

立法會 *Legislative Council*

LC Paper No. CB(1)2040/02-03
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Friday, 23 May 2003, at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Miriam LAU Kin-yee, JP (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-yee, GBS, JP
Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
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 WONG Sing-chi
Hon LAU Ping-cheung

Non-Panel Member : Hon LEE Cheuk-yan
attending

Members absent : Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon LAU Chin-shek, JP

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**Public Officers
attending : Agenda Item IV**

Environment, Transport and Works Bureau

Mr Arthur HO

Deputy Secretary for the Environment, Transport and Works T2

Mr William SHIU

Principal Assistant Secretary for the Environment, Transport
and Works T4

Agenda Item V

Environment, Transport and Works Bureau

Mr Arthur HO

Deputy Secretary for the Environment, Transport and Works T2

Mr LAW Kin-wai

Assistant Secretary for the Environment, Transport and Works

Transport Department

Ms Carolina YIP

Assistant Commissioner for Transport/Bus & Railway

Mr Albert YUEN

Principal Transport Officer/Bus & Railway

Agenda Item VI

Environment, Transport and Works Bureau

Mr Paul TANG

Deputy Secretary for the Environment, Transport and Works T1

Mrs Angela LO

Principal Executive Officer (Environment and Transport)
Resource Management

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Agenda Item VII

Environment, Transport and Works Bureau

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

Mr Patrick CHAN
Principal Assistant Secretary for the Environment, Transport
and Works T6

Transport Department

Mr Y M LEE
Chief Engineer, Traffic Engineering (New Territories/West)
Division

Highways Department

Mr E J ROBLIN
Deputy Project Manager/Major Works (1)

Mr Norman MAK
Chief Engineer/Major Works 1-2

Agenda Item VIII

Environment, Transport and Works Bureau

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

Mr William SHIU
Principal Assistant Secretary for the Environment, Transport
and Works T4

Transport Department

Mr Peter LUK
Assistant Commissioner for Transport/New Territories

Highways Department

Mr IP Kwai-hang
Chief Engineer/New Territories (West)

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Attendance by invitation : Agenda item IV

Kowloon-Canton Railway Corporation

Mr Michael TIEN
Chairman

Mr K Y YEUNG
Chief Executive Officer

Mr Samuel LAI
Senior Director, Finance & Management

Mr Y T LI
Director, East Rail

Mr Michael LAI
General Manager, Revenue

Mr W K TSUI
General Manager, Light Rail Operations

Mrs Irene YAU
General Manager, Corporate Affairs

Agenda item V

Public Omnibus Operators Association Ltd.

Mr YEUNG Wai-hung
Chairman

Mr WONG Leung-pak
Vice Chairman

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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Miss Winnie CHENG
Legislative Assistant 5

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)1677/02-03 - Minutes of meeting held on 25 April 2003)

The minutes of meeting held on 25 April 2003 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)1559/02-03

- Referral from Legislative Council Members' meeting with Tuen Mun District Council regarding the transport infrastructure in North West New Territories and cross boundary passenger ferry services at Tuen Mun;

LC Paper No. CB(1)1582/02-03

- Information paper on "Proposed Amendments to Air Pollution Control (Vehicle Design Standards) (Emission) Regulations (Cap. 311 sub. leg. J) - Emission Standards for Newly Registered Liquefied Petroleum Gas Light Buses, Diesel Light Buses and Liquefied Petroleum Gas Taxis" provided by the Administration;

LC Paper No. CB(1)1613/02-03

- Referral from Legislative Council Members' meeting with North District Council regarding the provision of franchised bus services and the provision of noise barriers along Fanling Highway;

LC Paper Nos. CB(1)1648/02-03(01) - (03)

- Submission from Mr James WONG on MTR Tseung Kwan O Line services and the replies from the Transport Department and the MTR Corporation Limited;

LC Paper No. CB(1)1686/02-03(01)

- Information paper on

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- LC Paper No. CB(1)1687/02-03(01) "Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha" provided by the Administration; and
- Information paper on "Public Transport Interchanges at Penny's Bay and Yam O" provided by the Administration)

2. Members noted the above information papers issued since last meeting.
3. Members noted the Administration's paper on "Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha" (LC Paper No. CB(1)1686/02-03(01)). The Administration intended to submit the funding proposal to the Public Works Subcommittee for consideration in June 2003.
4. At the Chairman's suggestion, members agreed that the Administration should be requested to respond to the concerns raised by Tuen Mun District Council (TMDC) on the development of transport infrastructure in North West New Territories (NWNT) and cross boundary passenger ferry services at Tuen Mun (LC Paper No. CB(1)1559/02-03) in the context of the Administration's on-going review on NWNT transport infrastructure. According to the Administration, the NWNT transport review would be ready for discussion at the Panel meeting scheduled for 25 July 2003.

(Post-meeting note: A letter conveying the views and concerns of TMDC was issued to the Administration on 27 May 2003.)

III Items for discussion at the next meeting scheduled for 27 June 2003

- (LC Paper No. CB(1)1678/02-03(01) - List of outstanding items for discussion;
- LC Paper No. CB(1)1678/02-03(02) - List of follow-up actions; and
- LC Paper No. CB(1)1647/02-03(01) - A letter dated 9 May 2003 from the Administration on the proposed items for discussion at the remaining Panel meetings in this legislative session)

5. Members noted the letter dated 9 May 2003 from the Administration on the proposed items for discussion at the remaining Panel meetings in this legislative session (LC Paper No. CB(1)1647/02-03(01)). Members noted that the Administration intended to submit a progress report on the implementation of the Ernst & Young Report for members' information at a later stage.
6. Members agreed that the following items as proposed by the Administration would be discussed at the Panel's next regular meeting scheduled for 27 June 2003:

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- (a) Eastern Harbour Crossing toll increase; and
- (b) Review of directional signing and pedestrian signing.

Members also agreed that another item proposed by the Administration for discussion, i.e. "Parking demand study", would be considered by members in the form of an information paper.

(Post-meeting note: With the concurrence of the Chairman, the regular Panel meeting in June 2003 had subsequently been rescheduled to be held from 11:45 am to 12:45 pm on 27 June 2003 in the Chamber of the Legislative Council Building to make way for the holding of a joint meeting with the Economic Services Panel from 10:45 am to 11:45 am on "Future development of franchised bus services on Hong Kong Island in relation to the proposed acquisition of Citybus Limited by Chow Tai Fook Enterprises Limited". The item on "Review of directional signing and pedestrian signing" originally scheduled for discussion would be considered by members in the form of an information paper.)

7. Members also agreed to convene a joint meeting with the Environmental Affairs Panel in June to discuss the item on "Tolo Highway Widening - the Use of noise barriers from the Tolo Highway Widening Project".

(Post-meeting note: The joint meeting was scheduled to be held on Monday, 23 June 2003, at 2:30 pm.)

IV West Rail fare

(LC Paper No. CB(1)1678/02-03(03) - Information paper provided by the Kowloon-Canton Railway Corporation)

8. With the aid of PowerPoint, Mr Samuel LAI, Senior Director, Finance & Management of Kowloon-Canton Railway Corporation (KCRC) (SD/F&M, KCRC), briefed members on the current thinking of the Corporation on West Rail (WR) fares as set out in LC Paper No. CB(1)1678/02-03(03).

(Post-meeting note: A set of presentation materials tabled at the meeting was subsequently issued to members vide LC Paper No. CB(1)1768/02-03(01).)

9. Mr Michael TIEN, Chairman of KCRC, said that one of the main objectives of WR was to provide a fast and reliable travelling alternative to the residents of NWNT, especially for travelling to the urban areas. In determining the level of WR fares, the Corporation was mindful of the need to keep WR fares competitive. Initially, the proposed fare for a trip from Tuen Mun/Yuen Long to Nam Cheong was \$16 and a 10% discount would be offered to the passengers during initial service. WR fare for intra-district journeys between Tuen Mun and Yuen Long would be \$5.8, comparable to that

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of Light Rail (LR). To improve WR's accessibility, integrated fares would be offered to passengers who took KCRC's LR, Bus and WR services on the same trip. Inter-modal discounts of \$1 to \$1.5 would also be offered to WR passengers for onward journeys by franchised buses. Taking into account the time savings due to passengers travelling on WR, he believed that the proposed fares were competitive and offered value for money services to the passengers.

10. The Chairman of KCRC informed members that the Corporation would continue to gauge the acceptability of the travelling public on the proposed WR fares. When finalizing the WR fare structure, due regard would be given to the comments and expectations of the travelling public. A final decision was expected to be made by the Managing Board in July 2003.

11. Mr LAU Kong-wah queried the competitive edge of WR as stated by the Corporation in terms of fares, time savings and convenience. On one hand, the combined fare of railway and bus services from Tuen Mun to Central was much higher than that of the direct bus services. On the other hand, savings in journey time by means of railway-cum-bus were not significant, not to mention the fact the franchised bus service offered a convenient point-to-point services to passengers. Under such circumstances, he wondered if WR could attract sufficient patronage. He remarked that the Corporation should conduct customer survey to solicit passengers' views on WR fares.

12. In response, the Chairman of KCRC said that the Corporation was aware of the strong competition from franchised buses which offered more flexible point-to-point services. However, the strength of WR lied in its fast and reliable service. A bus trip from Tuen Mun to Central took about 80 minutes while it would only take 48 minutes by WR interchanging with cross-harbour bus services. Considering the competitive fares being offered, WR would be a very attractive choice for passengers travelling to the urban areas so long as well-integrated feeder/interchange services were provided at both ends.

13. Mr LEE Cheuk-yan did not agree that WR fares should be set with reference to franchised bus fares as the latter were already too high. Citing the hefty profits recorded by the Corporation, he considered that KCRC should do more to help relieve the heavy burden of transport costs borne by NWNT residents, and suggested that WR fares should more appropriately be aligned with East Rail (ER) fares.

14. The Chairman of KCRC reiterated that the proposed WR fares were justified in view of the time savings to be achieved when compared with other modes of transport. He called on members' understanding that the Corporation would need to ensure a reasonable return on equity. With the proposed fares, WR could only achieve a 6% internal rate of return, which was below the Corporation's weighted average cost of capital at 7.9%. He further said that it would not be possible to set WR fares at a level comparable to ER fares as ER's domestic service had been incurring a loss and had to be subsidized by income from cross boundary service.

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15. Citing the lower fare and convenient point-to-point service of franchised buses, Mr Albert HO was not convinced that many NWNT residents would switch to WR for external travel. Mr CHENG Kar-foo also considered that the proposed WR fares were way too high and could not compete with franchised bus services. While he was not convinced that the Administration should "force" the passengers to use the more expensive WR by cancelling existing franchised bus routes serving the areas, he was also worried about the viability of WR. To protect its investment in the Corporation while bringing real benefits to the travelling public, the Administration was duty bound to ensure that cooperative arrangements were made between KCRC and the MTR Corporation Limited (MTRCL) to offer rail-rail interchange discounts to the passengers. In this respect, he enquired about the work done by the Secretary for the Environment, Transport and Works.

16. Mr Albert CHAN reiterated his concern about public transport services in NWNT being monopolized by KCRC after WR's opening. Hence, he was strongly of the view that the Administration should not seek to suppress the level of existing public transport services, in particular Residents' Service (RS), in NWNT in anticipation of WR's opening.

17. Referring to the shortcoming in WR's network, Dr TANG Siu-tong said that the financial viability of WR was seriously affected by the lack of a connection with the Northern Link which could generate a stable source of income from cross boundary service. Echoing similar views, Mr TAM Yiu-chung referred to the results of a survey conducted by the Democratic Alliance for Betterment of Hong Kong which showed that only 26% of NWNT residents would switch to WR for external travel. 50% of the respondents indicated that WR fare from Yuen Long to Central should be about \$12, while 20% considered that \$10 was an appropriate fare level. As changes in the travel pattern of NWNT residents would only become clear some time after WR's opening, both Mr TAM and Dr TANG called on the Administration to maintain the existing level of franchised bus services, in particular those serving remote areas, for six months after WR's opening.

18. In response, the Deputy Secretary for the Environment, Transport and Works (T2) (DS for ETW(T2)) assured members that the Administration would take into account the views of local District Councils and community groups when planning for the reorganization of public transport services to tie in with WR's opening. At present, the Administration did not have any plans to cancel existing authorized RS routes providing service in NWNT. However, the Administration would continue to take appropriate enforcement actions against unauthorized RS services.

19. Regarding the offer of interchange discounts, DS for ETW(T2) said that the Administration would encourage the public transport operators to cooperate and introduce inter-modal fare discounts to the passengers where possible. The Administration welcomed the bus-rail interchange schemes and hoped that similar cooperative arrangements could be made between KCRC and MTRCL. In fact, SETW,

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as the Government's representative serving on MTRCL's Board of Directors, had conveyed the message to the Board for consideration. But as MTRCL was a publicly listed company, the Government would leave the decision to MTRCL.

20. The Chairman of KCRC also said that the bus-rail interchange schemes were made out of goodwill and cooperative spirit. It signified a true partnership between public transport operators for the ultimate benefit of the travelling public. On the discussions with MTRCL, SD/F&M, KCRC said that KCRC had presented a number of proposals on the sharing of interchange discounts to MTRCL for consideration. However, MTRCL indicated that due to financial considerations, they were not prepared to hold further discussions with KCRC on any of the proposals. Nonetheless, the Chairman of KCRC said that the Corporation would continue to pursue the matter with MTRCL. He was confident that an agreement to introduce rail-rail interchange discount could be reached with MTRCL in the near future.

Motion

21. The majority of members were concerned about the interchange arrangement between WR and the MTR system, in particular the offer of rail-rail interchange discount to facilitate interchange for WR passengers travelling to urban areas.

22. Mr Albert CHAN condemned MTRCL for refusing to negotiate with KCRC on the offer of rail-rail interchange discount to WR passengers. He considered that MTRCL should be invited to attend a meeting of the Panel to be scheduled to discuss the interchange arrangement between WR and the MTR system. His suggestion was supported by Mr LAU Kong-wah and Mr CHENG Kar-foo. Mr Albert CHAN proposed the following motion:

"本事務委員會邀請地鐵有限公司出席事務委員會的會議，就地鐵系統與西鐵的轉乘安排進行討論。"

23. Members agreed to proceed with the motion.

24. The Chairman put the motion to vote. Six members voted for the motion and two members abstained. The Chairman declared that the motion was carried.

25. Mr LAU Kong-wah and Dr TANG Siu-tong also requested for information on KCRC/ various proposals discussed by the two railway corporations in respect of the sharing of MTRCL interchange discounts.

V Policy on non-franchised bus services

(LC Paper No. CB(1)1678/02-03(04) - Information paper provided by the Administration; and

LC Paper No. CB(1)1713/02-03(01) - Information note on issues raised at the DRM interview on 14 May 2003 regarding the proliferation and unauthorized operation of non-

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franchised bus services and the submission dated 15 April 2003 from the Environmental Light Bus Alliance)

26. Members noted the information paper provided by the Administration (LC Paper No. CB(1)1678/02-03(04)) and the information note on issues raised at the DRM meeting on 14 May 2003 on the operation of unauthorized non-franchised bus services (LC Paper No. CB(1)1713/02-03(01)).

Meeting with deputation/Administration

Public Omnibus Operators Association Ltd.
(LC Paper Nos. CB(1)1753/02-03(01) and (02))

27. Mr YEUNG Wai-hung, Chairman of Public Omnibus Operators Association Ltd. (POOA), referred to the submissions from the Association (LC Paper Nos. CB(1)1753/02-03(01) and (02)) and highlighted the difficult operating conditions faced by non-franchised bus operators as a result of tightened restrictions being unfairly imposed by the Transport Department (TD). As this had seriously affected the survival of the trade and livelihood of its 20 000 employees, the Association strongly put forth the view that the Administration should stop imposing excessive and unnecessary restrictions over the operation of non-franchised bus services. Operators with valid Passenger Service Licences issued by TD should be allowed to operate and develop their businesses within the statutory regulatory framework. Most importantly, the free market principle should prevail. As long as there was demand for service, non-franchised public buses should be allowed to co-exist with railways and other road transport services to enable commuters choice.

28. Mr WONG Leung-pak, Vice Chairman of POOA, also criticized the Administration for failing to take targeted action against unauthorized public bus services. Citing the stopping restrictions of Residents' Service (RS) in Wanchai, he said that these restrictions only served to hinder the operation of authorized RS while unauthorized RS were undeterred. To curb the operation of unauthorized RS, the Administration should consider freezing the number of non-franchised buses in Hong Kong.

29. Citing cases where applications made by the operators for the operation of non-franchised bus services were rejected by TD without good reasons, Mr YEUNG Wai-hung said that as a result of such undue intervention, the trade was struggling for survival. In one case, TD had rejected an operator's application for Employee Service even though a service agreement had been made with the employer. Under TD's tightened control, most applications for new RS route had been rejected while renewal of RS service and contract hire service had become more difficult. Routings and stops for RS service were also subject to excessive restrictions. In this connection, members requested POOA to provide further information on applications which were turned down by the Administration without good reasons.

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Regulation on non-franchised bus operation

30. The Chairman was gravely concerned that the Administration did not seem to have a clear and equitable policy on the operation of non-franchised bus services in the public transport market. While acknowledging the supplementary role played by non-franchised buses, the Administration had sought to impose more and more restrictions on their operation. The situation was further aggravated by unauthorized RS services which had created many problems for the Administration and affected the operation of legitimate operators. She considered that the Administration should rationalize its policy and regulatory measures towards non-franchised bus services, while taking more effective enforcement actions against unauthorized public bus services. Considering the functional need of Employee Service, the Chairman said that the Administration should not reject such applications if sponsored by employers simply because there were other alternative modes of public transport.

31. Taking note of the concern expressed by POOA over restrictions imposed by TD on the operation of RS services, Mr LAU Kong-wah enquired about the Administration's stance on the future development of RS. He also opined that the Administration should not suppress contract hire services, such as those engaged by shopping centres and property developers, as they could encourage consumer spending and in turn help revive the economy.

32. In response, DS for ETW(T2) did not agree that the Administration's policy was unclear. To ensure the efficient use of Hong Kong's limited road space and taking into account environmental considerations, the use of mass carriers viz. railways and franchised buses as the main service providers of trunk services to and from the busy areas was encouraged. The role of non-franchised buses was supplementary in the public transport system. In particular, RS served to provide service to remote areas not readily accessible by railways and franchised buses. He pointed out that over the past three years, the number of authorized vehicles licensed to operate RS service had increased by 18% while the number of approved RS routes had also increased by 33%. But in view of increasing public concerns about air quality and traffic congestion, there was a need to enhance the efficiency of the bus network. To this end, TD had been implementing measures to rationalize franchised bus services. Likewise, it was also necessary to better manage the operation of RS services.

33. Dr David CHU however considered that more congestion was in fact caused by franchised buses than non-franchised ones. As non-franchised bus service was popular among the passengers, the trade should be allowed to develop its business without undue intervention by the Administration.

34. Criticizing the Administration for imposing excessive restriction on non-franchised bus operation, Mr Albert CHAN stressed that due to inadequate provision of public transport services in some areas, e.g. the new development area in Tin Shui Wai North, there was a genuine need for the introduction of RS services. In vetting

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applications for new RS services, the Administration should adopt a more flexible approach taking into account the demand and need of the passengers. He was particularly dissatisfied with the Administration's decision that no RS service would be allowed to operate from Tung Chung to urban areas via Tsing Ma Bridge.

35. DS for ETW(T2) stressed that due regard would be given to the transport need of passengers when considering applications for operation of non-franchised bus services. For Employee Service, 99% of the applications for renewal were approved last year and the approval rate of new applications was 90%. To supplement, the Assistant Commissioner for Transport/Bus & Railway (AC for T/B&R) said that in determining an application for operation of non-franchised bus services, TD would consider the following factors:

- (a) the need for the service to be provided by the applicant;
- (b) the level of service already provided or planned by other public transport operators;
- (c) traffic conditions in the areas and on the roads where the service was to be provided; and
- (d) the standard of service to be provided by the applicant.

36. DS for ETW(T2) also assured members that these criteria would be consistently applied to all applications, irrespective of the type or area of service. However, taking into account the need to enhance the operating efficiency of bus services and improve the environment, new direct long haul bus routes would not normally be considered and bus-bus interchange schemes were encouraged to reduce the number of bus trips in busy urban corridors for the benefits of the community as a whole.

37. DS for ETW(T2) said that the operators' concern about maintaining viable operation under prevailing economic conditions was understandable. The Administration had been working on ways to facilitate the operation of the non-franchised bus trade. For instance, improvements had been made to the pick up/set down and parking facilities of non-franchised buses. In the long term, the Administration would consider measures to enhance the quality of non-franchised bus services.

Enforcement against unauthorized RS services

38. Mr Albert CHAN said that he was aware of more stringent enforcement actions being taken against small operators. In reply, AC for T/B&R said that in view of the problems created by the operation of unauthorized RS services, appropriate enforcement actions would be taken by TD in conjunction with the Police. While stressing that there was no question of the Administration targeting particular operators, she said that the Administration had to take into account practical considerations when considering enforcement actions against all unauthorized services at the same time. AC for T/B&R

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added that if an unauthorized RS service was to fill a service gap and help meet passenger demand, the Administration might consider whether such service would be formalized with modifications where appropriate to feed passengers to nearby railway stations or major public transport interchanges.

39. Dr TANG Siu-tong expressed concern about the insurance coverage of unauthorized RS services and called on the Administration to step up enforcement actions. To protect the interest of passengers, the Administration should issue clear guidelines to both the trade and the travelling public. AC for T/B&R explained that the validity of insurance cover would depend on the terms and conditions stipulated in individual insurance policy documents. While valid third party risk insurance was required for all vehicles, the Administration was concerned about the validity of insurance coverage in respect of unauthorized RS services as such services were not approved by TD.

Admin 40. Concluding the discussion, the Chairman said that members were generally concerned about POOA's assertion that undue intervention was being imposed by the Administration, as well as the effectiveness of enforcement actions against unauthorized RS services. To address the problems faced by the trade, the Administration was requested to rationalize the assessment criteria for vetting new and renewal applications for non-franchised bus services, in particular Employee Service and contract hire service. In this connection, POOA was invited to provide further information to the Panel for follow-up. Mr Albert CHAN also requested the Administration to provide the following information after the meeting:

- (a) number of applications made in the past three years for operation of new non-franchised bus routes and the results; and
- (b) statistics on enforcement actions taken in the past six months against unauthorized non-franchised bus services.

41. DS for ETW(T2) said that the Administration would take into account the views expressed by members and consider how best the assessment criteria could be applied. Moreover, the Administration would continue to maintain close liaison with the non-franchised bus trade. Members agreed that the Panel would revisit the matter in October 2003.

VI Staffing proposal in the Environment, Transport and Works Bureau
(LC Paper No. CB(1)1678/02-03(05) - Information paper provided by the Administration)

42. Members noted the Administration's proposal as set out in LC Paper No. CB(1)1678/02-03(05) to create a permanent post of Permanent Secretary for the Environment, Transport and Works (Environment and Transport) (PSET) (D8) and to delete three permanent posts for the former Secretary for Environment and Food (D8),

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the former Secretary for Transport (D8) and the Principal Executive Officer (Works) Resource Management (D1) in the Environment, Transport and Works Bureau (ETWB). The Administration intended to submit the proposal to the Establishment Subcommittee (ESC) of the Finance Committee for consideration at its meeting on 28 May 2003.

43. The Deputy Secretary for the Environment, Transport and Works (T1) (DS for ETW(T1)) informed members that the staffing proposal in ETWB also entailed the proposed creation of another permanent post of Deputy Secretary for the Environment, Transport and Works (Environment and Transport)E2 (D2). The Administration would separately consult the Environmental Affairs Panel on the proposal at its meeting to be held on 26 May 2003.

44. Speaking in his capacity as the Chairman of ESC, Mr CHAN Kwok-keung considered that instead of giving a lump sum on the overall savings to be achieved, the Administration should clearly set out the additional staff cost required for the creation of the proposed PSET post as well as the savings arising from the deletion of posts. At his request, the Administration would provide further information on the financial implication of the staffing proposal before the item was considered by ESC.

(Post-meeting note: A supplementary information paper provided by the Administration was circulated to members vide LC Paper No. CB(1)1783/02-03(01).)

45. Relaying his observations about the work of ETWB and the Transport Department (TD) since the implementation of the accountability system, Ir Dr Raymond HO said that many a times, the legitimate concerns raised by members of the public, the transport trades and even District Councils on various transport matters had been ignored by TD. As such, he had serious concern about the level of steer and supervision exercised by the Secretary for the Environment, Transport and Works (SETW) and PSET on TD's work, and questioned the efficacy of putting the transport and environment portfolios under PSET as the matters falling under these policy portfolios were quite different by nature. Instead, the Administration should review whether the transport and works portfolios should be grouped under the same Permanent Secretary (PS) as the range of duties under these portfolios were more directly related.

46. As a related issue, Ir Dr HO said that as the post of PSET was created to provide vital administrative support to SETW in the discharge of her duties, he was dissatisfied that SETW was unavailable to answer members' questions on the staffing proposal. The Chairman also said that SETW should make a greater effort to attend the meetings of the Panel. DS for ETW(T1) agreed to convey members' view to SETW for information.

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47. Regarding the division of responsibilities between the two PSs in ETWB, DS for ETW(T1) recapped that after the implementation of the accountability system, ETWB had conducted a review of the organization and division of work within the bureau, with particular regard to the workload, responsibility and span of control of the two PSs and the interface among the three policy portfolios of environment, transport and works. To

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ensure a more balanced workload between the two PSs and facilitate early consideration and assessment of the environmental impact of transport services and projects, ETWB had redistributed their duties so that one PS was responsible for the transport and environment portfolios while the works portfolio was put under another PS. The Panel had been informed of such changes vide an information paper circulated to members in August 2002 (LC Paper No. CB(1)2389/01-02(01)).

48. DS for ETW(T1) further said that after redistribution, the scope of duties under the two PSs was rationalized so that they could properly discharge the function of steering and supervising the executive departments under their purview to achieve timely and effective implementation on agreed policies and programmes. Given the substantial number of executive departments under the works portfolio, the suggestion of grouping the transport and works portfolios together might actually prevent the responsible PS from effectively supervising the work of TD.

49. Conveying the concern expressed by the transport trades, the Chairman said that the transport trades were generally disappointed that since the implementation of the accountability system, neither SETW nor PSET had made a conscientious effort to cultivate a close working relationship with them. As a result, their views were not always given due regard by the Administration during the process of policy formulation and implementation. To improve the situation, she called on both SETW and PSET to make greater efforts in establishing more effective channels of communication and consultation with all stakeholders in the transport market. Sharing similar concerns, Mr Albert CHAN said that he was in favour of merging the transport branch of ETWB and TD to facilitate integration of formulation and implementation of transport policies.

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50. While agreeing to relay members' concerns to SETW and PSET, DS for ETW(T1) said that the Administration was always mindful of the need to consult the transport trades on matters affecting their operation. In taking forward the Government's transport policies, ETWB would be responsible for policy formulation with input and feedback from TD through its contacts with the transport trades at working level.

51. On the possibility of merging the transport branch of ETWB with TD, DS for ETW(T1) said that having considered the matter, ETWB took the view that the existing setup was appropriate for the effective discharge of the required duties in policy formulation and implementation. While the matter would be kept under view, he cautioned that any merger proposal must be considered carefully to ascertain the real benefits to be achieved. It would also be important to ensure that the level of services provided to the public would not be compromised.

VII New Boundary Bridge between Lok Ma Chau and Huanggang

(LC Paper No. CB(1)1678/02-03(06) - Information paper provided by the Administration)

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52. Members noted the Administration's proposal to construct a new boundary bridge linking the Lok Ma Chau (LMC) Control Point and Huanggang Control Point as set out in LC paper No. CB(1)1678/02-03(06). The proposed bridge would be built alongside the existing boundary bridge at an estimated project cost of \$335.7 million in money-of-the-day prices. The Administration intended to submit the project to the Public Works Subcommittee (PWSC) in June 2003 and the Finance Committee in July 2003 for funding approval. Subject to funding approval, construction works would commence in November 2003 for completion in December 2004.

53. Mr LAU Kong-wah referred to paragraph 15 of the paper and sought information about the remaining objection against the project. The Deputy Secretary for the Environment, Transport and Works T3 (DS for ETW(T3)) replied that the objection was related to environmental concerns. It had subsequently been withdrawn after further liaison by the Highways Department.

54. In reply to Mr LAU Kong-wah, DS for ETW(T3) said that additional lane change-over facilities were required for the new boundary bridge because of the different traffic configurations in Hong Kong and the Mainland. Owing to site constraints on the Hong Kong side, such facilities, in the form of viaducts, would be provided at Huanggang. The total cost as estimated by the Shenzhen Municipal People's Government (SMPG) was around RMB 116.2 million. As the facilities would serve the needs of both Hong Kong and Shenzhen, the cost would be equally shared by the two sides.

Connection to local traffic network

55. Mr LAU Kong-wah concurred with the need of the proposed boundary bridge, and enquired about the measures to be taken by the Administration to improve the local road network so as to cope with the increasing traffic brought by the new boundary bridge.

56. In reply, DS for ETW(T3) briefed members on the projects being undertaken or planned by the Administration for improving the cross boundary traffic flow at LMC Control Point. In particular, the San Tin section of Castle Peak Road between LMC Public Transport Interchange (PTI) and the slip road of San Tin Interchange would be widened from two to three lanes to improve the traffic condition in the area. Works had commenced in mid October 2002 for completion in late 2003/early 2004. The southbound carriageway of San Sham Road at its approach to the elevated roundabout of San Tin Interchange would also be widened from two to three lanes to improve the junction capacity. Works were scheduled to start in early 2004 for completion later in the year.

57. Notwithstanding the Administration's explanation, Mr LAU Kong-wah reiterated his concern about the situation around the San Tin PTI which was already heavily congested with both vehicular and passenger traffic. The Administration was requested to provide supplementary information on the improvement measures being planned or

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implemented in the vicinity of the San Tin PTI to the Panel before the funding proposal was considered by PWSC.

(Post-meeting note: A supplementary information paper provided by the Administration was circulated to members vide LC Paper No. CB(1)1977/02-03(01).)

Entrustment arrangement

58. Both Mr Albert CHAN and Mr CHENG Kar-foo expressed grave concern about the proposed arrangement to entrust the design and construction of the main bridge to SMPG as it would seriously undermine the employment opportunities for the local workforce.

59. DS for ETW(T3) explained that as far as the entire project was concerned, the majority of the proposed works within the Hong Kong Special Administrative Region (HKSAR) would be undertaken by local contractors. It was expected that over 330 jobs would be generated during the construction stage. However, as the proposed boundary bridge would run over the Sham Chun River to connect with the Shenzhen part of the bridge, the Administration intended to entrust the design of the main bridge to ensure compatibility of design. She further explained that as the foundations and associated temporary cofferdams of the main bridge would have to be built into the river beds during the dry season, i.e. from November to March, construction by a single party would allow better control over the phasing of the works and the number of piling plants and working vessels in the river to minimize the disruption to navigation on the Sham Chun River which was under the management of the Shenzhen authorities. Having considered the issues of site accessibility and management of Sham Chun River, the Administration considered it appropriate to entrust the construction of the main bridge to SMPG. Such an arrangement would avoid technical and interface problems and minimize impacts on the Shum Chun River. It could also help ensure timely completion of the new bridge to bring about early relief to the congestion at LMC Control Point.

60. The Chief Engineer/Major Works (CE/MW) supplemented that as the main bridge would straddle the Sham Chun River, the relevant design and construction works would need to comply with the procedures and requirements of the relevant Shenzhen authorities. By entrusting the works to SMPG, it could facilitate co-ordination and avoid interface problems that might otherwise arise when contractors from both sides tried to carry out their respective portions of the works on the same site on the Sham Chun River.

61. Mr Albert CHAN and Mr CHENG Kar-foo however were unconvinced that the interest of local workforce should be sacrificed simply because of expediency and administrative convenience. Instead of entrusting such major works to SMPG, they considered that the Administration should make use of the opportunity to improve the employment situation in Hong Kong. After all, part of the bridge would be built within the boundary of HKSAR with substantial project costs borne by HKSAR Government. Citing the future Shenzhen Western Corridor and the existing footbridge at Lo Wu, Ir Dr

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Raymond HO also said that from an engineering point of view, it was not uncommon for different parties to be responsible for the construction of their respective portions of common facilities. The Administration should make every effort to ensure the participation of Hong Kong contractors in the project.

62. Mr Albert CHAN asked whether it would be possible to include a provision in the entrustment agreement requiring the Mainland contractor responsible for the project to employ workers from Hong Kong. Mr CHENG Kar-foo however cited the practical and legal difficulties such an arrangement might involve and reiterated his view that the construction works within HKSAR boundary should be undertaken by the Hong Kong side.

63. While calling for the early construction of the new boundary bridge to bring about segregation of freight and non-freight traffic, Mr TAM Yiu-chung said that the Administration should try to work out co-operative arrangements with SMPG so as to maximize local participation in the project.

64. While noting the members' concern, DS for ETW(T3) said that as presently proposed, the majority of the construction works would be undertaken by the Hong Kong side. The Administration had also secured an agreement with SMPG that contractors from both the Mainland and Hong Kong could bid for the entrusted works. She invited members to consider the entrustment arrangement on account of the substantial benefits early improvement to the congestion at LMC Control Point could bring.

65. Ir Dr Raymond HO however pointed out that given the substantial difference in tender prices, it would be very difficult for Hong Kong contractors to win the project.

66. Mr Albert CHAN asked whether the contract for such entrustment work would contain provisions for liquidated damages which normally applied to contracts for capital works projects in Hong Kong. In response, CE/MW affirmed that provisions for liquidated damages would be specified in the contract for the entrusted works.

Co-location of clearance facilities at Huanggang

67. Referring to the on-going discussion between the Mainland authorities and the Administration on co-location of clearance facilities at Huanggang, Mr TAM Yiu-chung enquired about possible co-operation with the Mainland side in making use of the Shenzhen Carport as parking facilities for Hong Kong vehicles without Mainland vehicle licences.

68. In response, DS for ETW(T3) advised that the use of the Shenzhen Carport for passenger clearance under the co-location arrangement at Huanggang had been discussed at the Hong Kong/Guangdong Cooperation Joint Conference. The matter was being pursued by the Security Bureau. In the meantime, the Administration was planning for the co-location of clearance facilities at the new control point at Shenzhen Western Corridor scheduled for completion in 2005.

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69. Concluding the discussion, the Chairman said that members generally acknowledged the functional need of the proposed boundary bridge to facilitate logistics development in Hong Kong and to cope with the rapid growth in cross-boundary traffic through the LMC crossing. However, some were gravely concerned that the arrangement to entrust the design and construction of the main bridge to SMPG would seriously undermine local employment opportunities. In response, DS for ETW(T3) agreed that the Administration would hold further discussions with the Mainland authorities on how best the concern raised by members could be addressed. The Administration would provide supplementary information to members for consideration before the funding proposal was submitted to PWSC.

(Post-meeting note: A supplementary information paper provided by the Administration was circulated to members vide LC Paper No. CB(1)1977/02-03(01).)

VIII Transport arrangements at Lo Wu Control Point

(LC Paper No. CB(1)1678/02-03(07) - Submission dated 6.5.2003 from 的士業爭取開放羅湖限制區營運籌備委員會;

LC Paper No. CB(1)1753/02-03(03) - Letter dated 21 May 2003 from Hon Abraham SHEK on "Transport arrangements at Lo Wu Control Point"; and

LC Paper No. CB(1)1678/02-03(08) - Information paper provided by the Administration)

70. Members noted the submission from 的士業爭取開放羅湖限制區營運籌備委員會 (LC Paper No. CB(1)1678/02-03(07)) stating their request for the Administration to consider allowing taxis to operate to the Lo Wu Control Point to ensure commuters choice.

71. The Chief Engineer/New Territories (West) gave a PowerPoint presentation on the condition of Lo Wu Station Road, i.e. the existing access road connecting to the Lo Wu Terminal Building at the control point.

72. Mr LAU Kong-wah opined that as a matter of policy, different public transport modes should be allowed to operate to all boundary control points to ensure commuters choice and maintain competition in the market. Referring to the disproportionately high level of fare charged by the Kowloon-Canton Railway Corporation (KCRC) for the short journeys between Sheung Shui and Lo Wu Stations, he said that with the proposed Boundary Facilities Improvement Tax (BFIT), the passengers would have to pay some \$40 for such trips to and from Lo Wu. However, as Lo Wu was only served by rail, passengers travelling between Sheung Shui and Lo Wu had no choice but accept such an unreasonably high fare. To facilitate these passengers, he suggested that the

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Administration should introduce a new green minibus (GMB) route to ply between Sheung Shui and Lo Wu.

73. Mr CHENG Kar-foo also expressed concern about the high level of cross-boundary rail fare and the additional burden the BFIT would have on the travelling public. He was strongly of the view that different modes of public transport should be allowed to have access to all boundary control points to ensure commuters choice. He expressed dissatisfaction that the present situation at the Lo Wu Control Point was not in line with this fundamental principle. Mr CHENG said that by restricting access of other public transport services to Lo Wu, the Administration was clearly trying to protect the interest of KCRC.

74. In response, DS for ETW(T2) stressed that it was not the Administration's policy to protect the interest of KCRC by restricting access of other public transport services to the control points. Under the transport policy of ensuring safe and efficient conduct of cross boundary passenger activities, the Administration would allow different modes of public transport to operate to the cross boundary control points as far as possible, having regard to the conditions and physical constraints at each of them. In this respect, he referred to the on-going trial scheme for the operation of taxi and green minibus during extended hours of passenger crossing at Lok Ma Chau (LMC) Control Point and the planned provision of a public transport interchange (PTI) at the LMC Terminus of the Spur Line.

75. While noting the members' concern about the level of cross-boundary fare, DS for ETW(T2) said that over the years, East Rail (ER)'s domestic service had been incurring a loss and had to be subsidized by income from cross-boundary service. The Corporation had already indicated that it might review the overall fare structure of ER with a view to considering whether the level of domestic and cross-boundary fares could be rationalized.

76. Responding to Mr LAU Kong-wah's suggestion on the proposed introduction of GMB service, DS for ETW(T2) said that the provision of public transport services at the Lo Wu Control Point was seriously hampered by the lack of suitable vehicular access facilities as well as passenger pick-up/drop-off points. He explained that while the standard width for a single two-lane carriageway for public transport services should be 7.3 metres (m), the width of Lo Wu Station Road ranged from 3.5 m to 6 m with certain sections only allowed for one-lane two-way traffic. Currently, Lo Wu Station Road was only a service road for delivery of supplies and acted as an emergency access to the control point. A small number of New Territories (NT) taxis and school private light buses with Frontier Closed Road Permits were also allowed access to provide service to the villagers living in the restricted area and about 1 200 cross-boundary students. Even with such limited access, there was capacity problem at Lo Wu Station Road as its throughput of 130 to 140 vehicles per hour (vph) during peak hour was already beyond its design capacity of 100 vph.

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77. DS for ETW(T2) added that to address the problem, various measures had been taken by the Police and relevant government departments to control the number of school private light buses allowed to use Lo Wu Station Road. On the other hand, plans were being made to widen a section of Lo Wu Station Road to 6 m. As the work involved land resumption, completion was not expected before mid-2006. However, he pointed out that even with the proposed widening, Lo Wu Station Road would still be a substandard carriageway not suitable for uncontrolled two-way traffic. There would be adverse impact from road traffic and safety points of view if the road was required to accommodate extra traffic brought about by the suggested GMB service.

78. The Chairman informed members that as Mr Abraham SHEK was out of town and could not attend the meeting, he had set out his views in a letter (LC Paper No. CB(1)1753/02-03(03)) for the Panel's consideration. In brief, Mr SHEK opined that due to various physical and site constraints, he did not support the provision of other public transport services at the Lo Wu Control Point. Echoing this view, Ir Dr Raymond HO stressed that given the substandard design of Lo Wu Station Road, it would be highly undesirable to allow access by other public transport services. Moreover, the issue of fairness would have to be addressed if only GMBs were allowed to operate to the control point.

79. Mr LAU Kong-wah however said that as GMBs were regulated by the Administration in terms of service level and frequency, the impact of introducing one GMB route on the traffic conditions at Lo Wu would be kept under control.

80. Concurring with the need to facilitate access by different public transport services to Lo Wu, Mr WONG Sing-chi said that the Administration should actively consider the possibility of converting or resuming land in the vicinity of the Lo Wu Terminal Building so as to enable further improvements to Lo Wu Station Road and the provision of suitable passenger pick-up/drop-off points. Mr CHENG Kar-foo also said that as identified by the Administration in paragraph 10 of its paper, sites of government land and private land were available to the east and southeast of the Lo Wu Terminal Building. Notwithstanding the difficulties involved in converting or resuming such land, it was incumbent upon the Administration to improve the cross boundary facilities provided to the passengers, particularly more so with the proposed introduction of BFIT. If the Administration refused to take steps to improve the provision of public transport services at Lo Wu, he said that Legislative Council Members from the Democratic Party would have great difficulty in supporting the BFIT.

81. DS for ETW(T2) responded that the revenue from BFIT would help finance various plans and projects to improve the boundary crossing facilities, estimated at a total cost of about \$14 billion. Examples of such projects included the expansion of facilities at LMC boundary crossing, improvement works at the Lo Wu Terminal Building and Lo Wu Footbridge, and construction of boundary-crossing facilities at Shenzhen Western Corridor.

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82. Mrs Selina CHOW considered that the Administration should face up to its responsibility and identify ways to resolve the space and physical constraints at Lo Wu so that different modes of public transport would be allowed to operate there. In this connection, both Mrs CHOW and the Chairman referred to the submission from the taxi trade and enquired about the Administration's stance on their request for access to the Lo Wu Control Point. Mr LAU Kong-wah suggested that the Administration should at least allow those taxis with Frontier Closed Road Permits to operate between Sheung Shui and the Lo Wu Control Point.

83. DS for ETW(T2) advised that at present, about 50 NT taxis with Frontier Closed Road Permits were allowed to operate to the Lo Wu Control Point to provide service to villagers living in the restricted area. Having regard to the physical constraints as explained earlier on, the Administration did not consider it appropriate to allow all taxis to have access to the Lo Wu Control Point as their operation was not subject to any regulation on service frequency. A sudden increase in the number of taxis would have serious impact on the smooth and orderly operation of the control point. Referring to the trial scheme of taxi/GMB operation at the LMC Control Point, he added that while taxis were smaller in size, they required a substantial use of space as holding area.

84. Mr LAU Kong-wah remained unconvinced that Lo Wu Station Road did not have adequate capacity to cope with the suggested level of GMB service as school private light buses would only use the road during certain periods of the day. He asked whether the Administration would consider allowing other public transport services to have access to the Lo Wu Control Point at a later stage, say in 2006 when the widening of Lo Wu Station Road was completed. In reply, DS for ETW(T2) said that the Administration would keep monitoring the traffic situation at the control point to see whether further improvements could be made.

85. As a related issue, the Chairman called on the Administration to expedite the construction of the PTI at the LMC Terminus so that other public transport modes could operate to the new control point at the same time with the opening of the Spur Line. DS for ETW(T2) noted her view.

IX Any other business

86. There being no other business, the meeting ended at 1:05 pm.