

政府總部
運輸及房屋局
運輸科
香港添馬添美道2號
政府總部東翼



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**Transport and
Housing Bureau
Government Secretariat**

Transport Branch
East Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

本局檔號 OUR REF.:
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電話Tel. No.: 3509 8155
傳真Fax No.: 2104 7274

13 February 2015

Establishment Subcommittee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn : Mr Jason Kong)
[Fax: 2978 7569]

Dear Mr Kong,

**Establishment Subcommittee
Follow-up to meeting on 11 February 2015**

Thank you for your letter of 11 February 2015. I am writing to provide supplementary information in response to the questions raised by Members of the Establishment Subcommittee relating to the proposed creation of a supernumerary post of an Administrative Officer Staff Grade C to oversee and steer the Roles and Positioning Review (“RPR”) of the Public Transport Strategy Study (“PTSS”).

Public transport services are closely related to the daily life of the public. Every day, over 12 million passenger trips (over 90% of the total passenger trips) are made through various public transport services. Given that Hong Kong is a small and densely-populated city with limited road space, and the public are concerned about the impact of road traffic on air quality, we will continue to adopt a public transport-oriented policy with the railway serving as the backbone of the public transport system for our city. Using these principles as the basis, the PTSS will review the roles and positioning of public transport services other than railway. The objective is to enhance the complementarity amongst the various public transport services, so that the public can enjoy efficient services with reasonable modal choices, and the public transport operators can enjoy long-term and sustainable development. The PTSS comprises two parts (see paragraphs 5 to 7 of EC(2014-15)18). As regards the RPR, we will commission a consultant to assist. In the course of the review, we

will canvass views from various stakeholders (including Legislative Council members, public transport trades and the public) and report progress to the Panel on Transport as appropriate.

In view of the abovementioned objective of the PTSS, we have set out the major topics to be covered by the RPR in Enclosure 1 to EC(2014-15)18. If we identify other issues that are also in keeping with the objective of the PTSS during the review, we will not rule out the possibility of also including them in it. However, in order to complete the RPR in two and a half years as scheduled and address the public concerns (including the public and public transport trades) on public transport services in a timely manner, it is inevitable that we will need to be selective on the topics and cannot expand the scope of the RPR without a limit. If an individual topic, whilst not being covered by the RPR but is considered worth being studied further, we will suitably follow up under a separate cover and report to the Legislative Council as appropriate.

As regards to Members' comments on Enclosure 2 to EC(2014-15)18, the revised version is at Annex.

Yours sincerely,



(Peggy NG)

for Secretary for Transport and Housing

c.c.:

Secretary for Financial Services and the Treasury

Secretary for the Civil Services

Commissioner for Transport

(Attn: Ms Esther Leung)

(Attn: Mr Eddie Mak)

(Attn: Ms Macella Lee)

Revised Enclosure 2

**Public Transport Strategy Study –
Issues to be covered by the Topical Study**

Having regard to factors including the actual operating situation and environment as well as long-term financial viability, the study will review the following issues:-

1. **Franchised bus service:** to review how franchised bus service can be enhanced through bus route rationalisation and enhanced monitoring of and follow up on the lost trip situation.
2. **Outcome of the review on taxi fuel surcharge:** in considering taxi fare increase applications, the Government would fully consider the changes in various cost and revenue items, including fuel costs. This arrangement has all along been able to take into account and balance the needs of different stakeholders and the actual operating conditions. Nonetheless, changes in fuel costs do put some pressure on taxi operation. Some members of the trade have therefore asked the Government to put in place a fuel surcharge. This will enable taxis to raise fare in tandem with the fluctuation of fuel costs outside the normal fare adjustment mechanism. Yet, as introducing a taxi fuel surcharge will pass the burden to cope with a fluctuating fuel cost directly to passengers, the Government will have to consider very carefully if such an arrangement is appropriate. The community should also be given the opportunity to discuss the issue in detail. Meanwhile, the Transport Department has commenced a study on the experience elsewhere in implementing and not implementing a fuel surcharge, as well as the impact of such a surcharge, if introduced. The Government will consider how to follow up based on the outcome of the study.
3. **Taxi service:** to review if the existing supply of taxi service can meet the demand, having regard to the implications of any possible increase in supply of taxis for other public transport services and the commissioning of new railway lines and various major infrastructures.
4. **School service:** to review if the existing arrangements concerning the issue of student service endorsement can meet the demand, having regard to the supply and demand of non-franchised buses.
5. **Seating capacity of public light buses (PLB):** the trade has earlier proposed to increase the seating capacity of a PLB from 16 to 20 – 24. If the seating capacity of all PLBs increases accordingly, it will represent an increase of 25 – 50% in passenger capacity. This is equivalent to an addition of about 1 087 to 2 175 16-seat PLBs. Any increase in seating capacity will also require legislative amendments. We will assess the present situation and listen to the views of LegCo Members and the trade as a topical issue under the Topical Study. The views so collected will be analysed under the Roles and Positioning Review to see

if the proposal is feasible and desirable, having regard to the long-term operational and financial implications on the PLB trade, other public transport services and road traffic management.

6. **Statutory cap on the number of PLBs:** according to the Public Light Buses (Limitation on Number) Notice (Cap. 374K), the number of vehicles which may be registered as PLBs is capped at 4 350. This cap will be in effect until 20 June 2016. Having regard to the implications on the other public transport services and taking into account the seating capacity of each PLB, we will assess the supply and demand of PLBs and determine if the statutory cap should be adjusted.
7. **Role and long-term financial viability of ferries:** to conduct a mid-term review on the provision of special helping measures for the six major outlying island ferry routes during the three-year licence period from mid-2014 to mid-2017. In the course of this review, the Government will examine the role of ferries vis-à-vis other public transport services and possible ways to maintain their long-term financial viability.
8. **Accessible transport facilities for people with disabilities (PwDs):** to review how PwDs' access to public transport services can be further enhanced.
