

立法會
Legislative Council

LC Paper No. CB(1)220/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Monday, 11 July 2011, at 8:30 am
in the Chamber of the Legislative Council Building**

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

Public officers attending : **Agenda item III**

Mr Patrick CHAN, JP
Deputy Secretary for Transport and Housing
(Transport) 3

Miss Petty LAI
Principal Assistant Secretary for Transport and
Housing (Transport) 6

Miss Cinderella LAW Fung-ping
Assistant Commissioner/Administration & Licensing
Transport Department

Mr Reginald CHAN
Chief Transport Officer (VALID Project)
Transport Department

Agenda item IV

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

Mrs Hedy CHU POON Kit-man
Principal Assistant Secretary for Transport and Housing
(Transport) 4

Mr Albert SU Yau-on
Assistant Commissioner / Management & Paratransit
(Acting)
Transport Department

Mr Kenneth MOK Ying-kit
Chief Transport Officer / Planning / Ferry
Transport Department

Agenda item V

Ms Rebecca PUN
Deputy Secretary for Transport and Housing
(Transport) 2

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

Ms Macella LEE
Principal Transport Officer / Bus and Railway 3

**Attendance by
invitation** : **Agenda item IV**

Fortune Ferry Company Limited

Mr CHAN Kam-hung
Director

Mr Henry YOUNG
Clerk

Peng Chau Kai To Limited

Mr Kent WONG
Manager

Tsui Wah Ferry Service (Hong Kong) Limited

Ms Monita LEUNG
Manager

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

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)2

Ms Emily LIU
Legislative Assistant (1)2

Action

As the Chairman was attending another meeting, the Deputy
Chairman took over as the Chair.

I Confirmation of minutes

(LC Paper No. CB(1)2544/10-11 - Minutes of meeting on 15 April 2011)

2. The minutes of the meeting held on 15 April 2011 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1) 2615/10-11(01) - Further submission from a member of the public on improvements that should be introduced to the public transport arrangements at Central Piers

LC Paper No. CB(1) 2665/10-11(01) - Submission from a member of the public complaining about the service of MTR bus route K52)

3. Members noted the above papers issued since the last regular meeting.

III Issue of certificate of particulars of motor vehicles

(LC Paper No. CB(1) 2647/10-11(01) - Administration's paper on issue of certificate of particulars of motor vehicles)

4. The Deputy Secretary for Transport and Housing (Transport) 3 (DS(T)3) briefed members on the proposal (the Proposal) to improve the issuing mechanism of the Certificate of Particulars of Motor Vehicles (the Certificate). Members noted that to enhance privacy protection and ensure that the personal data of registered owners contained in the register of vehicles (the Register) maintained by the Transport Department (TD) would be properly used, the Administration intended to strengthen the existing administrative measures, and codify them in the laws to provide a proper statutory footing to facilitate enforcement.

(The Chairman arrived and took over the chair at this juncture.)

Justification and implications of the Proposal

5. Noting that many applications for the Certificate in 2010 had been made from property agents and media or news agencies, Mr Jeffrey LAM

enquired whether in working out the Proposal, the Administration had taken into consideration the Proposal's implications on the operation of the above sectors, which had a need for the particulars concerned, and had consulted the Office of the Privacy Commissioner for Personal Data (the Commissioner).

6. DS(T)3 responded that while aware of the public's right to know and the need of certain sectors for the particulars concerned, after making reference to overseas practices and consulting the Commissioner on the principles on collection and use of personal data, namely, that collection of personal data from the public should be conducted in a lawful and fair manner, and that personal data collected should be used for the purposes for which they were collected or a directly related purpose, the Administration saw a need to ensure that the data collected for maintaining the Register should be for the purpose of facilitating the handling of traffic and transport related matters only, and that further measures should be introduced to strengthen the protection of privacy of the personal data of registered owners. The Administration had already taken care to ensure that parties which had a genuine need for the particulars could still apply to TD for provision of such details under the improved mechanism.

7. While agreeing that certain restrictions should be imposed on applications for the Certificate to prevent abuse, Mr Jeffrey LAM was keen to ensure that the operation of the trades concerned would not be affected by the Proposal, and hence enquired whether the Proposal could be relaxed in certain areas as appropriate. DS(T)3 responded that the Administration would, with an open mind, actively consider all constructive and feasible comments on the Proposal received during consultation. He further assured members that if found necessary after implementation of the Proposal, the Administration could amend the list of proposed scenarios (the list of proposed scenarios) under which persons who were not registered owners might obtain personal particulars of registered owners without the consent of the registered owners concerned through making declaration to the Commissioner for Transport (C for T) (Annex C to the Administration's paper for this item (LC Paper No. CB(1)2647/10-11(01))).

8. Ms Miriam LAU agreed that to prevent abuse, such as use of the particulars concerned for marketing purposes, there was a need to tighten to a certain extent the issuing mechanism of the Certificate. She, however, was keen to ensure that all reasonable applications for the particulars would be covered in the list of proposed scenarios and, highlighting the proposed scenario of "legal proceedings involving the vehicle", expressed concern that the example quoted to explain the scenario might be too narrow, so that applications for vehicle particulars for the purpose of ascertaining the

ownership might in future not be approved.

9. The Principal Assistant Secretary for Transport and Housing (Transport) 6 responded that the above example had in fact been quoted to address the concerns expressed by the Law Society of Hong Kong (LS) when it was previously consulted on the Proposal. The Administration would, in response to Ms Miriam LAU's views above and other views collected during public consultation on the Proposal, consult LS and the Department of Justice again to ensure that all reasonable applications for the Certificate would be entertained after implementation of the Proposal. Noting the response, Ms Miriam LAU opined that the scope of scenarios (D) and (E) in the list of proposed scenarios should also be widened in recognition that they were both related to reasonable legal actions.

Other views and concerns

10. Mr Jeffrey LAM asked whether restrictions would be imposed on how the vehicle particulars requested should be used when providing them to the applicants and, if so, whether there would be sanctions for non-compliance. He further opined that, to strike a balance between the public's right to know and privacy protection, the Certificate might provide only insensitive particulars of motor vehicles.

11. DS(T)3 responded that among the 18 items of particulars contained in the Register, 15 were related to the vehicle (vehicle particulars) and only three were particulars pertaining to the registered vehicle owner (personal particulars) including his name, residential address and identity document. The Administration would release such personal particulars in the Certificate if the information was required for certifying the identity of the owner in specified scenarios. As to sanctions, the Administration had already proposed to introduce a sanction provision such that it should be an offence for a Certificate applicant to use the personal particulars of the registered vehicle owner for purposes other than that declared, and that upon conviction, the applicant would be liable to a fine at level 2, i.e. a fine between \$2,001 and \$5,000 (inclusive), and to six months' imprisonment. In response to Mr Jeffrey LAM on whether investigations and prosecutions had been conducted in the past, DS(T)3 confirmed that no applicant had been prosecuted for making of false statement since the introduction of administrative measures in 2003 to clearly put across the message to applicants that the information on the Certificate should only be used for traffic and transport related purposes.

12. Noting that the Administration would launch a two-month public consultation to collect views from the public and relevant stakeholders on the

Proposal, the Chairman urged the Administration to carefully examine the views solicited, so as to strike a balance between the interests of the public and those of relevant stakeholders. In response to him, the Administration confirmed that the relevant legislative proposals would be introduced in the 2011-2012 session.

IV Outlying island ferry services

(LC Paper No. 2647/10-11(02)	CB(1) - Administration's paper on outlying island ferry services
LC Paper No. 2647/10-11(03)	CB(1) - Chairman's letter dated 8 June 2011 on fare increases for outlying island ferry services to the Administration
LC Paper No. 2275/10-11(07)	CB(1) - Administration's paper on fare increases for outlying island ferry services
LC Paper No. 2275/10-11(08)	CB(1) - Referral from the Complaints Division dated 6 May 2011
LC Paper No. 2275/10-11(09)	CB(1) - Follow-up memo regarding the referral from the Complaints Division dated 6 May 2011
LC Paper No. CB(1)2302/10-11	- Paper on the development of major outlying island licensed ferry services prepared by the Legislative Council Secretariat (Updated background brief))

Meeting with deputations/ the Administration

Fortune Ferry Company Limited

13. Mr CHAN Kam-hung complained that he had been applying for the provision of a ticket booth for his company at the pier for a long time but to no avail, and passengers who wished to use their service did not know where to buy the tickets. Moreover, while the Government was providing about \$120 million for the implementation of a number of helping measures for six major outlying island ferry services (the \$120-million subsidy), the subsidy was not available for his company. He considered the above arrangement unfair, and questioned how the Administration decided on which ferry services to assist.

Peng Chau Kai To Limited

14. Mr Kent WONG made the following points on behalf of Peng Chau Kai To Limited and other small ferry operators –

- (a) It was undesirable that the Administration was only willing to provide assistance to the six major outlying island ferry trunk routes and even with the \$120-million subsidy made available to them, there were still fare increases. . As for small operators, although the ferry service for Po Toi Island was the only means of transport for the islanders concerned, the operator of the service could not get benefit from the subsidy, and even had to hire a barge for use as pier;
- (b) It was unfair that the Administration had turned down such humble requests for assistance from small ferry operators as exemption of the vessel licence fee or the annual vessel survey fee, and that they had to rely on fare increases where necessary to sustain the viability of their services. When his company applied for fare increase two years before, he was asked to consider public affordability, and the time taken to process fare increase applications was long, spanning at least one year; and
- (c) There was a need to ensure small ferry operators' financial viability and sustainability. In this regard, it should be noted that waiver of fuel duty could not help them because they were already using duty-free fuel. Instead, the Administration should help ensure that oil companies would not always increase the oil prices at a pace more quickly than reducing them.

Tsui Wah Ferry Service (Hong Kong) Limited (Tsui Wah)

15. Ms Monita LEUNG echoed Peng Chau Kai To Limited's views, and added that the Administration should provide greater assistance to such small ferry operators as Tsui Wah to enable them to survive because many of the islands they served, such as Po Toi Island and Tung Ping Chau, did not have electricity supply at the piers, and the operators had to provide lighting for the piers concerned. She also considered it unfair that ferry service between Aberdeen and Lamma Island did not receive any government subsidy and Tsui Wah also had to purchase a pontoon for use at the landing steps for the service. Meanwhile, their application for electricity supply for this pontoon

had been filed for three years without any progress and Tsui Wah had to purchase an electricity generator to supply electricity for the pontoon.

16. The Chairman and members thanked the deputations for attending the meeting to express their views. Members noted that the following ferry operators who did not send representatives to attend the meeting had also provided submissions for members' reference –

- (a) Submission from Hong Kong & Kowloon Ferry Holdings Limited (LC Paper No. CB(1) 2670/10-11(01));
- (b) Submission from Discovery Bay Transportation Services Limited (LC Paper No. CB(1) 2678/10-11(01)); and
- (c) Submission from New World First Ferry Services Limited (LC Paper No. CB(1) 2678/10-11(02)).

Discussion

Further views from deputations on operational difficulties and additional helping measures required

17. Mr Jeffrey LAM noted that because of the shrinking island populations, there was difficulty in securing operators to provide outlying island ferry services despite repeated discussion of the operational problems of the services, and that five measures as elaborated in paragraph 2 of the Administration's paper for this item (LC Paper No. CB(1)2647/10-11(02)) had been taken by the Government to enable ferry operators to reduce operating costs and increase non-fare box revenue (the five measures). He therefore opined that additional measures, such as adjustment of the service level in consultation with the operators and islanders, would be necessary for sustaining the services at a satisfactory level, and asked the deputations to give views on additional measures required.

18. Ms Monita LEUNG responded that the exemption of vessel licence fees or the annual vessel survey fee could better provide relief to small ferry operators because there were no piers for the six "kai-to" services operated by Tsui Wah. As such, Tsui Wah could not benefit from subletting ferry pier areas for commercial concession to generate non-fare box revenue to cross-subsidize ferry operation; or the measures of streamlining pier area subletting approval procedures.

19. At Mr Albert CHAN's invitation to give views on the difficulties faced by ferry operators, Mr Kent WONG made the following points –

- (a) It was undesirable that, instead of formulating a long-term comprehensive ferry policy to ensure the sustainability of ferry services, the Government had only been introducing ad hoc helping measures from time to time;
- (b) The Government had not listened to operators' views on the need to boost island populations to increase patronage of outlying island ferry services, and had instead maintained the ferry fare differential between holidays and weekdays. As a result, passengers originally using ferry service for trips to Lantau Island had switched to use the Tung Chung Line (TCL) instead, leading to a significant drop in the patronage of the "Central-Mui Wo" route after the commissioning of TCL;
- (c) The existing helping measures could offer little help to small operators. If sufficient assistance was not provided to help them survive, their services might be replaced by illegal ferry services to the detriment of public safety; and
- (d) The Administration should provide greater assistance to small ferry operators because they were seeking assistance to alleviate pressure on fare increases. Moreover, if a service was the only means of transport for the islanders, the Administration should help sustain the service for the sake of ensuring fairness to all islanders even though their number was small.

Concerns about the unfair treatment of small ferry operators

20. Mr WONG Kwok-hing considered it unfair that the Administration had treated big and small ferry operators differently, and had turned a blind eye to the latter's requests for assistance, so that the small operators could not benefit from the \$120-million subsidy. In response to him on why the subsidy could not be used to improve the pier facilities of small ferry operators, the Under Secretary for Transport and Housing (USTH) explained that the Administration had considered it appropriate to provide the \$120-million subsidy to the six major outlying island ferry services only because, not only were these services the only means of transport for the islanders concerned but the number of these islanders was also significantly greater than that of the islanders served by small operators. On the other hand, since the number of islanders served by small operators was small, or

that other alternative services were available, it might not be justified to make available the subsidy to small operators although the Administration appreciated the operational problems faced by them.

21. Mr WONG Kwok-hing urged the Administration to undertake to review the above highlighted unfair treatment of ferry operators, and to help improve small operators' pier facilities although the number of islanders they served was small. USTH responded that small ferry operators could also benefit from some of the existing helping measures. For example, the measure of "reimbursing pier rentals and exempting vessel licence fees for ferry services under the Elderly Concessionary Fares Scheme". Moreover, there was a need to observe the principle that public transport services should be operated by the private sector on commercial principles. Mr Kent WONG, however, pointed out that the administrative costs incurred from providing concessionary fares for the elderly might be higher than pier rentals.

Views and proposals on the necessary helping measures

- General

22. Ms Miriam LAU pointed out that, as gathered from the depositions and the submissions, ferry operators, big or small, faced operational difficulties due to the unique nature of ferry operation, which was greatly affected by not only high fuel cost but also the high costs incurred in obtaining licence and surveying vessels. As such, exemption of vessel licence fees or the annual vessel survey fee would in general greatly help ferry operators survive although for small operators, there was also a need to help them improve pier facilities which at present were grossly inadequate, and to improve the vessels used to encourage more people to visit the more remote islands. The assistance for big operators should also be enhanced in recognition that they still had to increase fares by over 10% despite the \$120-million subsidy. Medium operators too, required assistance to maintain the service level. She therefore requested the Administration to at least exempt vessel licence fees or the vessel survey fee for all ferry operators, and to consider the establishment of a fuel price stabilization fund. Mr Paul TSE added that the Administration should also consider introducing fuel surcharge as in the case of air fares.

23. While agreeing to examine the views expressed by members at this meeting, USTH explained that the establishment of a fuel price stabilization fund might be infeasible considering the great fluctuation in fuel price and the implications of providing assistance in this way. As to exemption of vessel licence fees or the annual vessel survey fee, since the fees were sources of

public revenue, the Administration would need to exercise care in considering the proposal.

- Purchase of vessels for operation by contractors

24. Mr KAM Nai-wai urged the Administration to consider relaxing the principle that public transport services should be operated by the private sector on commercial principles and, during the new three-year licence period from 2011 to 2014, examine the option of maintaining outlying island ferry services by purchasing vessels for operation by contractors as in many overseas countries. He considered the option justified because residents of the New Territories had already been benefitting from the construction of railways to serve them as a result of the Government's transport policy tilted in favour of railways, so that substantial funding had been made for the construction of the West Island Line (WIL), and that the development right of a plot of land in Wong Chuk Hang had been granted to MTR Corporation Limited (MTRCL) to subsidize the construction of the South Island Line. In his view, not only would the above option help keep outlying ferry services and fares at an optimal level to ensure fairness to islanders but it could also ensure the use of more environment-friendly vessels.

25. USTH responded that the above option had already been considered during the review of outlying island ferry services completed in mid-2010 (the 2010 Review). However, considering that a huge capital expenditure at around \$1.7 billion would be incurred for the Government to purchase vessels for operation of ferry services, and that this option would not reduce pressure on fare increases because the fare level would still be affected by fuel, maintenance and staff cost increases, the Administration considered the option infeasible. Moreover, after introducing new helping measures as a result of the 2010 Review, operators were already willing to operate the services concerned with enhancement to the service level. Mr KAM Nai-wai, however, opined that \$1.7 billion was only one-tenth of the funding used to subsidize the construction of WIL. The Chairman echoed his view.

26. Mr WONG Sing-chi maintained that the Administration should consider the option of purchasing vessels for operation by contractors because the Government had the responsibility to ensure the provision of satisfactory ferry service for outlying islands at affordable fares, especially as it was the only means of transport for many of the islanders concerned and, if ferry service could not be sustained for them, bridges or tunnels would need to be constructed to ensure accessibility, and the cost incurred would far exceed the \$1.7 billion required for purchasing vessels for operation of ferry services. In response, USTH reiterated the need to observe the principle that public

transport services should be operated by the private sector on commercial principles. However, ferry services were unique in that they were the only means of transport for some of the outlying islands. In the 2010 review, the Government had recommended that further helping measures be provided to the six major trunk routes and that about \$120 million had been approved by the Legislative Council Finance Commitment for their implementation. Ferry service was therefore already enjoying more assistance from the Government than other public transport services.

27. In response to Mr WONG Sing-chi, USTH further explained that since other ferry service routes had alternative transport means, to ensure prudent use of public funds the Administration considered it more desirable for them to be operated according to commercial principles. Moreover, the Work Incentive Transport Subsidy Scheme could help islanders meet travelling expenses. Pointing out that the Government was heavily subsidizing the development of the rail network, Mr WONG considered it unreasonable that the Administration was unwilling to purchase vessels for the operation of outlying island ferry services. Mr Albert CHAN shared his view, adding that it was also unreasonable that although MTRCL was a listed company, the Government was heavily subsidizing it in various forms.

- Other proposals on how to enhance assistance for ferry operators

28. Mr WONG Kwok-hing considered it regrettable that despite the provision of the \$120-million subsidy to the six major outlying island ferry services, the operators concerned had still increased their fares by over 10%. To avoid the above scenario from arising, he opined that the licence period concerned should be set at ten years instead of only three years, which might be too short for recovery of the investment required, and not conducive to attracting tenants to hire pier areas. USTH responded that although the validity period of all licences was three years, C for T might, at the request of the licensee, during any period while the licence was in force, extend the licence for a further period not exceeding three years at any one time up to an aggregate period of ten years. As such, ferry operators should be able to carry out long-term planning to achieve a fair return.

29. Mr Paul TSE opined that, to keep ferry fares affordable, the Administration should make efforts to facilitate subletting of pier areas for commercial concession or advertising, so as to help ferry operators increase non-fare box revenue to cross-subsidize ferry operation. However, as he understood, such efforts had not been effective due to the lack of co-ordination among relevant government bureaux/departments (B/Ds). As a result, although the Government had spent a lot on promoting tourism and

subsidizing construction of tourist attractions such as theme parks, it had still failed to promote tourism on these beautiful islands by ensuring the service and fare levels of the ferry services concerned were optimal. He therefore urged the Administration to make better efforts in this regard, and to actively respond to requests for assistance from ferry operators.

30. USTH thanked Mr Paul TSE for his views, and responded that the Transport and Housing Bureau (THB) had in the past mainly focused on ensuring the provision of sustainable public transport services for islanders at affordable fares but not promoting tourism. Mr TSE's views on tourism could be conveyed to the relevant B/Ds for consideration. He further advised that THB had already been making concerted efforts with relevant B/Ds to facilitate the subletting of pier areas as far as practicable though in certain cases the progress might still not be satisfactory.

31. Noting the above response, Ms Miriam LAU pointed out that the problems facing ferry operation had been discussed for years. As such, there was a need for greater determination on the part of the Administration and closer co-operation among B/Ds concerned to genuinely facilitate subletting of pier areas to make ferry service more sustainable. This was because, if the processing of subletting applications took too long, there would be difficulty in entering rental agreements. To speed up the process, she proposed that ferry operators should be authorized to make the relevant subletting decisions, and only complicated cases required application for approval. Moreover, the applications should also be processed by the various B/Ds concerned expeditiously.

32. Ms Miriam LAU called upon the Administration to take actions as necessary to mitigate the likely impacts of the recent implementation of the trawl ban in Hong Kong on ferry services. According to Ms LAU, the trawl ban might cause many affected fishermen to switch to operation of harbour sightseeing tours also operated by certain ferry operators to generate non-fare box revenue. Some of the affected fishermen might even engage in operating illegal ferry service. Since such illegal operators were not regulated and hence could enjoy greater flexibility, existing ferry operators might not be able to compete with them. The Administration noted her views.

The way forward

33. Ms Miriam LAU saw a need for the Administration to formulate a long-term comprehensive ferry policy to ensure the sustainability of ferry services, instead of introducing ad hoc helping measures from time to time.

Mr Albert CHAN echoed her view, stressing the need for a comprehensive policy review to address the ferry operation problem, which in his view had resulted from the failure of the Government to respond to changes of the times, so that while ferry fares had increased significantly during the past 20 years, the service level had been deteriorating, thereby significantly affecting the development of tourism and economy of the islands. He also considered it undesirable that as different from the past, ferry services were at present separately operated by different operators, so that the operators could not use revenues from the more profitable services to cross-subsidize the continuation of loss-making but socially desirable services for remote islands. The Administration noted the members' views.

34. Summing up, the Chairman expressed disappointment that little progress had been made in solving the problems of ferry operation, and that judging by USTH's responses made at this meeting, the Administration had not made any attempt or demonstrated any determination to tackle the problems in an innovative way, such as by enhancing assistance to operators and purchasing vessels for operation by contractors. Highlighting the consensus of members on the need to tackle the ferry operation problem seriously, he directed that the issue of "outlying island ferry services" be revisited within this legislative term, and urged the Administration to actively consider the views expressed at this meeting when working out new initiatives to address the problem for report to the Panel.

V Franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)

LC Paper No.	2647/10-11(04)	CB(1) -	Administration's paper on franchises of New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited (Franchise for airport and North Lantau bus network)
LC Paper No.	2670/10-11(02)	CB(1) -	Submission from 中西區長者友善工作小組
LC Paper No.	2678/10-11(03)	CB(1) -	Submission from Half Fare in Public Transport for People with Disabilities
LC Paper No.	CB(1)2709/10-11(02)	No. -	Submission from 民主黨南區黨團)

35. Stressing that satisfactory provision of public bus services was essential to the travelling public, the Chairman, Mr KAM Nai-wai and Mr Ronny TONG expressed regrets that USTH was not attending discussion of this item. In particular, pointing out that the Secretary for Transport and Housing (STH)'s attendance of Panel meetings was already unsatisfactory, the Chairman considered it undesirable that even USTH would not attend discussion of this item. At Mr KAM's request, the Chairman instructed the Clerk to write to STH to express grave dissatisfaction of the Panel that neither she nor USTH was present at the Panel meeting to listen to the Panel's views on the requirements of the new franchises of New World First Bus Services Limited (NWFB), Long Win Bus Company Limited (LW) and Citybus Limited (Citybus) (the three franchised bus companies) in respect of Citybus's franchise for the Airport and North Lantau bus network.

(Post-meeting note: The said letter was sent to STH on 14 July 2011.)

36. The Deputy Secretary for Transport and Housing (Transport) 2 (DS(T)2) then briefed members on the Administration's plan to renew the above franchises, which were due to expire in 2013; and invited members' views on the requirements of the new franchises.

37. Before inviting views from members, the Chairman drew members' attention to the following submissions on this agenda item –

- (a) Submission from 中西區長者友善工作小組 (LC Paper No. CB(1) 2670/10-11(02));
- (b) Submission from Half Fare in Public Transport for People with Disabilities (LC Paper No. CB(1) 2678/10-11(03)); and
- (c) Submission from 民主黨南區黨團 tabled at the meeting (LC Paper No. CB(1)2709/10-11(02)).

38. Summarizing the views expressed in the submissions, the Chairman pointed out that the community groups concerned had requested that various improvements be made to bus services, in particular the provision of fare concessions and necessary facilities for the elderly and disabled passengers, by including new clauses in the new franchises stipulating specific requirements for the bus companies to enhance services and provide fare concessions. Members shared the above views of the community groups, and urged the Administration to take the opportunity of negotiating the new

ten-year franchises with the three franchised bus companies to press for various improvements to bus services.

Improvements to facilities

39. Mr Ronny TONG enquired about the Government's policy on ensuring provision of the necessary facilities for the elderly and disabled passengers to encourage them to use public transport services. The Deputy Commissioner for Transport/Transport Services & Management (DC for T/TS&M) responded that the Government had already been regularly meeting relevant organizations to seek their views on improvements in this regard. As a result, bus companies had been required to select low floor buses when purchasing new buses, and to increase and paint handrails yellow to facilitate use by the elderly and the visually impaired. Mr TONG opined that to ensure compliance, such requirements should be written into the relevant bus franchises. While agreeing to consider Mr TONG's proposal, DC for T/TS&M explained that requirements on facilities to be provided on buses had already been imposed in the vehicle type approval process and the forward planning programme through legislation and there might not be the need to impose such requirements in bus franchises.

40. Mr KAM Nai-wai referred to the submission from 中西區長者友善工作小組 (LC Paper No. CB(1) 2670/10-11(02)), and considered it undesirable that, although the proposals therein on elderly-friendly bus design, such as provision of more handrails, use of larger typeface to indicate fares, designation of priority seats for the elderly, etc., had been forwarded to the Administration for consideration a year before, no progress had been made in taking forward the proposals. DS(T)2 responded that TD had already been following up the proposals. DC for T/TS&M added that as a result of TD's discussion with bus companies on the proposal on designation of seats for the elderly on the bus, stickers with the message "priority seats" had already been posted beside certain seats on the bus as a preliminary measure in recognition that this could be done quickly. In the long run, a different colour would be used for the priority seats but since the works involved would need to be conducted in bus depots, time would be required for implementation. Bus companies, however, had already been urged to complete the works as soon as practicable. In response to Mr WONG Sing-chi, DS(T)2 further responded that the Administration would attach great importance to the adoption of elderly-friendly bus design during the relevant franchise negotiations.

Provision of fare concessions

41. Mr Ronny TONG, Mr KAM Nai-wai, Ms Miriam LAU and Mr IP Wai-ming stressed the need to ensure the provision of fare concessions for the elderly and the disabled by including this as an important issue in the relevant franchise negotiations. DS(T)2 responded that the Administration would listen to the views from all sectors, and ask the three franchised bus companies to provide fare concessions as far as possible during the franchise negotiations. Mr TONG opined that the Administration should more actively pursue this, and should seriously consider establishing a fund using public money for providing fare concessions for the elderly and the disabled, as in overseas jurisdictions.

42. Ms Miriam LAU shared Mr Ronny TONG's views above and, pointing out that the provision of half-fare concessions for disabled passengers had long been called for and there was consensus on it, proposed that instead of asking bus companies to provide the concessions, the three franchised bus companies should be requested to undertake to provide administrative support for provision of the concessions, with the necessary funding provided by the Government as a welfare initiative as in many overseas jurisdictions. DS(T)2 responded that the Administration would attach great importance to the provision of fare concessions during the relevant franchise negotiations. Mr WONG Sing-chi and Mr CHAN Hak-kan considered the Administration's response inadequate, and asked the Administration to confirm whether the above undertaking would be incorporated in the proposed new franchises for negotiation with the three franchised bus companies. DS(T)2 reiterated that the Administration would attach great importance to the provision of fare concessions for disabled passengers during the relevant franchise negotiations.

43. Miss Tanya CHAN questioned whether the Administration had any bargaining power to ensure that the three franchised bus companies would provide fare concessions through the relevant franchise negotiations. She further opined that other bus companies should also be asked to provide fare concessions. DS(T)2 responded that the Administration would seek to secure the best possible bus services for the travelling public. She however declined to comment on the Administration's bargaining power, as this would be related to the Administration's negotiation strategy.

44. Mr Albert CHAN opined that during the franchise negotiations, the Administration should make it its policy stance that provision of fare concessions would be a condition of the new franchises that could not be compromised, in recognition that the provision of bus fare concessions for the

elderly, disabled passengers and students had been discussed for years without avail because none of the bureaux concerned was willing to shoulder the relevant responsibility.

Enhancement of performance in environmental improvement

45. Highlighting the need to gear up environmental protection, Mr WONG Sing-chi recalled that the Chief Executive (CE) had mentioned in his 2010-2011 Policy Address that when existing bus franchises expired, new clauses would be added to require bus companies to more actively use the most environmentally-friendly zero-emission buses. Pointing out that bus was a major pollution source, he enquired whether the above initiative highlighted by CE would be covered in the relevant franchise negotiations. Miss Tanya CHAN shared his concerns, and enquired how the Administration would follow up the findings of passenger satisfaction surveys on the service performance of the three franchised bus companies, in particular that on their performance on environmental improvement, which as she reckoned was unsatisfactory. DS(T)2 responded that during the franchise negotiations, the Administration would follow up with the three franchised bus companies regarding CE's policy initiative on the use of the most environmental friendly or zero-emission buses, taking into account the feasibility and affordability for bus operators and passengers

46. Mr CHAN Hak-kan also considered it necessary for the Administration to take the opportunity of the relevant franchise negotiations to pursue the above initiative highlighted by CE and to incorporate more environmental protection requirements in the new franchises to improve air quality in Hong Kong. This was because, although the Panel on Environmental Affairs had been following up the initiative, little progress had been made due to bus companies' reluctance. DS(T)2 responded that the Administration had already been discussing with bus companies on the launch of a trial soon to ascertain the feasibility of retrofitting Euro II and Euro III franchised buses with selective catalytic reduction devices. Subject to satisfactory trial results, the Government would fund the retrofit of the devices on all Euro II and Euro III buses. In recognition that air quality was a great public concern, TD would also work with the Environmental Protection Department to follow up various transport-related environmental protection initiatives highlighted by CE in his Policy Address.

Views on how to monitor and improve the performance of bus companies

47. While not opposing to the granting of ten- year franchises to provide certainty and hence facilitate long-term planning and development of bus

services, Mr KAM Nai-wai opined that requirements for conduct of short-term and medium-term reviews should be included in the franchises, so as to enable the Administration to terminate the franchises if the bus companies concerned could not meet the performance targets. DS(T)2 responded that there were already clauses in the existing bus franchises on mid-term review. In fact, the Administration had been monitoring bus companies' performance on an ongoing basis to facilitate the taking of follow-up actions in a timely manner. The Public Bus Services Ordinance (Cap. 230) also provided a mechanism for handling unsatisfactory performance, even to the extent of terminating the franchise where necessary. However, this would be the last resort given the importance of ensuring the continuous provision of quality bus services.

48. Mr IP Wai-ming was disappointed to note that, as revealed in the paper for this item (LC Paper No. CB(1)2647/10-11(04)), the Administration had no intention to include bus companies' performance in labour relations as a factor for assessing their overall performance although labour relations would affect bus companies' operation and hence service level, especially as the labour unions of KMB and LW had yet to agree with the management concerned on a number of staff matters, such as the use of hourly-paid drivers, the rate of salary increase, outsourcing of cleaning services, etc.

49. DC for T/TS&M responded that drivers' wages were matters governed by the Employment Ordinance (Cap. 57). To ensure road safety, THB and TD would ensure bus companies would look after drivers' well-being by providing sufficient rest breaks, regarding which there were already guidelines agreed with the bus companies for compliance. On the recent increased use of part-time drivers, TD understood from the relevant bus companies that this was only an interim measure taken to tackle the recent difficulties in recruiting full-time bus drivers. TD would monitor developments in this regard. TD had also, in conjunction with the bus companies concerned, visited different bus termini to ensure that proper facilities for drivers were available to provide them with a satisfactory working environment.

50. Mr IP Wai-ming stressed the need for bus service to improve (by highlighting complaints from airport staff about the frequency of Citybus's external routes, which linked airport supporting area and/or Tung Chung New Town to major locations in Hong Kong and Kowloon), and to increase with the number of airport staff, since airport staff and other passengers had difficulty in boarding buses plying these routes, in particular those serving Tai Po, and the buses concerned were always overcrowded. DC for T/TS&M responded that TD had already been monitoring the adequacy of individual

bus routes in the context of the annual Franchised Bus Route Development Programme.

51. Mr WONG Sing-chi opined that, to tackle the existing problem of duplication of the services provided by different bus companies in certain districts, the Administration should play a co-ordinating role to ensure bus companies would introduce more Bus-Bus Interchange (BBI) Schemes to facilitate the travelling public. In particular, the requirement to introduce BBI Schemes should be incorporated in the new franchises concerned. Mr CHAN Hak-kan shared his views. DS(T)2 responded that the Administration would encourage and arrange for introduction of BBI Schemes involving the three franchised bus companies where practicable. TD would also examine the issue with other franchised bus companies.

52. The Chairman said that to allow sufficient time for discussion, he would extend the meeting by 15 minutes.

53. Mr Albert CHAN recalled that during the franchise negotiations regarding the three franchised bus companies in 2003, he had stated opposition to renewing NWFB's and LW's franchises due to the lack of transparency of the two bus companies' financial situation. He expressed regrets that no improvement in this regard had been made, and there were still no financial details of the bus companies in LC Paper No. CB(1)2647/10-11(04). In his view, to enable members to properly examine whether to renew the franchises concerned, the Administration should provide information on the bus companies' financial and business situations, so that members could ascertain whether the bus companies were making excessive profits or suffering from loss, or were minimizing costs by exploiting staff.

54. DS(T)2 responded that the franchised bus companies were required under their franchises to publish their audited accounts relating to franchised bus services for the information of the public, and make fuller disclosure annually. As such, bus companies' financial information including their profit and loss statements, and relevant operational details should be available to the public. Mr Albert CHAN considered it regrettable that the Administration had failed to realize its responsibility to provide financial information of the bus companies, and requested it to provide information on the financial and business situations of the bus routes operated by each of the three franchised bus companies during their current franchises. DC for T/TS&M mentioned that as a result of the last franchise renewal exercise, a provision had been added to the franchises to require the three franchised bus companies to provide relevant information on an annual basis.

The way forward

55. Mr KAM Nai-wai suggested that a further meeting be held early next session to discuss and receive public views on the required improvements for bus services. Mr WONG Sing-chi echoed his views, and stressed the need to provide a proper forum for District Councils, community groups and members of the public to give views on this important issue. DS(T)2 responded that the Administration would consult the relevant sectors, before conducting the relevant franchise negotiations on the basis of views gathered. Ms Miriam LAU was glad to note the above plan of the Administration to consult the public to ensure the incorporation of views on improvements in the relevant franchises as appropriate. In her view, many of the improvements already proposed were feasible and should be taken on board.

56. Summing up, the Chairman pointed out that the responses made by the Administration at this meeting had failed to satisfy members, especially as neither STH nor USTH had attended the discussion. He urged the Administration to, at the meeting to be scheduled to revisit the item, positively respond to the views and concerns expressed at this meeting, and provide details on the tactics it planned to adopt to grasp the opportunity of the franchise negotiations to press for fare concessions and service improvements, so as to ensure such aspirations for improvements would really be incorporated in the new franchises.

57. Mr Albert CHAN opined that aspirations for service improvements should be made a prerequisite for the relevant franchise negotiations to commence. If the three franchised bus companies were unwilling to conduct the negotiations on such premises, public tender exercises for new franchises should be carried out for the purpose of bringing in new operators. The Chairman indicated agreement with him, and said that to ensure that the franchise negotiations, which would commence in the fourth quarter of 2011, would be conducted on such premises, the Panel meeting to revisit the item should be held first thing in the 2011-2012 legislative session, preferably in October 2011. He further urged the Administration not to commit anything before the planned meeting could be held to collate public views on the necessary improvements.

VI Any other business

58. There being no other business, the meeting ended at 10:45 am.

Council Business Division 1
Legislative Council Secretariat
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