its staff in future.

24. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 4 - FCR(2010-11)44

HEAD 186 – TRANSPORT DEPARTMENT

Subhead 700 General non-recurrent

New Item "Helping measures to assist the operation of six major outlying island ferry trunk routes"

25. The Chairman informed members that the Panel on Transport was consulted on the proposal at its meeting on 23 April 2010.

26. Mr WONG Kwok-hing welcomed the helping measures to assist the operation of six major outlying island ferry trunk routes in order to enhance their long-term financial viability and maintain fare stability. He enquired about the measures to prevent abuse of Government subsidies by ferry operators who might threaten to cease operation of the routes in a bid to obtain more subsidies from Government. He said that public funds should be used to benefit the travelling public but not the ferry operators for profit-making. He suggested setting up a \$100 million fund instead to generate income for assisting the operation of outlying island ferry trunk routes.

27. The Under Secretary for Transport and Housing (USTH) said that the helping measures included waiving of annual vessel fees and private mooring fees as well as reimbursement of operating and maintenance costs of the six trunk routes, which aimed to alleviate the pressure of fare increases. The actual maintenance cost incurred for the six major trunk routes would be considered for reimbursement if there was a justified case for fare increase during the new licence period. In doing so, Government would share part of the burden of the commuters by reducing the rate of fare increases by half (after netting off the rate general inflation in the first place) through reimbursing the operators the vessel maintenance cost that had been incurred. The helping measures would be set out in the tender documents so that tenderers would be aware of the subsidies to be provided in the operation of the routes. Regarding Mr WONG's suggestion of setting up a \$100 million fund, USTH said that it would require a much larger fund in order to generate sufficient income for subsidizing the operation of the six trunk routes. The helping measures now proposed could provide direct assistance to the ferry operators and were considered more effective than setting up a fund.

28. Mr TAM Yiu-chung said that ferry services were essential to residents living on outlying islands but it was difficult to maintain financial viability of such services given the limited demand. He welcomed the helping measures which would ensure the continuation of ferry services through

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enhancing their long-term financial viability and maintaining fare stability. He was, however, concerned that even with the subsidies provided under the helping measures, the ferry services might not be able to sustain given the inflationary pressure and rising fuel cost. He also considered it necessary to expedite the revitalization of the Central Piers, in particular the works associated with Piers Nos. 4, 5 and 6.

29. USTH responded that the helping measures would provide assurance to ferry operators on the financial viability of ferry services, and alleviate the pressure of fare increase. As regards the Central Piers, the retrofitting of additional fire prevention facilities at Central Piers No. 4 and 6 had been completed, and work was in hand to take forward the construction of additional floors to be provided at the Piers. Construction works of the additional floor could only be commenced after the approval from the Town Planning Board and funding approval from the Legislative Council Finance Committee. On the concern about the rising operating costs, USTH said that the costs of operating ferry services were mainly staff, fuel and maintenance costs. While staff and maintenance costs were rather stable, fuel costs were difficult to predict. Nonetheless, the helping measures would help stabilize the operating costs and alleviate the pressure of fare increases.

30. Mr TAM Yiu-chung enquired if the ferry service from Hunghom to Central would be ceased. USTH said that the incumbent ferry operators had declined to continue operation of the Hunghom to Central route. A second round of tender would be held to invite tenders for the said route as the first round had not been successful.

31. Ms Starry LEE said that at a recent meeting of the Kowloon City District Council, the difficulty for sustaining the ferry services from Central to Hunghom and from Wanchai to Hunghom was discussed. The advice given by the Administration was that residents could make use of alternative modes of transport if the two ferry routes were to be discontinued. Ms LEE said that these ferry routes should be maintained. In this connection, she would support an overall review on the provision of ferry services as an integral part of transport development in Hong Kong. She stressed that, given the beauty of the Victoria Harbour, strategic planning should be made to enable the continuation of ferry services.

32. USTH said that it was the existing policy to allow the private sector to operate public transport services on commercial principles. In reviewing the provision of ferry services, consideration was given to whether there were alternative transport means other than the ferry services. The proposed helping measures for the six trunk routes was made on the ground that these ferry

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services were the only means of transport for residents of some of the outlying islands. However, for ferry services where the patronage was low, and no operator would submit a bid, consideration would have to be given to whether there was a need to continue such services.

33. Ms Starry LEE said that the recent rail incidents had revealed that over-reliance on road or rail transport would not be beneficial to the community. While MTRCL could cross-subsidize its operation with income generated from its properties, ferry operators might need Government subsidies to maintain operation of the ferry services. She considered that the ferry routes should not be allowed to discontinue simply because of a lack of tenderers. She urged the Government to provide helping measures also to the other ferry operators facing difficulties.

34. USTH said that Government had been providing measures such as taking over the responsibility for pier maintenance, waiving fuel duty and reimbursing pier rentals and exempting vessel licence fees for ferry services under the Elderly Concessionary Fare Scheme to enable ferry operators to reduce operating costs and increase non-fare box revenue, and had been and would continue to report such matters to the Legislative Council as necessary.

35. Ms Miriam LAU said that ferry services were most difficult to operate amongst the different types of transport services because of the high operating costs. There had been much difficulty in securing tenderers for the outlying island ferry routes at the last tender, and the Administration had to relax some of the service requirements and provide helping measures before tendering out these routes. The same difficulty was faced in operating other ferry routes and no assistance had been given in the generation of non-fare box revenue. She considered it necessary that similar helping measures be provided to other ferry routes as well. USTH said that helping measures were provided to the outlying island ferry services because there were no other means of transport available to residents of outlying islands. These measures were not provided to other ferry routes as commuters had alternative transport modes to choose from.

Tendering for ferry services

36. Mr Albert HO said that the helping measures alone were not sufficient to sustain the ferry services. He pointed out that the standard of ferry services had declined due to decreasing demand and less population on outlying islands. There was a suggestion of setting up a fare stability fund back in the 1990s to support the development of Yau Ma Tei Pier but this had not been viable due to factors such as high land premium. He was also

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concerned about the tendering arrangements for the outlying island ferry routes as sufficient time should be allowed for planning by tenderers. He supported conducting an overall review on ferry services including the licensing and tendering of ferry routes.

37. USTH said that once the Finance Committee had given the funding approval for the helping measures, the Administration would proceed with the tendering for the outlying island ferry routes. The tender documents would be completed before the end of 2010 which would take into account the needs of residents of outlying islands and measures to facilitate ferry operators in their operation. The tender would allow for the operation of the ferry routes by one or separate tenderers.

38. Mr Albert CHAN said that the policy for granting licences for operating transport services was confusing, as the licence for certain franchised buses was ten years while that for outlying island ferry routes was three years. In his view, the licence period for operating ferry services should be extended on account of the investment involved and to ensure stability of services. The lack of growth in demand and the escalating operating prices had made it difficult for ferry operators to operate outlying island ferry routes. If no bids were received in the next tender for the outlying island ferry routes, the Government should take over the operation of these ferry routes. He supported that a review be made on the provision of ferry services. USTH reiterated that it was the existing policy to allow the private sector to operate public transport services on commercial principles, and interested operators would have to submit tenders for operating such services.

Ferry fares

39. Mr LEE Cheuk-yan commented that as outlying island residents had to rely on ferry services, any fare increase would be a burden on the residents. It was therefore necessary to provide subsidies to these services to alleviate the pressure of fare increases. He would suggest contracting out the ferry services and capping the fare prices at a fixed level. Operators of the ferry services could then work out the subsidies required from Government for maintaining the financial viability of the services. Such an approach could ensure fare stability as well as reliability of ferry services.

40. Mr LEE Cheuk-yan further commented that the present licensing arrangement could not prevent fare increases during the licence period, and the huge increase in fares for weekends and public holidays would affect both residents and tourists. Sharing similar concerns, Mr Albert CHAN said that the expensive ferry fares during weekends and public holidays had deterred

tourists from visiting the outlying islands, thus adversely affecting the tourism and the development of outlying islands.

41. USTH stressed that under the helping measures, Government aimed to share part of the burden of the commuters by reducing the rate of fare increases by half (after netting off the rate general inflation in the first place) through reimbursing the operators the vessel maintenance cost that had been incurred. This would help reduce the burden of fare increases on residents of outlying islands who had no other means of transport other than ferries. As regards the higher fares during weekends and public holidays which were on average 40% more than normal fares on weekdays, USTH advised that the fare differential would be brought down to 20% during the next tender in an attempt to attract more tourists to the outlying islands during weekends and public holidays.

Generation of non-fare box revenue

42. Mr Albert HO enquired whether consideration would be given to allowing ferry operators to increase their non-fare box revenue by developing the ferry pier. USTH said that the package of helping measures was worked out to assist the operation of outlying island ferry routes. Approval had been sought from the Town Planning Board to relax the land uses at the Central Piers so that ferry operators could sublet the upper deck of ferry piers for commercial activities. The subletting approval procedures had been streamlined to help generate non-fare box revenue for cross-subsidizing the ferry operations so as to alleviate the pressure of fare increase.

43. Ms Miriam LAU said that she had written to the Administration many times about the need to generate non-fare box revenue in an attempt to cross-subsidize ferry operations. This could be achieved by way of placing advertisements at the deck of ferry piers and leasing part of the piers for commercial activities on a short term basis. However, as different departments were involved in the cumbersome approval process, more concerted efforts from Government departments were called for in providing the needed assistance to ferry operators.

44. USTH said that much effort had been made to assist the ferry operators in generating non-fare box revenue. As different departments were involved in the approval process, arrangements had been made to streamline these procedures. The Chairman suggested that Ms LAU could consider writing to the Business Facilitation Advisory Committee to seek assistance in this respect.

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45. The Chairman put the item to vote. The Committee approved the funding proposal.

46. The meeting was adjourned at 5:00 pm.

Legislative Council Secretariat
9 May 2011