

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 186 - TRANSPORT DEPARTMENT Subhead 001 Salaries

Members are invited to recommend to Finance Committee the creation of the following supernumerary post in the Ferry and Paratransit Branch of the Transport Department for a period of three years -

1 Principal Transport Officer
(D1) (\$98,250 - \$104,250)

PROBLEM

The existing establishment of the Ferry and Paratransit Branch (FPB) in the Transport Department (TD) is inadequate to fulfil its functions satisfactorily given the increasingly complex issues relating particularly to taxis and ferries.

PROPOSAL

2. We propose to strengthen the directorate support in FPB by creating a supernumerary post of Principal Transport Officer (PTO) (D1) for a period of three years.

JUSTIFICATION

3. The volume, complexity and political sensitivity of work in FPB have grown tremendously as a result of developments over the past years. Rising public expectations for better quality services, increasing environmental

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concerns, deteriorating financial viability due to economic downturn and keen competition amongst transport modes have posed serious challenge to the operation of taxis and ferries.

Recommendations of the Transport Advisory Committee (TAC) Taxi Policy Review

4. Public calls for quality taxi services have been reflected in the recommendations of the 1998 TAC Taxi Policy Review. The Review recommended a number of measures to upgrade the quality of taxi services. To pursue these recommendations, a working group and a steering committee involving relevant Government departments, interested organisations and representatives of the taxi trade have been set up by TD. A three-pronged approach is considered necessary, entailing considerable input at the directorate level for strategic planning, development of proposals, public consultation, negotiation with the trade, and overseeing legislative amendments, publicity and implementation -

- (a) Continuous exploration and implementation of measures to improve the operating environment of taxis, e.g. programmes for the relaxation of restricted zones, designation of taxi drop-off points and provision of taxi stands and shelters. These measures require careful balancing of the conflicting interests of different road users.
- (b) Development and implementation of proposals to upgrade the level of taxi services. Consultancy studies have been conducted to gauge passengers' satisfaction with the existing taxi services and their expected areas of improvement. Based on the views expressed by passengers, consideration is being given to having a complete restructuring of the entry requirements for taxi drivers, including mandatory training courses, banning drivers convicted of serious criminal offences and reviewing the current test requirements. Other than the new entrants, in-service training for some 40 000 existing active taxi drivers to enhance their service quality is also being considered. Promotion of other strategies to enable better regulation of the trade may also be considered at a later stage. All these initiatives complement (a) in that they will improve the competitiveness of taxis vis-à-vis other transport modes.
- (c) There is a system of punitive measures to combat taxi drivers' malpractice. At the same time, a positive approach of encouragement and improved communication amongst the different sectors of the taxi trade, Government and the traveling public is also very important to foster high standards in taxi driver performance and upgrade taxi service quality. More effort will need to be

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devoted to developing and implementing taxi driver award schemes, publishing regular taxi newsletters in close collaboration with the taxi trade, and cultivating rapport with the trade.

New challenges - upgrading the quality of the taxi services

5. The Hong Kong taxi trade is highly fragmented (with over 40 taxi associations), characterised by individual taxi drivers, owners and dealers, generally not managed by any major companies. The diversity of interests in the trade is compounded by the existence of different geographical boundaries. Given such characteristics and the sometimes conflicting interests of the various trade members, TD encounters major challenges in regulating and managing the trade, and acting as a facilitator to bring them together towards a common vision to meet passengers' expectations for improved taxi service quality.

6. With the changing economic situation and keen competition from other public transport modes, both taxi drivers and taxi owners have been hard hit by business losses and a sharp drop in the licence premium resulting in reduced income, negative equity and a difficult time for the trade in general, which has not been experienced by the trade before. On the other hand, the quality of taxi services needs to be continually improved to meet rising public expectations, including tourists and visitors who use taxi services. There is a need to ensure that taxis develop further to fulfil their role amongst the various transport modes which have improved significantly in terms of service coverage and quality over recent years.

7. To meet these new challenges, it is necessary for TD to strengthen partnership with the taxi trade. This is important in managing the trade, gaining their co-operation as well as support for Government policies and initiatives, and gauging the trade's reaction to controversial issues. Close communication with the trade will help ensure smooth operation of taxi services and the introduction of regulatory measures. As taxi drivers have direct contact with tourists and business visitors, the continued improvement in the quality of taxi service will help improve the image of Hong Kong as a first-class cosmopolitan city.

Environmental initiatives

8. The partnership approach mentioned above is needed to successfully implement, in good time, Government's environmental initiatives to address the community's increasing concern about air pollution. The implementation of these initiatives would have an impact on the operations and financial position of the taxi trade in varying degrees. We will have to work closely with relevant Government bureaux and departments and in close consultation with the trade to expedite achievement of Government's environmental objectives.

9. In the Chief Executive's 1999 Policy Address, we pledged that Hong Kong will stop importing diesel taxis after 2000. Grants at an appropriate level will be provided to assist taxi owners to switch to Liquefied Petroleum Gas (LPG) vehicles. We will maintain close dialogue with the taxi trade over the proposal that all diesel taxis over seven years old will be taken off the road by 2003 and that no diesel taxis will be allowed after 2006. A special amount of funds has also been set aside as grants to owners of taxis, light buses and other vehicles for the purpose of switching over to LPG, installation of particulate traps and the fitting of catalytic converters.

10. All the above initiatives involve close liaison with the taxi trade and call for dedicated staff support at the senior level. Specifically, the proposed PTO is expected to address the taxi trade's concerns about the price of LPG vehicles, maintenance costs, the availability of sufficient and convenient LPG filling stations and maintenance capability. Implementation of the conversion scheme will have to be monitored closely, requiring constant dialogue with the taxi trade which has diverse interests. Particular attention is also needed to implement the financial incentive scheme to ensure that there will be no abuse, that it is fairly and efficiently administered and that it is acceptable to the taxi trade.

Waterborne transport planning and monitoring

11. There have been various significant developments in the ferry transport over the past year, including the change in the mode of ferry operation from franchise to licence following a public tender exercise; the increasing demands from ferry passengers for more innovative changes to be introduced after the tender; and the subsequent transfer of some ferry service licences to a new operator.

12. To cope with the above developments, TD requires additional dedicated monitoring and planning efforts at a senior level to identify and steer the way ahead, guide and monitor the performance of the licencees, and assist in planning the future direction of their ferry service provision as well as establishing a balance between passenger expectations and possible ferry service improvements.

13. TD will also conduct an in-house study with assistance from consultants on the future development of waterborne transport in Hong Kong. The study has been included as one of our policy commitments for 2000. The study aims inter alia to examine how to make the best use of our existing water and pier resources to improve public transport for the traveling public, review the

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existing ferry network, examine the impact of future developments, research into the level of services and vessel types that would best meet the needs and expectations of passengers and assess the fare implications, and recommend the timely provision/improvement of pier facilities, interchange facilities and feeder services to match the ferry service recommendations.

14. The study will provide valuable input to the future policy direction and planning of ferry services and the associated infrastructure. The proposed PTO will be responsible for steering and overseeing the study, selecting consultants and coordinating the work of the different consultants. He will discuss with relevant Government bureaux and departments on the study, and consult relevant ferry operators, District Councils and other user representatives.

Strengthen ferry service monitoring and planning

15. Infrastructural development in the past ten years has resulted in considerable improvement in land transport. This, however, has brought about considerable decline in the ferry business. Ferry passengers have dropped considerably from a market share of 3.3% in the public transport sector in 1989 to less than 1.5% in 1999. On the other hand, with the improvement in service quality of other public transport modes, public expectations on the ferry service provision have been rising. While on the one hand there is the demand for quality ferry service, on the other there is the reluctance to pay more for better quality service. Waterborne transport demands fairly high investment and recurrent costs to maintain a reasonable standard of quality service. Under such difficult operating environment, the ferry market has shrunk in size and importance. What remain are basically those essential ferry services such as for the outlying islands and remote areas where ferry may be the only available mode of transport.

16. There are at present two franchised and over 30 licensed ferry services operated by some 15 operators. Although the number of services has reduced, the more difficult operating environment for the ferry operators means that Government will need to strengthen its regulation and increase liaison with the passengers and operators to ensure that the services provided are uninterrupted and can adequately meet demand. For better monitoring and control, FPB assumes all operational duties in addition to planning tasks relating to ferries. The branch is now responsible for the following ferry planning and operational duties -

- (a) Processing applications for new licences and re-tendering licences (including assessing the need for, the impact and feasibility of new services, and conducting tender exercises to select operators);

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processing applications for licence extension and cancellation (including reviewing the performance of operators and the need to change licence conditions).

- (b) Balancing service and fare levels, including assessing service improvement and rationalisation proposals and fare adjustment applications, to ensure that passenger needs are met and services are financially viable.
- (c) Day-to-day service monitoring, including conducting performance reviews and handling passenger complaints, to ensure that quality services are provided for the public.
- (d) Pier issues including pier allocation, sharing between operators, rental, management and maintenance issues. One major task in this area relates to the relocation and subsequent re-allocation of piers associated with the Central Reclamation Phase III project, which will have significant impact on ferry operations including possible effect on financial viability.
- (e) Other issues including curbing illegal ferry activities, making appropriate contingency arrangements to ensure the provision of uninterrupted services on essential routes, and ensuring efficient information dissemination to operators and passengers during typhoons.

17. Outlying island ferry passengers have been demanding improvements in ferry services since April 1999, and have expectations that services would improve. We will have to work closely with the licencees during these few years to identify the future direction of service improvements taking into account the results of the passenger opinion surveys which have just been completed, the outcome of forthcoming consultations with the Islands District Council and other local user groups, as well as the financial and fare implications of service improvements, with the aim of providing services that are both acceptable to users and are financially viable. Clear messages have to be disseminated to ferry passengers on the fare implications associated with different types of service improvements. Close liaison will also have to be maintained with the Islands District Council and local user groups to work out compromises between service improvements and route viability. Passengers' expectations and requests will have to be handled carefully to avoid any misunderstanding and minimize dissatisfaction.

18. As demonstrated by events over the past year, maintaining a constructive dialogue with passengers at all times is essential for outlying island

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ferry services where ferries serve as the only means of transport. This is in fact the main theme of the recommendations of TD's internal reviews and the subsequent Ombudsman report conducted following the introduction of the licence services on 1 April 1999. The proposed PTO will play an important role in monitoring the ferry scene, explaining Government policy and financial implications and improving the communication channels between passengers and operators. Effective communication will greatly reduce the chance of confrontation.

Need for a supernumerary PTO post

19. The 1998 TAC Taxi Policy Review report laid down the enhancement and future direction for the taxi industry. Effective implementation of the recommendations contained therein require the continued attention at directorate level. The significant impact of Government's environmental initiatives on taxi trade also requires special attention and supportive efforts at directorate level. On the other hand, the study on the future development of waterborne transport will map out an integrated transport strategy and development programme to meet the challenges on ferry services in Hong Kong. Upon completion of the study, we will have to formulate and plan for the introduction of changes which the study considers fit. Given these strategic and important activities over the next few years, we propose the creation of a PTO post on a supernumerary basis, initially for a period of three years. Major tasks for the PTO post are shown at Enclosure 1. We will review the long term need for the post in the light of developments in the taxi and ferry services.

Encl. 1

20. The proposed PTO post, departmentally designated as PTO/Ferry and Paratransit (PTO/FP), will report to the Assistant Commissioner/Ferry and Paratransit (AC/FP). The existing and proposed organisation chart of FPB is shown at Enclosure 2 and the job description of PTO/FP is at Enclosure 3.

Encls. 2
& 3

21. We have also examined the possibility of assigning the responsibilities to the existing five PTOs but consider this not to be feasible as all of them are fully occupied on other equally important tasks -

- (a) the two PTOs in the Urban and New Territories Regional Offices are fully committed to their normal duties of monitoring regional public transport, traffic administration, and attending meetings of District Councils on transport matters;
- (b) the two PTOs in the Bus Development Branch are heavily involved in transport planning matters on franchised bus, study on feasibility of trolley bus and the regulatory duties after the privatisation of Mass Transit Railway Corporation; and

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- (c) the PTO in the Management and Licensing Branch is fully committed to contract management work in respect of car parks, tunnels, parking meters, mid-level escalators and cross border coach termini.

In view of the increasing complexity and volume of work faced by FPB, we consider the AC/FP cannot effectively oversee and manage all the important activities without additional support at the PTO level.

FINANCIAL IMPLICATIONS

22. The additional notional annual salary cost of this proposal at mid-point is \$1,213,200. The full annual average staff cost of the proposal, including salaries and staff on-costs, is \$1,898,000. We have included sufficient provision in the 2000-01 Estimates to meet the cost of this proposal. There are no other additional staffing or financial implications.

BACKGROUND INFORMATION

23. To cope with the increasing workload, we had, with the support of the Secretary for the Civil Service and the Secretary for the Treasury, created under delegated authority a supernumerary PTO post on three occasions, each for a six-month period, to undertake different tasks, including the conduct of ferry tender exercises and overseeing the transition of the mode of ferry operation from franchise to licence; the conduct of reviews on the needs and expectations of outlying island ferry passengers. The supernumerary PTO has also initiated actions on taxi passenger opinion surveys and started actions to review the entry qualifications and training requirements for taxi drivers. These are important steps towards improving the quality of taxi services in Hong Kong. However, they are far from complete.

24. The past and future activities carried out by the FPB demonstrates the continued need for a PTO for at least the coming three years to follow up those specific tasks undertaken earlier by the supernumerary PTO, take on new initiatives, be responsive to changes as well as assist AC/FP in handling and resolving the increasing number of important, complex and politically sensitive issues.

CIVIL SERVICE BUREAU COMMENTS

25. The Administration has considered carefully other alternatives including redeployment bearing in mind the Government's commitment to

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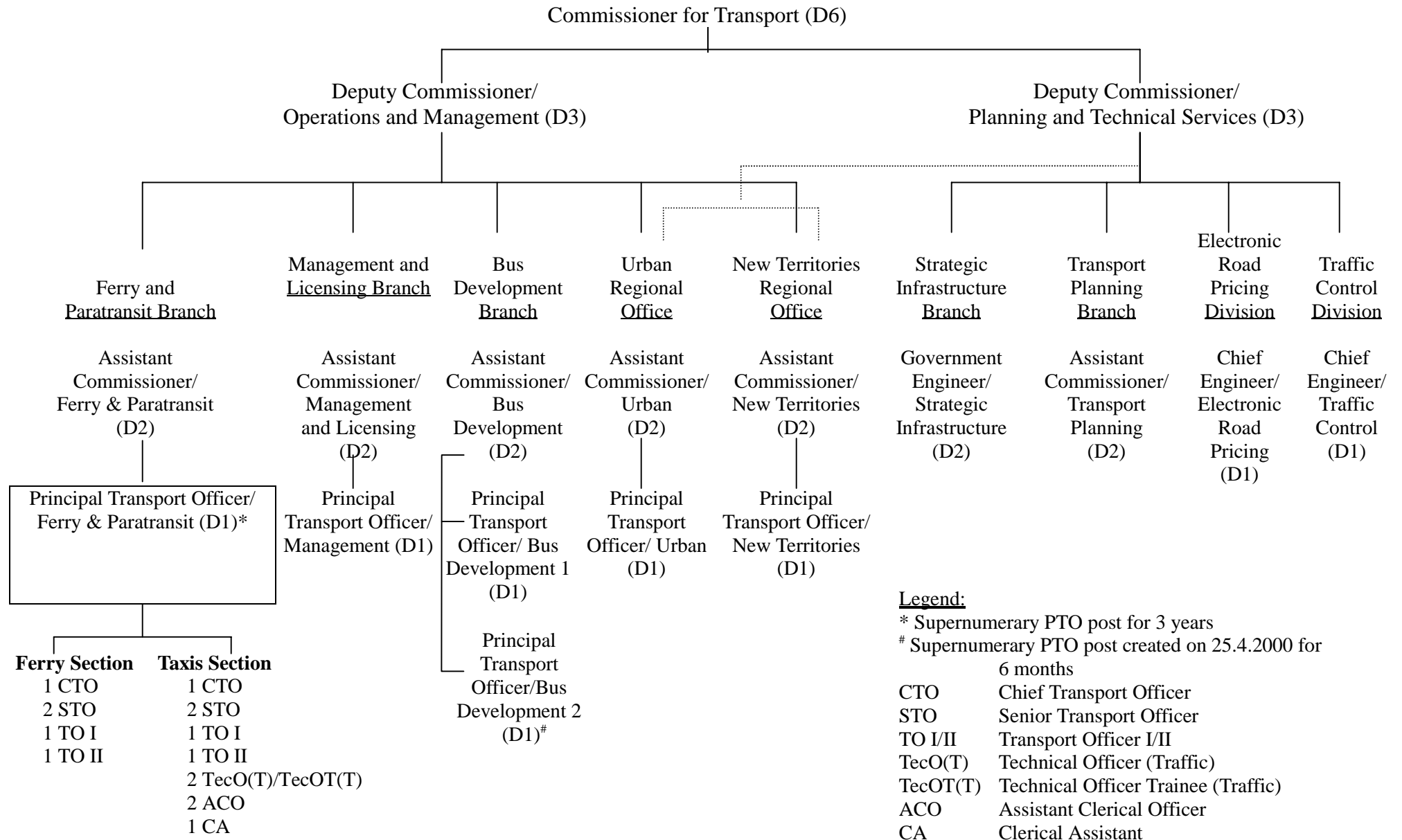
contain the size of the civil service and the need for greater efficiency and effectiveness under the Enhanced Productivity Programme. We are satisfied that the proposal contained in this paper is functionally justified. Civil Service Bureau considers the grading, ranking and duration of the proposed post appropriate, having regard to the level and scope of responsibility and the professional input required.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

26. As we propose to create the directorate post on a supernumerary basis, we will report the arrangement, if approved, to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Transport Bureau
April 2000

Existing and Proposed Organisation Chart of Ferry and Paratransit Branch



**Job Description for the Post of
Principal Transport Officer/Ferry & Paratransit**

Rank: Principal Transport Officer (D1)

Responsible to: Assistant Commissioner for Transport/Ferry & Paratransit (D2)

Main Duties and Responsibilities -

1. Conduct policy reviews on planning and development of ferry and taxi services.
2. Oversee the waterborne transport study and studies to assess passenger demands and needs for new or improved ferry and taxi services.
3. Assess the demand for ferry and taxi services and need for new ferry service licences and taxi licences.
4. Regulate and monitor the operation of franchised and licensed ferry operators, and ensure smooth transition in case of change of ferry operators, including ferry services and staff.
5. Conduct reviews to assess the performance of ferry operators, and recommend extension or tendering out of ferry service licences.
6. Monitor financial performance of ferry and taxi operators and to evaluate applications for fare increases.
7. Conduct regular conferences with ferry and taxi operators.
8. Advise on and formulate proposals for public transport infrastructural development which affect ferry and taxi operation.
9. Review and oversee legislative amendments to Ordinances and Regulations in connection with ferries and taxis.
10. Conduct working groups with the taxi trade and other relevant parties to follow up the recommendations of the TAC Taxi Policy Review Report and to serve as members in the Steering Committee on Quality Taxi Service.

Major Tasks to be dealt with by the Proposed PTO

Major Items of Work

Taxi Service Quality

- * programme to improve taxi operating environment
- * restructuring of entry requirements of taxi drivers
- * in-service training for taxi drivers
- * other taxi improvement measures recommended by TAC Taxi Policy Review

2000	2001				2002				2003			
3Q 4Q	1Q 2Q 3Q 4Q	1Q 2Q 3Q 4Q	1Q 2Q 3Q 4Q	1Q 2Q 3Q 4Q								
continuous												
development of proposals	preparation for implementation, including legislative amendment				implementation, monitoring & evaluation							
development of proposals	implementation & evaluation											
continuous												

Environmental Initiatives

- * conversion to LPG taxis
 - expediting conversion process
 - financial incentive scheme
- * other environmental improvement initiatives

2000	2001				2002				2003			
← stop importing diesel taxis proposal to take off the road all diesel taxis over 7 years old → replacement of diesel by LPG taxis, provision of filling stations, etc												
1st phase of cash grant						2nd phase of cash grant						
continuous												

Waterborne Transport

- * ferry consultancy study
- * monitoring & planning
 - licences extension / tender & replacement of 13 outlying island & inner harbour routes
 - licences extension / tender & replacement of other routes
 - processing of fare increases
 - service improvement / rationalisation proposals
- * combating illegal ferry services
- * pier issues
 - management & maintenance
 - relocation of ferry piers as affected by Central reclamation projects

2000	2001				2002				2003			
study period		consultation & review of policy										
performance review				extension of licences / retendering								
continuous												
continuous												
pier refurbishment, relocation and consultation						← reclamation starts pier relocation						