

(Translation)

Brief for Legislative Council

1996 Mass Transit Railway Corporation (Amendment) Bill 1996 Kowloon-Canton Railway Corporation (Amendment) Bill

Introduction

1. The 1996 Mass Transit Railway Corporation (Amendment) Bill and the 1996 Kowloon-Canton Railway Corporation (Amendment) Bill, both being member's bills introduced by the Hon. SIN Chung-kai, were gazetted on 5 July 1996.

Background and Arguments

2. The Mass Transit Railway Corporation (MTRC) and the Kowloon-Canton Railway Corporation (KCRC) are commercial organizations wholly owned by the Government and are bodies corporate formed under the Mass Transit Railway Corporation Ordinance (MTRC Ordinance) enacted in 1975 and the Kowloon-Canton Railway Corporation Ordinance (KCRC Ordinance) enacted in 1982 respectively. The Ordinances stipulate that the two Corporations should operate under prudent commercial principles having regard to the reasonable requirements of Hong Kong's public transport system, that the two Corporations, being governed by their respective Boards, should operate, develop and improve railway services, that they may determine the fares of the railways, obtain loans and develop property, and that the chairmen and members of their Boards should be appointed by the Governor.

3. Under Section 6(2)(f) of the MTRC Ordinance and Section 4(2)(e) of the KCRC Ordinance, the two railway Corporations may determine the fares of the Mass Transit Railway (MTR), the Kowloon-Canton Railway (KCR) and the Light Rail Transit (LRT). Consequently, the two Corporations may simply notify the Executive Council before they proceed to implement any increases in fares determined by their managing boards. This autonomy in fare determination is not enjoyed by other public transport companies in the territory.

4. Under existing legislation, fare increases of all forms of franchised public transport are in one way or another monitored by the Government. The four franchised bus companies need the approval of the Executive Council (ExCo) to implement fare revisions. Fare increase applications of franchised ferry companies, the tram company and taxis even have to be tabled in the Legislative Council (LegCo) as subsidiary legislation following approval by the ExCo. The LegCo may, whenever necessary, alter the decision of the ExCo by way of resolutions under the Interpretation and General Clauses Ordinance (Cap. 1). The

MTR, KCR and LRT are major forms of transport with huge patronage in the territory. As such, their fare levels have a substantial impact on the standard of living of the public, and yet neither the ExCo nor the LegCo has any say in their fare revision. This is not in keeping with the Government's policy in the monitoring of public transport in general.

5. As a result of the continual development of railway networks, the MTR, KCR and LRT have become major transport lifelines of the urban areas, the New Territories and the north-western part of the New Territories with a growing importance to the community. The purpose in introducing these two bills is to ensure that the two railway Corporations will, in the interest of the public, provide efficient and quality railway services at reasonable fare levels and to standardize the Government's policies in the monitoring of public transport utilities. Subsequent to the amendment of the MTRC Ordinance and the KCRC Ordinance, fare increases of the three railways, after being approved by the ExCo, will have to be tabled in the LegCo as subsidiary legislation and passed by way of resolutions before implementation.

6. The establishment of a monitoring mechanism for the MTR, KCR and LRT to give both the Government and the LegCo the authority to consider and determine railway fare increases will, on the one hand, enhance the transparency and accountability of the two railway Corporations and, on the other, allow the public to monitor, through the democratically elected LegCo, the fares of the three railways that have so much bearing on their standard of living.

The Bills

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7. Section 6(2)(f) of the MTRC Ordinance (Cap. 270) is to be repealed and substituted by “(f) determine by notice in the Gazette the fares payable by persons travelling on the railway.”.
8. By-law 11 of the MTR By-laws (Cap. 270 sub. leg.) is to be amended by repealing the full stop and substituting “: Provided that such fares are consistent with the notice of determination of fares then in force under Section 6(2)(f) of this Ordinance.”.

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9. Section 4(2)(e) of the KCRC Ordinance (Cap. 372) is to be repealed and substituted by
“(e) to determine by notice in the Gazette the fares payable by persons travelling on the railways and on bus services within the North-west Transit Service Area;

(ea) to determine the charges made for the transportation and storage of goods and for other services;”

10. By-law 4 of the KCRC By-laws (Cap. 372 sub.leg.) is to be amended by repealing the full stop and substituting “ : Provided that such fares are consistent with the notice of determination of fares then in force under Section 4(2)(e) of the Ordinance.”.
11. By-law 4 of the North-west Railway By-laws Cap. 372 sub. leg.) is to be amended by repealing the full stop and substituting “ : Provided that such fares are consistent with the notice of determination of fares then in force under Section 4(2)(e).”.

Legislative Timetable

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| 12. | Date of gazette | 5 July 1996 |
| | Date of first and second reading | 10 July 1996 |
| | Committee Stage | Notice to be given |
| | Date for resumption of second reading and third reading | |

Financial and Staffing Implications

13. The President of the LegCo has ruled that the two bills do not have a charging effect on public revenue.

Public Consultation

14. The Democratic Party conducted a telephone survey by means of Interactive Voice Response System on the proposal to give the LegCo the power to monitor the fare increases of the three railways. 749 citizens responded, and over 90% of them were supportive of the proposal. A territory-wide signature campaign was also launched to appeal for public support. Subsequent to the gazettal of the two Bills, citizens may submit their views, if any, to the Bills Committee.

Enquiry

15. Any enquiries in respect of this paper may be directed to Miss MAK Wing-sze of the Democratic Party Secretariat of Legislative Councillors (Tel. No.: 25372479 ; Fax No.: 25372462).

Democratic Party Secretariat of Legislative Councillors
8 July 1996