

立法會 *Legislative Council*

LC Paper No. CB(1)1677/02-03

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by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Friday, 25 April 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Miriam LAU Kin-yee, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kwok-keung
Hon LAU Kong-wah
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Hon LAU Ping-cheung

Members absent : Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon WONG Sing-chi

Public Officers attending : **Agenda Item IV**
Environment, Transport and Works Bureau

Mrs Rita LAU
Permanent Secretary for the Environment, Transport and Works

Miss Margaret FONG
Deputy Secretary for the Environment, Transport and Works T3

Wilbur Smith Associates

Mr Sam CHOW
Manager Director

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Environment, Transport and Works Bureau

Mr Arthur HO
Deputy Secretary for the Environment, Transport and Works T2

Mr Patrick HO
Principal Assistant Secretary for the Environment, Transport
and Works

Transport Department

Mr Stephen IP
Assistant Commissioner for Transport/Management and
Paratransit

Mr Albert SU
Chief Transport Officer/Planning (Paratransit)

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)1455/02-03 - Minutes of meeting held on 13 February 2003;
 - LC Paper No. CB(1)1449/02-03 - Minutes of meeting held on 28 February 2003; and
 - LC Paper No. CB(1)1456/02-03 - Minutes of meeting held on 21 March 2003)

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The minutes of meetings held on 13 and 28 February, and 21 March 2003 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)1521/02-03(01) - Information paper on "Severe Acute Respiratory Syndrome Relief Measures for the Taxi Trade and Other Transport Modes" provided by the Administration)

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

III Items for discussion at the next meeting scheduled for 23 May 2003

(LC Paper No. CB(1)1457/02-03(01) - List of outstanding items for discussion; and
LC Paper No. CB(1)1457/02-03(02) - List of follow-up actions)

3. The Chairman recapped members' decision made at the last meeting on 21 March 2003 that the following items would be discussed at the Panel's regular meeting scheduled for 23 May 2003:

- (a) Policy on non-franchised bus services; and
- (b) Transport arrangements at Lo Wu Control Point.

4. Members also noted the following items proposed by the Administration for discussion at the next Panel meeting:

- (a) West Rail fare;
- (b) New Boundary Bridge between Lok Ma Chau and Huanggang; and
- (c) Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha.

After deliberation, members agreed that all five items would be discussed at the next regular Panel meeting. To allow sufficient time for discussion, the meeting would be held from 8:30 am to 12:45 pm.

(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, an information paper on "Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha" would be circulated to

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members for information. The item on staffing proposal in the Environment, Transport and Works Bureau would be discussed at the meeting scheduled for 23 May 2003.)

IV The Provision and Operation of Tunnels and Tollways - Mainland and Overseas Experience

(LC Paper No. CB(1)1457/02-03(03) - Information paper provided by the Administration)

5. The Permanent Secretary for the Environment, Transport and Works (PS for ETW) introduced the information paper provided by the Administration (LC Paper No. CB(1)1457/02-03(03)) on the subject matter. To assist the Administration in exploring ways to optimize the utilization of the road harbour crossings in Hong Kong, namely, the Cross Harbour Tunnel (CHT), Eastern Harbour Crossing (EHC) and Western Harbour Crossing (WHC), the Administration had commissioned a consultant to conduct a study on Mainland and overseas experience in the provision and operation of tunnels. She said that the paper had set out the major findings of the study for members' information. The final report of the study was being compiled and would be provided to members once available.

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6. At the invitation of the Chairman, Mr Sam CHOW, Managing Director of Wilbur Smith Associates, presented the major findings of the consultancy study which covered five cities (i.e. Shanghai, Guangzhou, Nanjing, Wuhan and Chongqing) in the Mainland and a number of countries in North America, Europe and the Asia Pacific region. He said that the experience in the Mainland cities was particularly useful as they had a high concentration of tolled infrastructure, many of which were directly competing facilities, similar to the harbour crossings in Hong Kong. To address the problems arising from the imbalance of traffic among tollways and tunnel facilities, many of the Mainland cities under study had eliminated toll collection at tolled facilities and introduced annual or monthly passage fees on vehicles. To achieve this, the investors of business toll facilities were either paid based on a contracted return or compensated with a negotiated amount by the authorities as a buy-out of the tolled facilities. A management authority was set up under the municipal government to manage the facilities and collect the annual/monthly vehicle passage fees.

7. Mr CHENG Kar-foo referred to the list of questions he raised on the Administration's paper and requested for a written response from the Administration after the meeting.

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(Post-meeting note: The list of questions raised by Mr CHENG Kar-foo was tabled at the meeting and subsequently issued to members vide LC Paper No. CB(1)1533/02-03(01). The Administration undertook to cover the points raised by Mr CHENG in their next briefing on the subject for the Panel.)

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Buying back the ownership of "Build-Operate-Transfer" (BOT) tunnels

8. Mr CHENG Kar-foo was gravely disappointed that while the consultancy study had affirmed the effectiveness of the Mainland approach, the Administration was still reluctant to take determined efforts to improve the traffic distribution among the three road harbour crossings. Restating the suggestion from the Democratic Party (DP) on the establishment of a Tunnels and Bridges Authority (TBA) to own and operate all tunnels and bridges in Hong Kong, he said that by aligning the toll levels of CHT, EHC and WHC under TBA, traffic would be redistributed and hence, providing relief to the existing congestion at CHT and EHC. If the Administration still refused to face up to its responsibility, the problem would never be resolved and as a result, expensive tunnel resources and precious social resources would be put to waste.

(Post-meeting note: The position paper from DP on the establishment of TBA in Hong Kong was tabled at the meeting and subsequently issued to members vide LC Paper No. CB(1)1533/02-03(02).)

9. Sharing Mr CHENG Kar-foo's concern, Mr Albert CHAN expressed support for the establishment of TBA to ensure the effective management of all tunnels and bridges in Hong Kong and their optimum utilization. He was dissatisfied that the Administration still had no clear policy direction in this matter despite repeated calls from members.

10. Ir Dr Raymond HO also expressed concern on the lack of a clear way forward from the Administration to address the imbalance of traffic among the three harbour crossings.

11. In response, PS for ETW said that the Administration shared members' concern on the need to optimize the use of tunnel resources. In recent years, the Administration had been implementing various measures to further enhance access to as well as the utilization of the harbour crossings. After WHC's opening, CHT's throughput had dropped from its peak at 124 000 in 1997 to 120 000 in 1998 and had since been maintained at that level. On the other hand, the patronage of WHC had been growing steadily. Hence, WHC had served to divert traffic from CHT and EHC. However, the fact remained that CHT was the most conveniently located tunnel and provided a strategic connection between the Hong Kong Island and urban Kowloon. It was therefore expected that CHT's throughput would be maintained at a relatively high level and it would not be possible to achieve an absolute balance of traffic among the three harbour crossings.

12. Mr CHENG Kar-foo however did not agree that an absolute balance was the solution in this case. Instead, the Administration should aim at re-distributing traffic among CHT, EHC and WHC according to their design capacity. The fact was that CHT

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was operating at 153% of its design capacity while WHC only 35%. The congestion at CHT was unacceptable and had created a tremendous waste of social resources. Concurring with the need to maintain smooth traffic flow at the three harbour crossings, Ir Dr Raymond HO pointed out that the low utilization of WHC was largely due to erroneous traffic forecasts made by the Administration when planning for the project. The situation was further aggravated by the delayed implementation of the Central-Wanchai Bypass.

13. Regarding the suggestion to buy back the ownership of WHC and EHC, PS for ETW stated that it would require enormous capital spending. Given the current budget deficit and the need to contain government expenditure, it was questionable whether such a course of action could be justified. Moreover, a number of complex issues were involved and they would have to be considered carefully:

- (a) The Government's policy had always been to encourage participation of the private sector in the provision of transport infrastructure through the BOT mode. The two BOT harbour crossings were in private hands. Any proposal to buy back the ownership of the BOT tunnels must be agreed by both the Government and the franchisees;
- (b) Both the Government and BOT operators were contractually bound by the terms of the franchises which were clearly stipulated in their respective governing legislation and Project Agreements. Any buy-out agreement must abide by the spirit of contract. Any variation of the scope of the franchises should also be handled according to the laws of Hong Kong;
- (c) As CHT was a government asset generating significant revenue for use by the community as a whole, the Administration would need to ensure that the value of CHT was fairly reflected under the "common owner" approach"; and
- (d) As announced by the Financial Secretary, the Government was working on a government asset disposal programme including government tunnels. The Administration would consider whether and how CHT would be included in the programme.

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14. Mr CHENG Kar-foo however said that under DP's proposal, TBA would acquire the ownership of all BOT tunnels in phases, starting with WHC. Hence, he did not agree with the Administration that the proposed course of action was not justified under the current budget deficit. Mr Albert CHAN also said that initially, all government tunnels could be put under the control of TBA. In the longer term with the gradual acquisition of more BOT tunnels, TBA could issue bonds or have its shares listed on the stock market to fund its operations and development of new facilities without the need for additional financial commitment on the Government's part. Calling on the Administration to adopt a more open-minded approach in tackling the problem, Ir Dr Raymond HO suggested that instead of a complete buy-out, the Administration might consider buying back part of the shares of the BOT operators by issuing bonds.

15. The Chairman pointed out that the primary objective of building any new transport infrastructure must be to improve traffic condition. Notwithstanding the Government's intention to privatize government tunnels, the Environment, Transport and Works Bureau (ETWB) should only consider the matter from a transport perspective. As the responsible policy bureau in transport matters, it was incumbent upon ETWB to safeguard public interest by formulating policies and measures to maximize the use of precious tunnel resources to meet the transport need of the community. While stating the importance for the Administration to uphold the spirit of contract, Mr Abraham SHEK said that it would be a matter for the Administration to decide on how to achieve a balance between the transport and revenue implications involved in the matter. PS for ETW responded that the Administration would pay special attention to the transport implication when considering the use of BOT mode in future.

16. Mr Albert HO opined that as a contingency measure under imperative circumstances, the Administration should be prepared to resume the ownership of the two BOT tunnels and compensate the franchisees with an amount to be determined by an independent third party through adjudication. In reply, PS for ETW did not agree that the current situation called for such extreme action. Reiterating the Administration's intention to honour the spirit of legislation and contract, she cautioned that the member's suggestion was a serious decision which should not be taken lightly. Otherwise, the interest and confidence of the private sector to invest in Hong Kong might be undermined.

The "Common owner" approach

17. The Chairman referred to the continuous efforts made by the two BOT harbour crossing companies in identifying ways to optimize utilization, and sought clarification on the Administration's statement that neither company had indicated any interest in the "common owner" approach.

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18. In response, the Deputy Secretary for the Environment, Transport and Works T3 explained that when approaching the two BOT operators on the possibility of a "common owner" approach, the Administration had always adhered to the principle that any agreement to be reached must lead to a more balanced traffic distribution among the three harbour crossings and be of overall benefit to all stakeholders, i.e. the public, the Government and the BOT companies. It should also ensure a low level of tolls with the establishment of a transparent adjustment mechanism. However, there was major difference between the two sides on the determination of an equitable asset value of and the traffic forecasts for the three harbour crossings. As private businesses, the BOT operators also had certain expectations on the return of their investment and expect a toll adjustment mechanism which could provide some certainty on their expected return. As the Government and the two BOT operators had not been able to agree on the basic principles on which the "common owner" approach were to be based, there appeared limited room in taking the proposal forward.

19. The Chairman however said that notwithstanding the difference in negotiating positions, the Administration should not ignore the BOT companies' good intention to co-operate with the Administration. The Administration should continue dialogue with the two companies so that more positive results could be achieved. Echoing the Chairman's view, Mr CHENG Kar-foo said that it might be helpful if the Administration could provide members with the correspondence exchanged with the BOT companies in this matter.

20. In response, PS for ETW stressed that the negotiation could only continue if the Government and the two BOT operators were able to agree on the basic principles to be adopted for the "common owner" approach. However, the Government maintained an open attitude and was willing to continue the dialogue with the BOT operators on other possible measures to balance the traffic flow among the three harbour crossings.

Other options

21. Mr LAU Ping-cheung asked whether the Administration would consider using pecuniary measures to achieve a more balanced traffic distribution among the harbour crossings, e.g. by using the profits generated from CHT to purchase road capacity on WHC. PS for ETW replied that toll receipts from CHT would form part of the general revenue. As the suggestion was tantamount to a direct subsidy from the Government to motorists using WHC, views from the public and their acceptability would be important considerations which needed to be carefully looked into.

22. Mr LAU Ping-cheung however said that in view of the public interest at stake, it would be money well-spent if the efficiency of tunnel utilization could be enhanced bringing about overall benefits to the whole traffic network. Mr Albert HO also did not agree that such expenditure should simply be regarded as a subsidy to the motorists.

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23. Mr Albert HO referred to the Administration's on-going discussion with Route 3 (Country Park Section) Company (Route 3 Company) on ways to attract traffic to use Route 3. As a related issue, Mr LAU Ping-cheung referred to the proposal to construct the Easterly Link Road (ELR) as an additional access road for the Shenzhen Western Corridor/Deep Bay Link and cautioned the Administration not to use this to coerce Route 3 Company into an agreement.

24. PS for ETW responded that the option being pursued was to introduce further concessionary fares for goods vehicles in return for a possible extension of the company's franchise. Both sides were now trying to come to an agreement on the future traffic projections of Route 3. Further discussions would proceed on that basis.

25. PS for ETW further said that the Administration was considering the way forward for ELR in the context of an overall review of the transport infrastructure in North West New Territories (NWNT). This would enable a more comprehensive look at the relative priorities of planned road projects in the NWNT in the light of limited financial resources. She advised that the study on NWNT transport infrastructure would be completed in June 2003 whereas further study on the provision of ELR was expected to complete by year end.

26. Concluding the discussion, the Chairman said that members were generally concerned about the absence of a clear way forward from the Administration to achieve a more balanced traffic distribution among the three tunnel crossings. To address the problem, the Administration should re-open dialogue with the BOT operators. Members agreed that the Administration should be requested to revert to the Panel in June 2003.

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V Taxi Drivers Entry Qualifications and Pre-service Training Programme
(LC Paper No. CB(1)1457/02-03(04) - Information paper provided by the Administration)

27. Members noted the Administration's proposal to revise the entry requirements of taxi drivers and the scope of the written test for taxi driving licence with a view of improving the quality of taxi services. Details of the proposal was set out in the Administration's paper (LC Paper No. CB(1)1457/02-03(04)).

28. In reply to Mr TAM Yiu-chung, the Assistant Commissioner for Transport/Management and Paratransit (AC for T/M&P) said that under the expanded scope of Taxi Licence Test, the candidates were only required to demonstrate a basic standard of workplace English and Putonghua.

29. Both Mr TAM Yiu-chung and Dr TANG Siu-tong expressed concern about the road safety implication of lowering the requirement of licence holding period from

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three years to one year. AC for T/M&P responded that under the proposal, training on safety aspect would be enhanced by including driving skills as well as proper driving attitude in the mandatory training programme and in the expanded scope of Taxi Driving Licence Test. The Deputy Secretary for the Environment, Transport and Works T2 (DS for ETW(T2)) also said that a longer licence holding period did not necessarily imply more on-road experience. By improving the driving attitude of the prospective taxi drivers and enhancing their knowledge on safe driving through the mandatory training programme, improvement could be made to road safety.

30. Dr TANG Siu-tong asked whether an eight-hour module on driving skills was adequate for the purpose. While acknowledging the added benefits of more training, DS for ETW(T2) said that the Administration had tried to achieve a balance between the right amount of course content and an appropriate level of course fee. He added that upon consultation, the relevant trades agreed that essential areas were already covered under the mandatory training programme.

31. Dr TANG Siu-tong asked whether the Administration would consider lowering the minimum age requirement for obtaining a taxi driving licence to 19 to tie in with the one-year licence holding period requirement. In reply, AC for T/M&P explained that the minimum age requirement would be maintained at 21 as past records had generally shown that younger drivers were more accident-prone.

32. Noting that the estimated fee of the mandatory training programme amounted to \$1,900, the Chairman suggested that some kind of subsidy should be provided to prospective taxi drivers, e.g. through existing training schemes organized by the Employees Retraining Board (ERB). Mr TAM Yiu-chung was also concerned that this level of course fee might create a heavy financial burden on prospective taxi drivers.

33. In response, AC for T/M&P said that in parallel to the proposal which only applied to new taxi drivers, the Transport Department and Vocational Training Council had developed a voluntary Skill Upgrading Scheme (SUS) for in-service taxi drivers so as to enhance their performance and service quality. It was anticipated that the training programme would be launched in the latter half of 2003. Those who completed the training would be reimbursed 70% of the course fee. However, prospective taxi drivers would not be covered under the SUS. In response to the Chairman's request, the Administration would examine the possibility of reducing the cost of the mandatory training programme and discuss with ERB the possibility of covering prospective taxi drivers in its training schemes.

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34. The Chairman conveyed the general support of the taxi trade on the proposal, and called for its early implementation. DS for ETW(T2) replied that the Administration would finalize the proposals taking into account the views and comments from all relevant parties. If all steps proceeded smoothly, it was expected that the proposals would be implemented in 2004.

VI Any other business

35. There being no other business, the meeting ended at 12:40 pm.

Council Business Division 1
Legislative Council Secretariat
21 May 2003