

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1436/99-00  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/TP/1

**Legislative Council**  
**Panel on Transport**

**Minutes of Meeting held on**  
**Wednesday, 29 March 2000, at 8:30 am**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon Mrs Miriam LAU Kin-ye, JP (Chairman)  
Hon LAU Kong-wah (Deputy Chairman)  
Hon Edward HO Sing-tin, SBS, JP  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Wing-tat  
Hon LEE Kai-ming, SBS, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon CHAN Wing-chan  
Hon CHAN Kam-lam  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon FUNG Chi-kin  
Dr Hon TANG Siu-tong, JP
- Non-Panel member attending** : Hon Emily LAU Wai-hing, JP
- Members absent** : Hon Albert HO Chun-yan  
Hon Andrew WONG Wang-fat, JP  
Hon LAU Chin-shek, JP

**Public officers  
attending**

**: Item IV**

Transport Bureau

Mr Kevin HO  
Deputy Secretary for Transport

Mr Davey CHUNG  
Principal Assistant Secretary for Transport

Transport Department

Mr Robert FOOTMAN  
Commissioner for Transport

Highways Department

Mr L T MA  
Government Engineer/Railway Development

**Item V**

Transport Bureau

Ms Linda LAI  
Deputy Secretary for Transport

Mr Roy TANG  
Principal Assistant Secretary for Transport

**Attendance by  
invitation**

**: Item IV**

Kowloon-Canton Railway Corporation

Mr James BLAKE  
Senior Director, Capital Projects

Mr K K LEE  
Director, East Rail Extensions

Mr Hugh WU  
General Manager, Construction (ERE)

Ms Lisa SETO

General Manager, Finance and Support

Mrs Irene YAU  
General Manager, Corporate Affairs

Mr Vic McNally  
Environmental Manager

**Item V**

Creative Star Limited

Mr Rob NOBLE  
Chief Executive

**Clerk in attendance** : Mr Andy LAU  
Chief Assistant Secretary (1)2

**Staff in attendance** : Ms Alice AU  
Senior Assistant Secretary (1)5

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**I Confirmation of minutes and matters arising**

- (LC Paper No. CB(1)1231/99-00 - Minutes of the joint meeting of the Transport Panel and the Environmental Affairs Panel held on 20 January 2000; and  
LC Paper No. CB(1)1233/99-00 - Minutes of meeting held on 25 February 2000)

The minutes of meetings held on 20 January 2000 and 25 February 2000 were confirmed.

**II Information papers issued since last meeting**

- (LC Paper No. CB(1)1185/99-00 - Information note provided by the Administration on Route 3 (Country Park Section) – Toll increase)

2. Members noted the above information note issued since the last meeting.

**III Items for discussion at the next meeting scheduled for 28 April 2000**

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(LC Paper No. CB(1)1234/99-00(01) - List of outstanding items; and  
LC Paper No. CB(1)1234/99-00(02) - List of follow-up actions)

3. Members agreed that the following items would be discussed at the next meeting scheduled for 28 April 2000:

- (a) Driving Instructors' Licence;
- (b) Implementation programme of Inter-district Bus-only Lane schemes; and
- (c) Speeding of public light buses.

*(Post-meeting note: Item (b) above had subsequently been replaced by the item on "Driver Improvement Scheme" which was deferred from this meeting.)*

4. Members agreed to include an item "Traffic noise from roads" as proposed by Mr LAU Kong-wah in the list of outstanding items for discussion.

5. Ms Emily LAU said that during an interview on the radio programme this morning (ie. 29 March 2000), the Director of Environmental Protection (DEP) had remarked that the Government had been let down by legislators five years ago when they did not support the mandatory diesel-to-petrol scheme proposed by the Government to improve air quality. She was of the view that DEP's remark might give the public a wrong impression. She suggested that the Panel should convene a meeting to follow up with the Administration on the measures to reduce air pollution created by vehicle emissions. Acknowledging Ms LAU's views, the Chairman pointed out that the subject matters had always been high on the agenda of the Panel and had been reviewed jointly with the Panel on Environmental Affairs on a regular basis, including the implementation of the Liquefied Petroleum Gas taxi Scheme, the installation of catalytic convertors and particulate filter, the review of vehicle maintenance and vehicle testing in the control of diesel vehicles, and the cross-border liaison with the Guangdong authorities to adopt a uniform standard of fuel. Both the Chairman and Ms Emily LAU opined that Legislative Council Members had always adopted a sincere and pragmatic approach to discuss with the Administration on ways to abate air pollution in Hong Kong. The Chairman further informed members that a joint meeting with the Environmental Affairs Panel to follow up on the control of diesel vehicle emission had already been scheduled for 27 April 2000 at 10:45 am.

*(Post meeting note : The joint meeting was subsequently rescheduled for 10:45 am on 12 May 2000).*

**IV Latest development of the Ma On Shan to Tai Wai Rail Link and Kowloon-Canton Railway Extension to Tsim Sha Tsui**

(LC Paper No. CB(1)1071/99-00 - Executive Summary of the

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Environmental Impact Assessment report of the Ma On Shan to Tai Wai Rail Link; and  
LC Paper No. CB(1)1234/99-00(03) - Information paper provided by the Administration)

6. The Chairman drew members' attention to the Financial Study report on the Ma On Shan to Tai Wai Rail Link (MOS Rail) and Kowloon-Canton Railway Extension to Tsim Sha Tsui (TST Extension) projects which was received by the Secretariat shortly before the meeting. The report, which was available in English version only, was tabled at the meeting for members' information.

*(Post-meeting note: The Financial Study report was subsequently issued to members vide LC Paper No. CB(1)1255/99-00(02) after the meeting.)*

7. At the invitation of the Chairman, Mr K K LEE, the Director, East Rail Extensions of the Kowloon-Canton Railway Corporation (D/ERE of KCRC) briefed members on the latest development of the MOS Rail and TST Extension projects in the following areas:

- (a) Key milestones of the projects;
- (b) Revised station and subway plan of TST Extension;
- (c) Station and platform layout and design; and
- (d) Demand-capacity projection of the Tai Wai-Kowloon Tong critical section.

*(Post-meeting note: The material presented by KCRC was subsequently issued to members vide LC Paper No. CB(1)1255/99-00(01) after the meeting.)*

MOS Rail

*Second rail link to Kowloon*

8. Mr CHAN Kam-lam opined that given the existing congestion problem of KCR during peak periods, and taking into account the projected increase of demand in future, by the time the MOS rail was completed, the existing KCR line would not have any spare capacity to absorb the additional demand generated by the MOS rail, in particular, at the Tai Wai Interchange. He therefore asked about the planning made by the Administration and KCRC in addressing the transport need of the residents in Ma On Shan for an additional direct rail link to Kowloon.

9. In response, the Deputy Secretary for Transport (DS for T) advised that the second rail link from Tai Wai to Kowloon, including the timing and priority of

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construction, was being examined in the context of the Second Railway Development Study (RDS-2) which was expected to be completed in the second quarter of 2000. He assured members that the Administration would proceed with the plan to build a second rail connection from Tai Wai to Kowloon to cater for the projected increase in population and developments in the areas in a timely manner. However, according to existing demand-capacity projection, this second rail link was unlikely to be required before 2011. Regarding measures to improve the capacity and frequency of the East Rail, DS for T said that the existing carrying capacity of East Rail would be sufficient to handle the additional passenger loads generated by MOS Rail. In the long run, with increasing demand from railway commuters, new rail routes and extensions would be constructed to divert excessive passenger flows. Mr James BLAKE, the Senior Director, Capital Projects of KCRC (SD/CP of KCRC) added that KCRC would continue to work on improving the capacity of East Rail as it had done so in the past.

10. Mr CHAN Kam-lam remarked that delaying the planning for the second Kowloon rail link might not be a wise decision as it would increase the difficulty of the project, such as in tunneling works. In order to ease the worries of MOS residents, the Administration should give a firm undertaking to start planning for the project immediately after the operation of MOS Rail so that even if East Rail was to stretch to its limits before 2011, there would be no gap in meeting passenger demand. Mr CHAN also stressed that in the interests of the public, other public transport services currently provided in the MOS areas should not be curtailed upon the commissioning of MOS Rail.

11. As the Administration's decision on the second Kowloon rail link project would hinge on the findings of RDS-2, the Chairman requested the Administration to confirm when RDS-2 would be completed and when the report would be made available to members for discussion. DS for T replied that the study was scheduled to be completed by the second quarter of 2000. He added that as none of the railway schemes examined under the study would have to commence construction immediately, the progress of development would not be affected. In undertaking RDS-2, it was the Administration's intention to plan ahead and ensure that future railway development in Hong Kong could keep up with forecast increase in population and economic growth. As it took time to plan for railway projects, RDS-2 would identify the time when new lines would be needed so that detailed study and design etc. could be undertaken well in advance. Hence, the railway network would not be overloaded to an unacceptable extent.

12. Mr CHENG Kar-foo expressed dissatisfaction over the lack of a firm commitment from the Administration. Referring to paragraph 9 of the Administration's paper (LC Paper No. CB(1) 1234/99-00(03)) which stated that East Rail would reach its capacity by year 2011 and hence the need for building another Kowloon rail link, he worried that if no undertaking was made by the Administration at this stage, not only railway commuters from MOS areas, but also the whole East Rail catchment area would suffer as a result of serious overcrowding in Tai Wai Station. Recalling the Administration's previous reply that it took about 10 years to complete a railway project,

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Mr CHENG said that he failed to comprehend the Administration's stance in refusing to start planning and design of this second rail connection until 2006/07. In this way, there would be a 5-year gap as the new rail would only be available in 2016.

13. DS for T clarified that the 10-year period as previously quoted was calculated from the preliminary concept stage of a new railway, rather than the detailed design stage as quoted in the Administration's paper. If detailed design of the second rail connection was to commence in 2006, the whole project could be completed by 2011. He stressed that if passenger demand projection indicated that East Rail would operate at full capacity by 2011, the Administration could not and would not tolerate a time gap in meeting such demand. However, he emphasized that for the present proposal, there was still ample time to do preparatory work.

14. Mr CHENG was skeptical about the Administration's reply in respect of the time required for planning new rail projects. He reiterated the position of Members of the Democratic Party that they would not support the funding proposal of MOS Rail and TST Extension if no firm commitment was made by the Administration to complete the second Kowloon rail link by 2011.

15. In response, DS for T further explained that it would take 10 years to build a new railway starting from its preliminary concept stage, including the identification of the most suitable alignment and the assessment on the impact of alignment options on train operation and the passengers. For the proposal under discussion, if calculated from the detailed design stage which was the scenario depicted in the Administration's paper, i.e. with choices such as alignment and construction method, etc. finalized and preparation of technical drawings commenced, the whole project could be completed within five years. The 10-year period was just a general figure and the time required for each project would differ. For example, although planning for the Penny's Bay Rail Link only commenced recently, the whole project could be completed by 2005 because of its relative simplicity. DS for T assured members that as long as there was sufficient demand, the Administration would be committed to constructing new routes to meet the need of the commuters. But he was not able to give a firm commitment on any project before the RDS-2 report was published.

16. Mr LAU Kong-wah questioned the basis of the demand-capacity projection figures of the Tai Wai-Kowloon critical section which suggested that East Rail was now operating with a spare capacity of 30 000 passengers per hour. He considered that the reality was not reflected by such figures because during the morning peak periods, the commuters would find it difficult to board on a southbound train not to say at Tai Wai Station, but even as far back as Fanling Station. He also queried the projection of a steady growth in passenger demand in the run-up to 2011 after the sharp increase at 2003/04. Mr LAU was of the view that East Rail was now operating near to its full capacity. Even without the additional passenger loads from MOS Rail, the existing passenger demand would already justify the construction of an East Rail extension from Tai Wai to Diamond Hill.

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17. In reply, D/ERE of KCRC clarified that the demand-capacity figures in 2000 was compiled by comparing the actual number of passengers with train capacity within the busiest hour of East Rail from 8:00 am to 9:00 am. He said that the trains might seem to be overcrowded because passengers usually preferred to board the train in the middle section for easy access to exits when alighting, while there was still ample space in the front and back cars of the train. In order to improve the situation, the interchange with MOS Rail at Tai Wai Station had been designed to divert passengers to train cars with more space.

18. Disputing the picture presented by D/ERE of KCRC, Mr LEE Kai-ming opined that the whole East Rail was overcrowded during the morning peak hours. With more and more Hong Kong people living and working in the Mainland, Mr LEE asked whether the demand so generated had been considered. D/ERE of KCRC replied that while what Mr LEE said was true, according to KCRC's observations, the number of passengers travelling to the Mainland was much larger than that travelling to Hong Kong in the morning. Generally speaking, those passengers would take East Rail at an earlier time than the peak hour of 8:00 am to 9:00 am.

19. DS for T said that while the estimated dates of 2006 and 2011 for commencement of detailed design and completion of the project were put forward for planning purpose, the actual timing for the commencement of the project might be advanced or delayed depending on passenger demand. For example, the construction of the Sheung Shui/Lok Ma Chau Spur Line (Spur Line) was advanced to provide relief to Lo Wu.

20. Referring to the Financial Study report which stated that MOS Rail fare from Lee On to Tai Wai would be \$8.2, Mr LAU Kong-wah doubted if many residents in MOS would choose to take MOS Rail as a bus trip to University Station for interchange with East Rail would only cost \$3. He opined that MOS Rail might be under-utilized without a direct connection to Kowloon, resulting in a waste of valuable railway resources. In reply, DS for T said that the alternative of a cheaper bus route had already been taken into account in accessing the viability of MOS Rail. As explained earlier, it was not a case where other modes of public transport such as franchised bus services would be curtailed upon the commissioning of MOS Rail. Competition would be maintained and the passengers would have a choice of either taking the bus for interchange at the University Station or using a direct rail service to Tai Wai.

21. Mr LAU remarked that the Administration should not worry too much about inadequate demand because by his own estimation, East Rail would be operating to its full capacity by 2004/05 and there were two contributing factors, i.e. the growth in cross-boundary passenger traffic at Lo Wu and the increased patronage due to the commissioning of TST Extension. DS for T said that he would welcome the scenario depicted by Mr LAU because the construction of the second rail connection could then be advanced.

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22. While doubting the viability of MOS Rail without a firm commitment on an additional direct rail link to Kowloon, Mr LAU Kong-wah said that he was in support of TST Extension and asked if the funding proposal of MOS Rail and TST Extension could be split into two papers for separate consideration by the Finance Committee (FC). Mr CHAN Wing-chan also had similar views. DS for T said that MOS Rail and TST Extension had always been taken as one project because the latter was needed mainly to provide relief of interchange loading from MOS Rail at Kowloon Tong. As such, the Administration did not see a need to separate the two proposals. He hoped that the funding proposal would be supported by members when it was submitted to FC for approval in May or June.

23. Mr LAU Kong-wah however was of the view that it would be very difficult to secure the support of LegCo Members without a firm commitment to construct the second Kowloon rail link from Tai Wai to Diamond Hill. Given that the Administration maintained its view to withhold giving any undertaking before RDS-2 was published, he opined that it would only be fair for the funding proposal of the project be submitted to LegCo after concrete plans for the second rail link from Tai Wai to Kowloon were announced under RDS-2. His views were shared by Ms Emily LAU who stated that with a firm commitment on the second rail connection, the MOS Rail project would be supported by the majority of MOS residents. However, they would not accept that a decision on the construction of the second Kowloon rail link was to be taken in the future while facing keen competition from other districts.

24. Addressing members' concerns on RDS-2, DS for T stressed that the Administration had no reason to defer publication of the final findings when they were ready. However, as the study proceeded, new factors came up which had to be taken into account, such as the projected population of South East Kowloon reclamation and the scale of reclamation in Central and Wanchai. No realistic planning for future railway development could be made without reconsideration of these factors. Otherwise, new railways might not be built in a timely manner to meet passenger demand or they might have too much surplus capacity which would be unacceptable to both the passengers and the railway corporation.

25. DS for T further said that in the context of RDS-2 study so far, forecast demand did not justify the further extension of MOS Rail direct to Kowloon in 2006. With priority new railway lines identified under RDS-2 for planning purpose, the Administration would monitor the situation closely and adopt a flexible approach regarding the actual implementation of such projects. In supplement, SD/CP of KCRC invited members to note that for the demand-capacity projections in 2011, a maximum passenger loading had been assumed on MOS Rail which was slightly in excess of 300 000. However, considering that in the 1996 Population By-census, the total population in MOS Rail catchment area was only 300 000, a substantial increase in population would be required to generate the projected demand. KCRC was of the view that it had been very prudent in making the projections and it would work closely with the

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Government to ensure that everything was done to anticipate any sudden increase in population.

26. In consideration of the aspirations of MOS residents, Ms Emily LAU urged the Administration to give an undertaking that MOS Rail would be extended to Kowloon, regardless of whether it would be completed in 2006 or 2011. She worried that by the time RDS-2's final recommendations were made public, the project would not be accorded priority because of inadequate demand. Acknowledging that there were many considerations involved and that competition was keen among different districts for rail link resources, she sought confirmation from the Administration as to whether existing demand figures considered under RDS-2 had indicated that this project stood a good chance of being included as a priority item. Ms LAU was also concerned about passenger demand being used as the sole criteria for determining priority. In this connection, she sought confirmation from the Administration that rail development, even for projects without adequate passenger demand, would be accorded priority out of environmental considerations.

27. In reply, DS for T highlighted the fact that according to the interim findings of the RDS-2 consultant, there was a need for another rail link from Tai Wai to Kowloon. However, this rail link was unlikely to be required before 2011. Alignment options had also been considered and it would possibly be via Diamond Hill. It was also certain that this rail link was included under the railway development strategy. DS for T reiterated that the Administration had not made a decision on any project as the consultant had yet to submit its final recommendations. Even with the priority items identified under RDS-2, the Administration would have to consider individual projects against overall development strategy to determine the implementation sequence. In terms of according priority to railway development, it was the Government's professed policy to do so. However, competition with other public transport services would still be maintained.

28. As tenders for construction contracts would be invited in May, Ms Emily LAU urged the Administration to release the RDS-2 final recommendations before submitting funding proposal for MOS Rail and TST Extension to FC. In response to the Chairman, DS for T advised that he could not say for sure whether the final recommendations of RDS-2 would be available for discussion at the next Panel meeting as the Administration had yet to receive the report from the consultant.

29. Speaking as an engineer, Ir Dr Raymond HO advised that it would take at least 5 years to develop a railway project starting from the detailed design stage. Counting backwards, the detailed design of the second rail link would have to commence in 2006 for the whole project to be completed by 2011 to meet the excessive demand. He found it unacceptable that RDS-2 had been deferred time and time again simply because the scale of reclamations in South East Kowloon and in Central and Wanchai was undecided. He considered that the territorial development of railway network in Hong Kong should not be delayed by changing circumstances in one or two districts. Moreover, he was unconvinced that the Administration had no idea at all of what was

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being done by the RDS-2 consultant. Indicating his support for the early construction of MOS Rail, Ir Dr Raymond HO said that while land had been reserved for the construction of a railway as early as in the 80's, the first phase of MOS Rail had yet to be completed.

30. On Ir Dr Raymond HO's questions about the measures to meet passenger demand if the second Kowloon rail link was not ready by 2011, SD/CP of KCRC explained that even in that case, East Rail would still have some spare capacity because when the demand-capacity projections at peak times were calculated, a figure of 6 passengers per square metre was used for capacity as compared to 7 passengers per square metre adopted by MTRC which had smaller trains. This figure would be quite acceptable to the ordinary travelling public even at peak times. As East Rail was already using the maximum configuration of 12-car trains, other measures would be taken to improve the overcrowding situation. A new signalling system, the Automatic Train Protection system, had been installed on East Rail. KCRC was continually working with the designers of that system and it was confident that some further improvements could be achieved. With those improvements, the capacity of East Rail would also be increased.

31. As the Spur Line would connect the Shenzhen Metro, Mr LEE Kai-ming expressed worries that its commissioning in 2004 would instantly create extra passenger loads for East Rail. He enquired about the additional passenger demand hence generated and whether it had been accounted for in the demand-capacity projections of East Rail. In reply, D/ERE of KCRC assured members that the additional demand had been taken into account. Basically, apart from the Spur Line, passengers loads would also be generated from the developments in Sheung Shui and Fanling. After the commissioning of MOS Rail, it was expected that the passenger load at Tai Wai Station would increase by 20 000 during the morning peak hour towards 2011. However, the additional passenger load created by the Spur Line was much smaller. Responding to members' query, DS for T explained that the figure quoted was not a net increase as those passengers who were now taking East Rail at the University Station were also included. At the request of Mr LEE Kai-ming and the Chairman, D/ERE of KCRC agreed to provide detailed figures in respect of the additional passenger demand on East Rail generated from MOS Rail and the Spur Line.

KCRC

*Objections to the railway scheme*

32. Noting from paragraph 2 of the Administration's paper that there were 67 objections on MOS Rail and three objections were subsequently withdrawn, Ms Emily LAU requested KCRC to provide a summary of the objections raised giving information on the major areas of concern, the measures taken to address these concerns, the details of the withdrawn objections and the handling of unwithdrawn objections. While agreeing to provide the requested information, D/ERE of KCRC stressed that KCRC had explained in detail to every objector on the design, construction and operation of the railway to alleviate their concern. To address the concerns raised, some alterations had also been made to the railway scheme.

KCRC

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TST Extension

*Pedestrian subway connection*

33. Mrs Selina CHOW welcomed the provision of pedestrian subways linking the Mass Transit Railway (MTR) Tsim Sha Tsui Station and KCR East Tsim Sha Tsui Station. Highlighting the benefits and convenience brought about by a pedestrian subway network interconnecting the Tsim Sha Tsui area, she asked whether KCRC would consider installing travelators in the subways to facilitate both local residents and overseas tourists. In reply, SD/CP of KCRC said that the design of the subways was being taken forward with provision for travelators if that demand was proven. Expressing strong support for the provision of travelators, Mrs CHOW further asked if a policy decision would be made by KCRC, the Mass Transit Railway Corporation (MTRC) or the Government. DS for T replied that the Administration would always support the provision of travelators if warranted. However, in the present case, there might be site constraints forestalling the installation of travelators in all the subways, such as insufficient tunnel width for the concurrent provision of travelators and walkway for pedestrians. When making a decision, the Administration would give due regard to factors such as pedestrian flow and safety.

34. Responding to the Chairman's enquiry about the contribution towards the construction costs made by the three parties, DS for T said that the funding for building the pedestrian subways would be borne solely by the Government while detailed design had been entrusted to KCRC. Hence, if the provision of travelators was in fact feasible and could facilitate pedestrians, KCRC would no doubt incorporate them into its design. There was no question of the Administration opposing to the provision of travelators merely out of cost considerations. SD/CP of KCRC further advised that KCRC would like to see the subways utilized to their maximum potentials and detailed design was being carried out in that direction. The design of the subways should ensure that people could be quickly moved from one point to another by way of travelators. At the same time, the pedestrian subways should be made as user-friendly as possible and as accessible to the surrounding buildings as possible. Apart from the consideration of letting passengers moving from station to station speedily, there involved a number of other considerations such as the availability of avenue for people using the subways to access underground shopping malls within the development.

35. While accepting the points raised by SD/CP of KCRC, Mrs CHOW urged the Administration to undertake to provide travelators where access to shops was not required. On DS for T's explanation about the constraints involved, Mrs CHOW said that she was not entirely convinced because if travelators were considered an integral part of the subway network, their provision would have been incorporated into the design. As the travelators were to be installed in new subways, the design could always be made to get round the constraints. It would be a different case if the travelators were to be installed in existing road surface.

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KCRC

36. As tenders for construction work would be invited soon and the project was an extension of the mass transit system, Mrs Selina CHOW requested the Administration to revert back to the Panel on the details of the provision of travelators. In response, DS for T said that the requested information would have to be provided by KCRC who was responsible for the detailed design of the project. SD/CP of KCRC advised that as the construction of the subways had been separated from the main contract, tenders would only be invited in August. As for the design of the subways and the provision for travelators, detailed design work was already at an advanced stage. He agreed to provide the detailed proposals on the project to the Panel when they were available. In this connection, DS for T said that the draft plans of the subway design would be provided to members for information only.

37. Mr Edward HO enquired about the construction costs to be committed by the Government on the pedestrian subways. SD/CP of KCRC replied that the construction work of the subways would be entrusted to the Corporation by the Government. The estimates was being prepared in conjunction with the Highways Department.

38. On behalf of Members of the Democratic Alliance for Betterment of Hong Kong, Mr CHAN Kam-lam expressed reservation about the Government providing funding for the pedestrian subways as they were built solely for KCR East Tsim Sha Tsui Station. DS for T clarified that the subways were built for connecting KCR East Tsim Sha Tsui Station with MTR Tsim Sha Tsui Station and Tsim Sha Tsui East. Mrs Selina CHOW also disagreed with Mr CHAN's view because the cost of providing such access should not be borne by the transport operators. Otherwise, fares would be increased as a result. DS for T further advised that funding approval for the pedestrian subway project would be sought separately from FC in due course.

39. Following up on Mrs CHOW's request for detailed drawings of the project, Mr Edward HO disputed SD/CP of KCRC's reply that such drawings were not yet available. If tenders were to be invited in August, sketch design and possibly detailed design would have been completed in preparation of the necessary tender documents. Design drawings of some sort should be available at this stage. He sought clarification from KCRC as to whether the draft plans were deliberately withheld from members. SD/CP of KCRC said that as pointed out by Mr HO, the detailed design process was at a very advanced stage for tenders to go out in August. However, the refinement of the plans was still going on and had yet to be completed.

40. In that case, the Chairman queried why SD/CP of KCRC could not inform members rightaway as to whether travelators were actually contained in the plans. In reply, SD/CP of KCRC apologized to the meeting for not making himself clear. He said that in the design of the subways, they were made wide enough to install travelators. As the Government supported this approach in principle, KCRC had been working closely with the Administration to make provision for the installation of travelators. The basic requirement was to make sure that the necessary width was available and KCRC had

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done so in the design. Secondly, in the interface with travelators and MTRC on the one hand and KCRC on the other, both corporations should be able to deal with the flows of people that would come from the installation of travelators. All of these issues were part of the on-going detailed design process. Taking Mody Road as an example, SD/CP of KCRC further elaborated on the constraints which might affect the provision of travelators. While the subway had been made as wide as was practically possible within the width of the road taking into account the safety of the buildings and the noise problems under the environmental permit, the internal clearance would only be 6.8 metres. Due to site constraints, travelator could only be provided in one direction and tidal flow operation would be implemented as appropriate.

41. Mr Edward HO maintained that a detailed scheme should have been available to show the width of the tunnels, the connection with various buildings and stations, the installation or otherwise of travelators and their location. He was of the view that KCRC was reluctant to release those plans because it was under pressure from the Administration who was not committed to provide those travelators. Mr HO opined that members should be able to see the scheme to decide whether KCRC had come up with a good design with the provision of travelators. If so, the scheme would be supported by members.

42. Mrs Selina CHOW was dissatisfied that no definite answer was forthcoming from either the Administration or KCRC in the provision of travelators.

KCRC 43. The Chairman concluded that members would have to see the design scheme first before meaningful discussion on the subject could proceed. As such, she requested KCRC to make the scheme available to members as soon as possible so that discussion would be continued at the next meeting as a matter arising. The Chairman also pointed out that this important matter merited thorough deliberation because it was related to the connection between KCR and MTR stations and the movement of passengers from one station to another. The Administration and KCRC took note of the Chairman's request.

Fare policy

44. Considering that the existing fares charged for different sections of the East Rail were not determined in an equitable manner, Mr CHAN Kam-lam questioned whether the fare policy stated under paragraph 2.4.2 of the Financial Study report was applicable only in the case of MOS Rail so as to come up with the base fare of \$8.2 from Lee On to Tai Wai. He also enquired about the fare level of TST Extension. In response, SD/CP of KCRC affirmed that the stated policy was KCRC's policy and it had been adopted for the purposes of financial projections. The fare level given was again purely for the purposes of financial projections at this stage. As with all new projects, the actual fares would be determined prior to the operation of the railway taking into account all of the factors listed under the fare policy. The fare of TST Extension would also be determined likewise.

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45. On Mr CHAN's further question, SD/CP of KCRC said that those factors were also applied in the determination of fares on other sections of East Rail and competition with buses was also taken into account in the course of the determination.

46. On Mr LAU Kong-wah's question about the money-of-the-day fare from Lee On to Tai Wai, SD/CP of KCRC replied that such fare was not available. He reiterated that as explained earlier, the fare level of \$8.2 in 1997 prices was purely for the purpose of financial projections. He assured members that when the actual fare was to be determined, it would be a commercial decision made on competitive terms.

47. Referring to the fare policy of the MOS Rail, Mr LEE Wing-tat queried the basis of comparing MOS Rail fare with the fare over a similar distance on the MTR and not the East Rail itself or the West Rail. He worried that if MTR fare was used as a yardstick, the fare level would be much higher. SD/CP of KCRC explained that MTR was the sort of railway compatible with East Rail Extension. East Rail was an existing domestic railway which had a totally different passenger base and it had completely different forces to compete with. Each of the competing areas of East Rail had to be taken as a separate entity and this had been reflected in the fare policy which was stated as well as the fare level which was taken for the purposes of financial projections.

Project internal rate of return

48. Mr LEE Wing-tat also questioned the basis of using a period of 120 years after the commencement of operation for the calculation of the project internal rate of return (IRR). In reply, SD/CP of KCRC said that the calculation of project IRR and terminal value had been fully explained in the Financial Study report. In order to determine the terminal value, the cashflows for 120 years had to be projected and discounted backwards. He emphasized that the financial model had been consistently applied to all new KCRC projects and was also entirely consistent with prudent commercial principles.

49. Mr LEE was not convinced of SD/CP of KCRC's reply. He considered that for other major transport-related projects, a period of 30 or 40 years was generally used. By using such a long period, the project IRR might become higher, thus making the project more viable. Responding to Mr LEE's further query, DS for T said that the railway could be used for 120 years with on-going refurbishment and replacement which had been taken into account under capital improvements.

50. Summing up the discussion, the Chairman said that members had sent out a strong and clear signal to the Administration regarding the second rail link to Kowloon.

51. The Chairman then sought members' views on how to follow up the issues raised at the meeting. Members generally agreed that further discussion on the MOS Rail and TST Extension project should be held when RDS 2 final report was available. After deliberation, members agreed that the matter on the provision of travelators in the TST

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Extension subway network should be discussed further at the next meeting as a matter arising. The Administration and representatives of KCRC took note of the members' suggestion.

**IV Octopus ticketing system**

(LC Paper No. CB(1)1234/99-00(04) - Information paper provided by the Administration)

Service provision

52. Concerning about inconvenience caused to passengers when Octopus processors installed on buses malfunctioned and were covered up, Mr LAU Kong-wah enquired about the failure rate of the processors. Mr Rob NOBLE, the Chief Executive of Creative Star Limited (CE/CSL) explained that generally speaking, if an Octopus processor was covered up on the bus, it probably meant that the device had not been commissioned. At the moment, all of the Citybus fleet and nearly all of the First Bus fleet had already been installed with Octopus processors. Hence, the situation would most likely be seen on Kowloon Motor Bus (KMB) buses. When KMB had all of their buses fitted with the processors towards the end of the year, the problem described by the member would no longer occur. In terms of the reliability of the processors, CE/CSL said that the "Octopus Guarantee" offered by Citybus could serve to illustrate the point because the company was confident that with the high reliability of the processors, the free rides to be offered in case of malfunctioning of the processors would be few and far between.

53. On Mr LAU's further question, CE/CSL clarified that the "Octopus Guarantee" was only available for Citybus buses. For KMB, as the processors had not been installed on all of its fleet, there might be occasions when buses not installed with processors were deployed to run a particular route which should have the processors installed on all of the regular buses. However, when the processors were installed on all buses, other companies might follow the steps of Citybus and offer similar guarantee. The ultimate goal of Creative Star was to ensure that passengers carrying a valid working Octopus card would be able to get on the buses without any problem.

54. Notwithstanding the impressive reliability figures quoted in the Administration's paper (LC Paper No. CB(1)1234/99-00(04)), Mr CHENG Kar-foo said that according to the findings of a survey conducted by the Democratic Party, many of the respondents were not sure whether a correct fare had been deducted, particularly for MTR and KCR trips for which the fare to be deducted was not shown on the processors. CE/CSL explained that in some instances, incorrect fare deduction was caused by human errors, for example, where an incorrect section fare for a bus had been set. In order to monitor the situation, audit tests had been conducted and no individual case of incorrect fare deduction was so identified. However, he acknowledged that with over 4 million

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transactions a day, it was possible that errors might be found in a very small percentage of these transactions.

55. In terms of the display of information on the processors, CE/CSL advised that Creative Star would prefer to adopt a consistent policy for all transport services so that the customers knew the remaining value on the Octopus card as well as the fare deducted for the trip. Unlike the new bus equipment and Light Transit Railway equipment which had new displays capable of showing both pieces of information, MTRC and KCRC were adapting the Octopus system onto the existing gates with displays that could only show one piece of information. Through recent talks with Creative Star, MTRC and KCRC were prepared to look into the question of whether it would be cost-effective to replace the old displays so as to provide a better service to the passengers.

56. Mr CHENG Kar-foo urged for the early replacement of the old displays used by MTRC and KCRC, so that their passengers would know for sure whether a correct fare had been deducted. It would also help to clear the feeling of uncertainty previously held by the public.

57. Responding to the Chairman's questions, CE/CSL advised that the old displays used a different technology which was introduced many years ago, and their incapability to show both pieces of information had nothing to do with the size of the display panel.

Extended use of the Octopus card

58. Mrs Selina CHOW remarked that from the utilization point of view, it would be more effective if the Octopus card could be put into wider and more diversified uses. She asked if there were any plans to extend the use of the Octopus card to other types of transport facilities. CE/CSL said that the company was committed to extending the use of the Octopus card on all forms of transport, both public and private. At the moment, discussions were being held with some other franchised public transport companies. Further extension in respect of public light bus services, taxis, on-street and off-street parking, peak trams, etc. might also be possible. For the convenience of the public, the company hoped that the Octopus card could eventually assume the role of an omnibus travel card for commuters. In this connection, Mrs CHOW commented that the extended use of the Octopus card would have impact on the financing of the company. If the financial position of the company could be turned around, it might mean that the people could pay less than \$30 for the cost of the card. Her views were shared by the Chairman.

59. Members were particularly concerned about extending the use of the Octopus card for parking. Mr LEE Wing-tat opined that the Government should take the lead in this matter and start working out a plan with Creative Star so that the Octopus card would be accepted in public car parks and by parking meters. In time, other private car parks might also join in. The Chairman remarked that as people would need to have a payment card for the electronic parking meters, the Octopus card might as well be used. A lot of trouble could be saved as people would no longer have to carry a separate card for

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parking. Mrs Selina CHOW also said that she would like to see the extended use of the Octopus card for parking.

60. In response, DS for T briefly introduced the trial scheme on the use of electronic cash for parking under which the re-loadable Mondex card and Visa Cash card were tested. As certain technical issues would have to be resolved with Creative Star, a separate trial scheme on the Octopus card was planned to be conducted in the latter half of 2000.

61. Mr LEE Wing-tat remarked that from the users' convenience point of view, the Octopus card should have an advantage over the other cards unless its fee was substantially higher. DS for T replied that the trial scheme was conducted in the interests of the public to assess which option was most convenient and cost-effective. To this end, the Chairman commented that an omnibus card would be most welcomed by the public.

62. Noting the views expressed by members on the subject, DS for T said that such views would be given due regard in the evaluation of the trial scheme. The Transport Bureau (TB) was in support of the development and promotion of an omnibus travel card which provided convenience to the commuters.

63. Mr CHAN Kam-lam reminded the Administration to take into account technological advancement in its consideration. As the Octopus system was developed some years ago, more advanced technologies with enhanced capabilities might be available in the market. He was in support of the trial scheme conducted by the Government for testing other payment cards.

64. Responding to Mr CHAN's remarks, CE/CSL assured members that Creative Star would work on upgrading the Octopus card so that in time, a better card would be developed to compete with other new cards in the market.

65. As a related issue, Mrs Selina CHOW enquired about the reasons for imposing a 15% limit on the non-core uses of the Octopus card. In reply, CE/CSL said that the question would best be answered by the Hong Kong Monetary Authority (HKMA). From Creative Star's point of view, it was currently committed to ensuring that the public transport application of the Octopus card was given top priority and there were many areas for further development. However, the Octopus card could also be put to a small number of non-transport uses, such as photo machines and pay phones inside railway stations. CE/CSL took the view that if other suitable uses could be identified, it would not be unduly restricted by HKMA. Responding to Mrs CHOW's further enquiry, CE/CSL clarified that if the Octopus card was to put into non-transport uses, certain restrictions and rules would have to be observed.

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66. Mr LAU Kong-wah asked whether the accumulated losses of Creative Star was considered normal at the initial operation of the company. CE/CSL said that such was not the case. As Creative Star was a non-profit making company, the fee level had been set with a view of breaking even. However, the fee was set at a slightly too low level in the first couple of years and the company had yet to achieve a break even situation.

67. Mr TAM Yiu-chung suggested that the related technology might be sold to overseas countries to supplement the income of the company. In reply, CE/CSL explained that the software was in fact developed by an overseas company with substantial input from Hong Kong people. To his understanding, the intellectual property right of the software would probably belong to the contractor and not Creative Star. At the moment, the company would concentrate its efforts on widening the use of the card to other transport operators in Hong Kong, rather than trying to extend the overseas market.

68. Considering that some of the questions raised by members had not been addressed in the Administration's paper, Mr CHENG Kar-foo requested the Administration to provide supplementary information in respect of Q3, Q7 and Q9 as contained in the Annex. Regarding Q3 on the regulatory framework for Creative Star, he would like to know about the role assumed by TB in the matter. As for Q7 and Q9, he was particularly concerned about how the company utilized the interest generated from the deposits in view of the accumulated losses of Creative Star. DS for T agreed to provide the information as requested.

Admin.

*(Post-meeting note: The requested information was circulated to members vide LC Paper Nos. CB(1)1347/99-00 and CB(1)1398/99-00.)*

**IV Driver Improvement Scheme**

(LC Paper No. CB(1)1234/99-00(05) - Information paper provided by the Administration)

69. In view of time constraint, the Chairman suggested and members agreed to defer this item to the next meeting to replace the originally proposed item on "Implementation programme of Inter-district Bus-only Lane schemes".

**IV Any other business**

70. At the Chairman's suggestion, the next meeting scheduled for 28 April 2000 would start from 10:30 am to allow more time for discussion.

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

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Legislative Council Secretariat  
26 April 2000