

立法會

Legislative Council

LC Paper No. CB(1)1234/05-06
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Friday, 24 February 2006, at 9:00 am
in the Chamber of the Legislative Council Building**

Members present : Hon LAU Kong-wah, JP (Chairman)
Hon Andrew CHENG Kar-foo (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Albert Jinghan CHENG

Member attending : Mr Fred LI Wah-ming, JP

**Public Officers
attending** : **Agenda item IV**

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works

Mr Donald NG
Principal Assistant Secretary for the Environment, Transport
and Works

Mr Stephen IP
Assistant Commissioner for Transport/
Administration & Licensing

Mr Honson YUEN
Chief Transport Officer/Driving Services
Transport Department

Agenda item V

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works

Ms Elizabeth TAI
Principal Assistant Secretary for the Environment, Transport
and Works

Mr T F LEUNG
Chief Engineer/Road Safety and Standards
Transport Department

Mr Blake HANCOCK
Chief Superintendent of Police (Traffic)

Mr J O D BLACK
Superintendent of Police
(Administration) (Traffic Branch Headquarters)

Ms CHAU Ying-yu
Chief Inspector (Road Safety) (Traffic Branch
Headquarters)
Hong Kong Police Force

Agenda item VI

Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works

Ms Elizabeth TAI
Principal Assistant Secretary for the Environment, Transport
and Works

Miss LUI Ying
Principal Transport Officer/Management
Transport Department

Mr Y M LI
Project Manager
Electrical and Mechanical Services Department

Agenda item VII

Mr Roger LAI
Director of Electrical and Mechanical Services

Mr Frank CHAN
Assistant Director of Electrical and Mechanical Services

Mr WONG Sek-cheung
Acting Chief Engineer
Electrical and Mechanical Services Department

Mr Roy TANG
Deputy Director of Environmental Protection

Mr MOK Wai-chuen
Principal Environmental Protection Officer
Environmental Protection Department

Mr Ken HUI
Chief Transport Officer/Planning/Taxi
Transport Department

**Attendance by
invitation**

: Agenda item IV

Hong Kong Commercial Vehicle Driving Instructors
Association Ltd.

Mr CHENG Cho-kwong
Chairman

Driving Instructors Association

Mr LAI Man-kam
Secretary

Hong Kong Society of Articulated Vehicle Driving
Instructors Ltd.

Mr TANG Poon-kun
President

Quality Driver Training Centre Limited

Mr Stephen CHENG
Chairman

汽車交通運輸業總工會 – 駕駛教師分會

Mr LEUNG Cheuk-wah
Representative

駕駛導師權益關注組

Mr CHEUNG Sun-ping
Chairman

Driving Instructors Merchants Association Limited

Mr TAM Sam
Chairman

Hong Kong Driving Instruction Club Limited

李世恒先生
秘書

Kowloon Motor Driving Instructor's Association Limited

Mr David CHEONG Tai-wai
Salary Director

Hong Kong Kowloon Goods Vehicles, Omnibuses and
Minibuses Instructors Association Ltd.

Mr WAI Shau-fun
Secretary

Hong Kong Motor Car Driving Instructor Association Ltd.

Mr LO Kong-shing
President

Public and Private Commercial Driving Instructors' Society

Mr YU Chun-wah
Vice-Chairman

Hung Chun Driving School Ltd.

Mr CHANG Po-chun, Patrick
Director

汽車交通運輸業總工會 –
九巴、城巴、新一巴駕駛教師分會

Mr AU Wing-kan
Representative

Tak On Driving School Ltd.

Mr LAM Yiu-cho
Manager

Agenda item VII

China Resources Petrochem (Group) Co. Ltd.

Mr ZHU Dan
Director President

CRC Petrol Filling Station Co. Ltd.

Mr LIU Ren-jie
Director & Deputy General Manager

ECO Energy Company Limited

Mr Philip K S SIU
Director & General Manager

The Hong Kong & China Gas Co. Ltd.

Ms WONG Sau-ying
Head of Corporate Communications

United Friendship Taxi Owners & Drivers Association Ltd.

Mr LEUNG Chak-sang
Chairman

Hong Kong, Kowloon and New Territories Public &
Maxicab Light Bus Merchants' United Association

Mr LEUNG Hung
Chairman

Tuen Mun Public Light Bus Association

Mr CHUNG Sai-hing
Chairman

Urban Taxi Drivers Association Joint Committee Co. Ltd.

Mr KWOK Chi-piu
Chairman

New Territories Taxi Drivers' Rights Alliance

梁于榮先生
執委

The Taxi Operators Association Ltd.

Mr LEUNG Shui-cheong
Chairman

Hong Kong Kowloon Taxi & Lorry Owners' Association
Ltd.

Mr WONG Po-keung
Director

N.W. Area Taxi Drivers & Operators Association

黃永忠先生
主席

Motor Transport Workers General Union

歐陽明先生
權益主任

The Hong Kong Taxi and Public Light Bus Association Ltd.

Mr TRAN Chau
Chairman

Sai Kung Taxi Operators Association Ltd.

Mr LAU Hak-kai
Chairman

HK Public Light Bus Owner & Driver Association

黎銘洪先生
秘書長

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

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Miss Winnie CHENG
Legislative Assistant (1)5

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I Confirmation of minutes and matters arising

- (LC Paper No. CB(1)713/05-06 - Minutes of the meeting held on
16 December 2005
LC Paper No. CB(1)822/05-06 - Minutes of the special meeting held
on 19 December 2005)

The minutes of the meetings held on 16 and 19 December 2005 were confirmed.

II Information papers issued since last meeting

- (LC Paper No. CB(1)785/05-06(01) - A leaflet from the Hong Kong
Tramways Limited on "Operational
& Financial Information (2004) -
Hongkong Tramways"
LC Paper No. CB(1)799/05-06(01) - Information paper on "Enhancement
of bridge parapets and roadside
barriers" provided by the
Administration
LC Paper No. CB(1)852/05-06(01) - Referral from the Complaints
Division on complaint regarding
Intelligent Transport System from a
Mr Jonathan WONG

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- LC Paper No. 960/05-06(01) and (02) - The Administration's response to the complaint lodged by Mr Jonathan WONG and the e-mail correspondence between the Administration and Mr WONG
- LC Paper No. CB(1)851/05-06(01) - Paper from New Lantao Bus Co., (1973) Ltd on Fuller Disclosure of Financial and Operational Information
- RP03/05-06 - Research Report on Operation of Toll Roads, Bridges and Tunnels in Selected Places
- IN13/05-06 - Information Note on The Adoption of the Build-Operate-Transfer Model and Its Variants in Developing Transport Infrastructures in Selected Places prepared by Research and Library Services Division
- IN14/05-06 - Information Note on Toll Increase of the Eastern Harbour Crossing prepared by Research and Library Services Division
- IN15/05-06 - Information Note on Nottingham Express Transit prepared by Research and Library Services Division)

2. Members noted the information papers issued since the last meeting.

III Items for discussion at the next meeting scheduled for 24 March 2006

- (LC Paper No. CB(1)932/05-06(01) - List of outstanding items for discussion
- LC Paper No. CB(1)932/05-06(02) - List of follow-up actions
- LC Paper No. CB(1)929/05-06 - A letter dated 16 February 2006 from Hon Miriam LAU Kin-yeek requesting that the Panel discuss the issue on taxi services policy review)

3. Members agreed that the following items would be discussed at the next regular meeting scheduled for 24 March 2006 –

- (a) Review of the roles and functions of taxis and van-type light goods vehicles in the public transport services sector;

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- (b) Progress of the merger discussions between MTR Corporation Limited and Kowloon-Canton Railway Corporation; and
- (c) Expansion of the Journey Time Indication System (JTIS).

Regarding item (a), members agreed that representatives of the taxi trade and the van-type light goods vehicle trade be invited to attend the meeting to give views on related issues. They also agreed that when item (c) was discussed, the opportunity should be taken to review the programme for the planned expansion of JTIS to the New Territories apart from Kowloon.

(Post-meeting note: With the concurrence of the Chairman, the agenda for the meeting was revised with the deletion of item (b) and advancement of the start time from 10:45 am to 9:00 am. The revised agenda was issued vide LC Paper No. CB(1)1139/05-06 on 22 March 2006.)

IV Private Driving Instructor's Licences

- (LC Paper No. CB(1)932/05-06(09) - Referral from Legislative Council Members' meeting with Shatin District Council on 8 December 2005 on private driving instructor's licences
- LC Paper No. CB(1)932/05-06(10) - Information paper provided by the Administration
- LC Paper No. CB(1)975/05-06(02) - Response from the Administration to the submission from 汽車交通運輸業總工會——九巴、城巴、新一巴駕駛教師分會
- LC Paper No. CB(1)1829/04-05(01) - Information paper on "Private Driving Instructor's Licences" provided by the Administration
- LC Paper No. CB(1)111/05-06(02) - A joint submission from 香港汽車駕駛教師聯會、九龍汽車駕駛教師公會、汽車駕駛教授商會 and 汽車交通運輸業總公會駕駛教師分會 dated 12 September 2005
- LC Paper No. CB(1)111/05-06(01) - A memo from the Complaints Division regarding the meeting between Duty Roster Members and other invited Members with the 駕駛教師權益關注組 on 15 July 2005

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- LC Paper No. CB(1)219/05-06(01) - Submission from a group of ex-Hong Kong School of Motoring Driving Instructors
- LC Paper No. CB(1)233/05-06(01) - A joint submission from 香港貨櫃車教師公會、香港商用車輛駕駛教師協會、香港教車協會、港九教授大小巴同業會、公共及私家商用車教師公會及貨櫃車及商用車教授從業員協會
- LC Paper No. CB(1)182/05-06 - Background brief on private driving instructor's licences prepared by the Secretariat)

4. The Chairman welcomed the deputations to the meeting. He then invited the deputations to take turn and present their views on the issue of private driving instructor's (PDI) licences. He said that in order to better manage the meeting time and to ensure fairness to all deputations, each deputation would be given two minutes to present its views.

Hong Kong Commercial Vehicle Driving Instructors Association Ltd.
(LC Paper No. CB(1)932/05-06(03))

5. Mr CHENG Cho-kwong, Chairman of the Association, called upon the Administration to abolish the present grouping of PDI licences (the present grouping), namely, that Group 1 vehicles were small vehicles for the training of beginners; Group 2 vehicles were vehicles for the carriage of a substantial number of passengers; and Group 3 vehicles were vehicles for the carriage of goods. According to the Association, it was unfair and unreasonable to organize PDI licences into three groups and allow PDIs to give instructions to learner drivers of vehicles in their respective groups only, bearing in mind the testing requirements for learner drivers from the three different groups were largely the same. Moreover, if drivers of Group 1 vehicles were allowed to sit for driving tests of Group 3 vehicles after holding a valid driving licence for Group 1 vehicles for not less than three years, it would be unreasonable to restrain Group 3 PDI licence holders from providing driving instruction to Group 1 learner drivers.

6. Mr CHENG Cho-kwong further pointed out that in the past, applicants for PDI licences for articulated vehicles had to sit for a test. However, under the present grouping which took effect on 1 September 2000, an existing PDI holding one type of instructor's licence in a group could give instructions to all other type(s) of vehicles in the same group provided that he was in possession of a valid driving licence for not less than three years for the other type(s) of vehicles in that group. In his view, the above arrangement was not conducive to enhancing the standard of PDIs.

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Driving Instructors Association

(LC Paper No. CB(1)932/05-06(04))

7. Mr LAI Man-kam, Secretary of the Association, said that in formulating the present mechanism for the issuance of new PDI licences, the Administration had taken into account the views of the Association. Under the present arrangements, Commissioner for Transport (C for T) would conduct a review on the number of PDI licences biennially to determine if there was a need to issue new PDI licences, using the respective numbers of valid PDI licences for the three groups of vehicles as at November 1999 as benchmarks for assessment. If the number of applications exceeded the number of licences to be issued, C for T would cause the applications and the order in which they were to be handled to be determined by lot. The Association supported the said mechanism, which could ensure fairness and transparency. It was strongly opposed to the selective issue of new Group 1 PDI licences to certain groups of persons at their request. He stressed that the benchmark of 1 050 for Group 1 PDI licences should be adhered to when determining the need to issue new Group 1 PDI licences.

Hong Kong Society of Articulated Vehicle Driving Instructors Ltd.

8. Mr TANG Poon-kun, President of the Society, said that the Society's views were similar to those of the Hong Kong Commercial Vehicle Driving Instructors Association Ltd.

Quality Driver Training Centre Limited

(LC Paper No. CB(1)34/05-06(01))

9. Mr Stephen CHENG, Chairman of the Centre, said that PDIs were already operating under very difficult conditions in the face of the shrinking demand for driving instruction. He indicated support for the present mechanism for issuing new PDI licences according to demand. Excessive issue of new PDI licences would only add to the hardship of existing PDIs and give new PDIs the false hope that they could make a living through providing driving instruction. The above situation might in turn give rise to social discord. As such, in consideration of social responsibility, it was important that the issue of new PDI licences be considered from a wider perspective.

汽車交通運輸業總工會 - 駕駛教師分會

(LC Paper No. CB(1)975/05-06(01))

10. Mr LEUNG Cheuk-wah, representative of the 駕駛教師分會, said that demand for on-street driver training was already very low. On average, on-street driving instructors could give driving lessons for only two to three hours a day. The issue of new PDI licences would only aggravate the above situation.

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駕駛導師權益關注組

11. Mr CHEUNG Sun-ping, Chairman of the 關注組, said that when members of the 關注組, who were mainly ex-driving instructors of the Hong Kong School of Motoring, were laid off by the School in 2003, the Transport Department (TD) agreed to issue new PDI licences to them to enable them to continue to work as driving instructors to make a living. However, because of personnel changes in TD, TD had not honoured the above promise. 關注組 saw a need to issue new PDI licences because the demand for driving instruction might rebound in future and existing PDIs would retire. If no new PDI licences were issued, the market share of driving schools, over which the Administration had failed to exercise proper control to ensure fair competition, would increase to upset market balance.

Driving Instructors Merchants Association Limited
(LC Paper No. CB(1)975/05-06(01))

12. Mr TAM Sam, Chairman of the Association, stated support for the Administration's decision to withhold issuing new Group 1 PDI licences in recognition that the demand for PDIs had decreased by a great magnitude. Existing PDIs were already operating under very difficult conditions because of the decrease in demand for driver training. Issuing new PDI licences would only add to the hardship of existing PDIs.

Hong Kong Driving Instruction Club Limited

13. 李世恒先生, 秘書 of the Club, pointed out that up to 90 PDIs left the trade every year. As such, new PDI licences should be issued in a fair and transparent manner to replenish the loss. In addition, to increase their job opportunities, existing PDIs should be allowed to apply for other groups of driving instructors' licences without having to have their applications and the order in which they were handled to be determined by lot.

Kowloon Motor Driving Instructor's Association Limited
(LC Paper No. CB(1)975/05-06(01))

14. Mr David CHEONG, Salary Director of the Association, stated support for the present grouping and the Administration's decision in 2005 to withhold issuing new Group 1 PDI licences in recognition that the demand for PDIs had decreased by a greater magnitude than the decrease in the supply of PDIs. He said that as learnt by the Association from meetings with Group 1 PDIs, the market had significantly shrunk over the past year, especially during the past two months.

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Hong Kong Kowloon Goods Vehicles, Omnibuses and Minibuses Instructors Association Ltd.

(LC Paper No. CB(1)932/05-06(05))

15. Mr WAI Shau-fun, Secretary of the Association, stated the Association's support for the issue of new PDI licences of all groups in an open, fair and transparent manner to enable young people to enter the trade. In the Association's view, the issue of new PDI licences should not be based on demand, and all who were qualified should be issued with the licences upon application. Thereafter, market force would determine the future of PDIs.

Hong Kong Motor Car Driving Instructor Association Limited

(LC Paper No. CB(1)975/05-06(01))

16. Mr LO Kong-shing, President of the Association, highlighted the drastic drop in learner drivers on the Hong Kong Island from over 12 000 in the peak to just around 2 500 in August 2005, and urged the Administration to review the need to issue new PDI licences at this stage in recognition of the resultant high underemployment rate in the trade.

Public and Private Commercial Driving Instructors' Society

(LC Paper No. CB(1)932/05-06(06))

17. Mr YU Chun-wah, Vice-Chairman of the Society, said that new PDI licences should be issued in an open, fair and transparent manner regardless of the market situation because new licensees might not necessarily enter the trade.

Hung Chun Driving School Ltd.

(LC Paper No. CB(1)932/05-06(07))

18. Mr Patrick CHANG, Director of the School, said that notwithstanding the decrease in demand for PDIs, changes should not be lightly introduced to the present mechanism for issuing new PDI licences. Market force would determine the number of practising PDIs. Moreover, since lots would be drawn to decide how applications were handled if the number of applicants exceeded the number of licences to be issued, to give those who really wanted to practice instruction a better chance, the application fees should be increased to discourage frivolous applicants.

汽車交通運輸業總工會 - 九巴、城巴、新一巴駕駛教師分會

(LC Paper No. CB(1)932/05-06(08))

19. Mr AU Wing-kan, representative of the 分會, considered it unfair that bus driving instructors would have their Group 2 Restricted Driving Instructors' (RDI) licences taken back when they retired. This group of instructors had long been urging TD to allow them to obtain PDI licences after retirement to enable them to make a living

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as PDIs thereafter. The 分會 would like the Administration to seriously consider the request, which was reasonable and would not significantly increase the supply of PDIs because the number of bus driving instructors retiring each year was very small.

Tak On Driving School Ltd.

20. Mr LAM Yiu-cho, Manager of the School, said that new PDI licences should be issued according to the agreed mechanism in an open, fair and transparent manner to ensure a steady supply of PDIs to facilitate the operation of driving schools.

Discussion

The need to ensure fair competition

21. Ms Miriam LAU pointed out that while the deputations' dissenting views could be attributed to their different circumstances, their conflicts had also arisen from the decreasing demand for PDIs and hence the shrinking market. She therefore sought details on the present situation and measures available to help the trade. In particular, she opined that the Administration should review whether they had, as some deputations had claimed, unfairly prejudiced against PDIs in favour of driving schools. If so, the Administration should rectify the situation.

22. The Deputy Secretary for the Environment, Transport and Works (DS/ETW) said that the present licensing mechanism, under which a biennial review was conducted to determine the need to issue new PDI licences, was already seeking to balance the supply of and demand for PDIs. The next review would be conducted in early 2007. She also refuted the claim by some deputations that the driving schools had been treated favourably, highlighting that the market share of driving schools had all along remained at one-third.

23. Mr CHEUNG Sun-ping, Chairman of 駕駛導師權益關注組, questioned why the market share of driving schools had not shrunk with the market. Quoting as proof that TD was prejudicing against PDIs in favour of the School of Motoring, he claimed that the School allowed its learner drivers to leave the engines of the training vehicles idling while waiting for their instructors. No action against the School, however, had been taken by the Administration despite repeated complaints from the 關注組. On the other hand, the Administration was interfering in the driver training market by deliberately withholding the issue of new PDI licences under the excuse of decreased demand. In response, DS/ETW suggested that Mr CHEUNG could pass on details of the above claim to the Administration for follow-up. She further explained that as with on-street driver training, the student intake of driving schools had also dropped from 52 000 in 2000 to 44 000 in 2005, rendering the market share of driving schools unchanged, i.e. one-third of the whole market.

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Grouping of licences

24. Ms Miriam LAU highlighted the complaints from Group 2 and Group 3 PDIs about the restriction imposed on them from providing instruction to learner drivers of Group 1 vehicles, bearing in mind that driving licence holders of Group 2 and Group 3 vehicles were allowed to drive Group 1 vehicles. She asked the Administration to account for the double standard, which in her view was illogical. She also asked the Administration to respond to the trade's long raised proposal that the present three groups of PDI licences be merged into one, and enquired about the grouping practices overseas and in the Mainland.

25. DS/ETW emphasized that the present grouping was a consensus reached after extensive trade consultation conducted during the major review on the driver training policy conducted in 1999. The majority of the trade associations had expressed support for the present grouping. The Panel had also discussed the issue and Members supported the recommendation. Legislative amendments to effect the present grouping were only enacted in 2000. Changing the present grouping or allowing greater flexibility with regard to the types of vehicles in respect of which PDIs could give instructions would involve a policy change, and would have different impacts on different groups of PDIs. It was therefore prudent to allow the present grouping to operate for a longer period of time before its effectiveness could be evaluated. She said that overseas practices on the grouping of PDI licences might not be relevant as each place had its own unique circumstances.

26. Ms Miriam LAU, however, pointed out that the above merging proposal had been raised a long time before and found agreeable by many in the trade. The ex C for T also agreed to examine its feasibility. The Administration should therefore explain why they subsequently decided not to pursue the proposal further. In response, DS/ETW said the Administration had considered the proposal but found it prudent to continue monitoring the situation before deciding on a major change.

27. The Chairman stated that in consideration of the complaints about the present grouping and the lack of communication between TD and the trade, it might be advisable to also review the present grouping when the third review was conducted in early 2007. He also invited TD to respond to the claim that it had failed to honour its promise regarding the merging proposal.

28. The Assistant Commissioner for Transport/Administration & Licensing (AC for T) emphasized that TD maintained effective communication with the trade through formal and informal meetings between the two sides to address the trade's concerns and views. He cautioned that it could be contentious to merge the three groups to lift the restriction on the types of vehicles in respect of which a PDI licence holder might give instructions. In addition, when considering the merging proposal, there was a need to consider not only the views of PDIs in the trade but also those potential candidates outside, who would not be able to join the trade if new PDI licences were not issued in a fair and transparent manner by lot. He further explained that the present grouping could

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help target the respective training needs of the three groups of learner drivers, whose driving experience ranged from practically none to a minimum of three years.

29. Referring to the Administration's response in paragraph 26 above, Mr CHENG Cho-kwong, Chairman of the Hong Kong Commercial Vehicle Driving Instructors Association Ltd., stressed the need to introduce immediate changes to the present grouping if there were problems. While supporting merger of the three groups of PDI licences, he also pointed out that some existing Group 1 PDIs might not have the skills required to provide driver training in respect of heavy goods vehicles and articulated vehicles, and urged the Administration to enhance the standard of PDIs to ensure road safety.

30. Mr LAI Man-kam, Secretary of Driving Instructors Association, expressed strong dissatisfaction with Mr CHENG Cho-kwong's comment on Group 1 PDIs above. He echoed AC for T's points in paragraph 28 above, and stated opposition to merging the three groups of PDI licences for two reasons. First, the learner drivers of different vehicle groups had different needs. Second, the possession of driving licences for medium goods vehicles, heavy goods vehicles and articulated vehicles might become a requirement for issuing the proposed consolidated PDI licence. This could in turn mean that people without the required driving licences would be denied the opportunity to obtain the consolidated PDI licence.

31. Mr AU Wing-kan, representative of 汽車交通運輸業總工會 - 九巴、城巴、新一巴駕駛教師分會 elaborated that before the reorganization of PDI licences into three groups, the licences of franchised bus driving instructors restricted them to giving driving instruction on franchised buses only. After the reorganization, the above restriction was lifted from the licences issued to certain franchised bus driving instructors in 2002-03, and franchised bus driving instructors were allowed to take part in seminars for PDIs. They were however denied participation in the PDI seminars and had the above restriction reincorporated in their licences later. He pointed out that the above development was frustrating, especially as it had not been properly accounted for. In response, DS/ETW explained that the restriction had not been incorporated in a few licences issued several years ago because of an inadvertent mistake made by the licensing staff. However, the mistake had subsequently been rectified, and all RDI licences should have the restrictions properly printed thereon.

Issue of new licences

32. Ms LI Fung-ying emphasized that under the new mechanism for issuing new PDI licences, new PDI licences should be issued if the number of valid licences fell below the agreed benchmarks by 10% or more. She then pointed out that the above number had already fallen below the agreed benchmarks by more than 20% but the Administration had refused to issue new PDI licences on the ground that the demand for PDIs had also decreased. She expressed concern about the Administration's act to deviate from the new mechanism.

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33. DS/ETW clarified that according to Regulation 21A(2)(c) of the Road Traffic (Driving Licences) Regulations (Cap. 374B), C for T had to take into account the demand for driving instruction for each group of motor vehicles when determining if there was a need to issue new PDI licences. Since the demand for PDIs had decreased by a greater magnitude than the decrease in the supply of PDIs, the review carried out in early 2005 concluded that new PDI licences should not be issued.

34. While acknowledging the need to maintain a balance between supply and demand to sustain sufficient competition to ensure the quality of driver training, Ms LI Fung-ying opined that in assessing the demand and supply situation, the Administration should not take the number of valid PDI licences at face value because some of the licence holders might not be active practitioners. DS/ETW explained that it would be extremely difficult to identify whether a licence holder was active or not. The respective numbers of valid PDI licences for the three groups as at November 1999 had therefore been used as benchmarks in assessing the supply. She assured members that C for T would carry out the third review in early 2007, having regard to the supply and demand situation in the latter half of 2006. Ms LI was however unsatisfied, and stressed the need to introduce additional objective criteria for ascertaining the demand and supply situation. She also considered it unfair not to allow new entrants to join the PDI trade.

35. Summing up, the Chairman pointed out that the Panel was very concerned about the subject matter. As such, the issue had already been discussed twice within 4 months. The Panel would revisit the subject matter, pending the review to be carried out by the Administration in early 2007. He also urged the Administration to consider reviewing the grouping of PDIs in the context of the review and revert to the Panel. Deputations were also welcome to submit further views in this regard to the Panel after the meeting.

V Measures to combat drink driving and use of hand-held mobile phone while driving

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|----------------------------------|--|
| (LC Paper No. CB(1)932/05-06(11) | - Information paper provided by the Administration |
| LC Paper No. CB(1)936/05-06 | - Background brief on measures to combat drink driving and use of hand-held mobile telephone or telecommunications equipment while the vehicle is in motion prepared by the Secretariat) |

Drink driving

36. Mr TAM Yiu-chung pointed out that according to the findings of a survey conducted by the Democratic Alliance for the Betterment and Progress of Hong Kong, the public in general found the penalties for drink driving stipulated in the existing legislation adequate and drastic measures, such as suspension of the offender's driving licence upon first conviction, were not warranted. However, some members of the

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public felt that notwithstanding the maximum penalties provided by the law for drink driving offences, the actual sentences imposed by the court could not adequately reflect the seriousness of the offence. They therefore opined that the court should be urged to impose heavier penalties on drink driving offences to enhance the deterrent effect. Relevant education and publicity efforts should also be stepped up.

37. DS/ETW agreed that education and publicity played an important role in combating drink driving. In fact, drink driving accident statistics as well as the results of roadside testing had indicated a drop in the number of the offence as a result of the drink driving legislation in 1995 and strengthened education and publicity on the new legislation. In recognition of their effect, publicity programmes targeted at venues where alcohol was normally consumed, such as pubs, were launched during festive seasons when drink driving was more common to warn drivers against drink driving. As to the need for the court to impose heavier penalties for drink driving offences, DS/ETW undertook to convey the above view to the Judiciary but pointed out that the courts would decide the penalties, taking into account different considerations of each case.

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38. Ms Miriam LAU concurred with Mr TAM Yiu-chung that additional measures were required to combat drink driving. In this regard, she pointed out that in the United States, the authorities concerned had effectively discouraged drink driving by clearly putting across to drivers the message that they would face imprisonment if convicted of drink driving. As such, while she saw a need for the Administration to review the penalties for different traffic offences in a holistic manner, and that for some minor offences the offenders might be required to attend driving improvement courses only, the Administration should also ensure that more serious traffic offences, such as drink driving, would be subject to heavier penalties. The Administration should therefore explain to the Judiciary the serious consequences of drink driving and the need for imposing heavier penalties, including imprisonment to achieve greater deterrent effect.

39. DS/ETW noted members' strong views on the need for imposing heavier penalties for drink driving offences, and assured members that the Administration had already been regularly reviewing the penalties for traffic offences, including drink driving. Presently, 10 driving-offence points would be incurred in the driver's driving licence record on first conviction of drink driving. Such a penalty was already quite stringent given that disqualification from holding a driving licence might result upon incurrance of 15 or more points. Ms Miriam LAU, however, remarked that the penalty might not be effective enough for those who could afford to employ chauffeurs upon disqualification. As such, other penalties such as imprisonment should be imposed.

Use of hand-held mobile phone while driving

40. Ms LI Fung-ying agreed that heavy penalties should be imposed to deter inappropriate driving behaviours which would endanger both drivers and other road users. She noted that for the offence of using hand-held mobile phone while driving, the number of fixed penalty tickets issued in January 2006 already amounted to 1 547,

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which was more than 50% of the total number of prosecutions in 2002 and almost 20% of that in 2005. Concerned about the significant increase, she queried the effectiveness of the Administration's education and publicity efforts in this regard, and called for early implementation of appropriate measures to improve the situation.

41. DS/ETW explained that the Police had been taking active enforcement actions against the use of hand-held mobile phones while driving. An increase in the number of prosecutions was also due to the fact that prosecution could now be done by way of fixed penalty tickets as from 1 January 2006 onwards. As strengthened enforcement would normally bring about a stronger deterrent effect, the relevant figure in February might drop as a result. The Administration would also alert drivers of the enhanced enforcement actions.

The proposal for requiring traffic offenders to attend driving improvement courses

42. Mr Andrew CHENG pointed out that drink driving and use of mobile phone while driving (the two offences) would cause danger to the drivers as well as other road users, leading to serious consequences. However, some drivers were still mindless of the above serious consequences. As such, he saw a need for a fundamental change of the mindset of drivers. In this connection, he noted that in some overseas countries, drivers who committed specific traffic offences were required to attend driving improvement courses. These courses had also been proved effective in impressing upon drivers the serious consequences of their actions. He therefore proposed that the Administration should consider making driving improvement courses compulsory for drivers who committed the two offences.

43. DS/ETW said that the Administration would need to study the above proposal in detail with regard to its implications and feasibility, and the views of the public. Highlighting the severity of drink driving traffic accidents and the need to ensure road safety, Mr Andrew CHENG urged the Administration to actively examine his proposal. He added that the contents of the courses should be comprehensive enough to cover different inappropriate driving behaviours.

The way forward

44. Mr Andrew CHENG found a need for the Administration to give concrete response to the views expressed by members at this meeting within a certain timeframe. Noting that the Traffic Advisory Committee (TAC) was examining whether a total ban on the use of mobile phone including hands-free kit for conversing while driving should be implemented, he called upon the Administration to keep the Panel informed of TAC's deliberations in this regard because, in a commercial city like Hong Kong, where timely communication was very important, the implementation of the above contemplated measure would be highly contentious.

45. DS/ETW clarified that the Administration had no plan to further restrict the use of hand-free mobile phone while driving. Indeed, such an act would be similar to a

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driver talking to another person or listening to the radio. She noted members' concerns about the level of penalties imposed on offenders of drink driving and would convey Members' views to the Judiciary. As for the suggestion of requiring offenders of traffic offences to attend driving improvement courses, she emphasized that the Administration would need time to study the proposal in detail, taking into account its enforceability and the effectiveness of other available penalties. She undertook to report the outcome of the study to the Panel in late 2006.

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46. Summing up, the Chairman requested the Administration to take the following actions –

- (a) To provide in July statistics on the penalties imposed by the court for drink driving offences after the Administration had conveyed to the Judiciary members' concern about the levels of penalties imposed; and
- (b) To update the Panel in October the Administration's views on the proposal to require drivers who had committed the two offences to attend driving improvement courses.

VI Replacement of toll field equipment at Tseung Kwan O Tunnel, Shing Mun Tunnels and Lion Rock Tunnel

(LC Paper No. CB(1)932/05-06(12) - Information paper provided by the Administration)

The need to increase autotoll lanes

47. Mr Andrew CHENG noted that a large part of the funding sought for the replacement of the field equipment of the toll collection systems at the Tseung Kwan O Tunnel (TKOT), Shing Mun Tunnels (SMT) and Lion Rock Tunnel (the replacement project) would be spent on replacement of the toll booth and toll lane equipment for all manual toll lanes. In this regard, he enquired how the replacement project could cater for future growth in the demand for autotoll lanes, which could help facilitate traffic flows at the three tunnels. In response, DS/ETW assured members that at present about half of the motorists were using the autotoll service and there were sufficient autotoll lanes at the tunnels to satisfy the demand.

48. Mr Andrew CHENG, however, highlighted the importance of forward planning, pointing out that the use of electronic toll collection service was increasing. However, due to insufficient autotoll lanes at certain tunnels, such as the Cross-Harbour Tunnel (CHT), traffic queues for using the service were observed. Mr CHENG opined that the Administration should take the opportunity to increase the number of autotoll lanes at the above three tunnels from half to two-thirds, or to install facilities that could enable manual toll lanes to switch over to autotoll lanes where necessary to provide flexibility.

49. DS/ETW explained that manual toll lanes and autotoll lanes involved two

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different systems technically and hence the above flexibility could not be provided. The Administration was, however, closely monitoring the user pattern at every tunnel. Should the need to increase autotoll lanes be confirmed, the Administration would liaise with Autotoll Limited accordingly. She stressed that increase in autotoll lanes had to be fully justified by increase in demand because manual toll lanes would be reduced as a result. Any imbalance between the two types of lanes would result in congestion in manual toll lanes.

50. Pointing out that there was always congestion along the autotoll lanes at CHT but traffic along the manual toll lanes was relatively smooth, Ir Dr Raymond HO opined that one of the traffic lanes at the centre of the CHT plaza should be converted to an autotoll lane. He also complained that when maintenance works were carried out at the Kowloon bound tunnel tube of CHT in the early hours, the autotoll lane on the right side was often closed. There was however no toll lane status signals to forewarn motorists of the lane closure. As a result, motorists on the right-hand side had to swiftly cut across four to five lanes to reach the autotoll booth on the far left-hand side, endangering all motorists involved. He therefore called upon the Administration to urge CHT's operator to improve the situation. He also pointed out that if an additional autotoll lane could be designated in the middle of the plaza, the above situation could be avoided. The Administration agreed to reflect Ir Dr HO's views to the parties concerned.

51. In response to Mr LEUNG Kwok-hung on the estimated increase in autotoll users, DS/ETW said that the growth would unlikely be substantial in the coming years because all who were receptive of the autotoll service had already become autotoll users.

52. Mr LEUNG Kwok-hung pointed out that, as evidenced by the traffic queues and congestion in autotoll lanes during peak hours, there might not be sufficient autotoll lanes. He called for designation of additional autotoll lanes at every tunnel, and proposed that to ascertain the need for the increase, a two-month survey should be conducted to assess the waiting time of autotoll users during peak hours. In response, DS/ETW stressed that the number of autotoll lanes at the three tunnels was sufficient. She also pointed out that the above traveling time figures were readily deducible from toll collection reports.

Other views and concerns

53. Commenting on the Chairman's suggestion of implementing tidal flow operation in autotoll lanes to flexibly relieve traffic congestion, DS/ETW pointed out that the suggested mode could only be implemented in manual toll lanes, which could be modified to receive opposite traffic streams should need arise because their toll collection systems were more flexible.

54. The Chairman pointed out that the distribution of autotoll lanes at TKOT and SMT was undesirable. If a motorist used the fast lane to go to TKOT, he would have to speedily cut to the left-hand side before he could use the autotoll lane. The same was

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also true for SMT. He urged the Administration to take the opportunity of the replacement project to rectify the situation. He also pointed out that the sharp bend at the autotoll lanes at SMT was dangerous and should be improved. DS/ETW undertook to examine his proposals and report back.

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55. The Chairman enquired whether consideration would be given to installing Octopus card readers at tunnels for toll collection purpose. In response, DS/ETW explained that the use of Octopus Card would not greatly facilitate toll collection and traffic throughput because, as in the case of manual collection, the motorist had to roll down the vehicle window to make payment, and tunnel staff would still have to identify and key in the class of the vehicle concerned because of the different levels of tolls for different classes of vehicles. She further reported that the Administration had already been examining the feasibility of Octopus Card toll collection. There might however be technical problems if two short-range sensing systems operated in each other's vicinity.

56. The Chairman, however, pointed out that use of the Octopus Card could save time for change payment and was hence worth pursuing. He urged the Administration to expedite the above feasibility study, so that installation of Octopus Card toll collection facilities could be included in the replacement project. DS/ETW said that relevant preparatory work for an Octopus system, even if it were to be installed, mainly involved data input and hence would not need to be covered in the current replacement project. She further reported that the feasibility study had already identified certain technical problems that had to be solved to make toll collection by Octopus Card feasible. In response to the Chairman, she undertook to provide the relevant details to the Panel before July 2006 but stressed that the required details were not related to the financial proposal under discussion.

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(The meeting was adjourned at 10:50 am for a break and resumed at 11:15 am.)

VII Operation of dedicated LPG filling stations and pricing adjustment mechanism

- (LC Paper No. CB(1)635/05-06(01) - Supplementary information paper on "Operation of dedicated LPG filling stations and pricing adjustment mechanism" provided by the Administration
- LC Paper No. CB(1)503/05-06(03) - Information paper for the meeting on 16 December 2005 provided by the Administration
- LC Paper No. CB(1)529/05-06(01) - A Joint submission from 司機權益關注組 / 的士司機權益協會籌委會
- LC Paper No. CB(1)543/05-06(01) - Gist of discussion between Duty

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- Roster Members and 司機權益關注組 / 的士司機權益協會籌委會
- LC Paper No. CB(1)731/05-06(01) - Submission from 司機權益關注組 dated 16 January 2006
- LC Paper No. CB(1)767/05-06(01) - Submission from 汽車交通運輸業總工會 on operation of dedicated LPG filling stations and pricing adjustment mechanism
- LC Paper No. CB(1)742/05-06(03) - Reply from the Administration to the submission from 司機權益關注組
- LC Paper No. CB(1)592/05-06(01) - Submission from Chevron Hong Kong Limited
- LC Paper No. CB(1)742/05-06(04) - Reply from the Administration to the submission from Chevron Hong Kong Limited)

57. The Chairman welcomed the deputations to the meeting and invited them to present their views on the item.

United Friendship Taxi Owners & Drivers Association Ltd.

58. Mr LEUNG Chak-sang, Chairman of the Association, said that with the introduction of monthly adjustments of ceiling price at dedicated LPG filling stations (“dedicated stations”) on 1 February 2006, the filling nozzles at dedicated stations were still operating below full capacity. It was found that only about 70% of the nozzles were being deployed. The Association considered that the nozzles should be fully utilized.

Hong Kong, Kowloon and New Territories Public & Maxicab Light Bus Merchants’
United Association
(LC Paper No. CB(1)932/05-06(13))

59. Mr LEUNG Hung, Chairman of the Association, said that changing the frequency of LPG ceiling price adjustment at dedicated stations from half-yearly to monthly had unfairly benefited the two station operators by shifting the risk of loss to the drivers and the LPG vehicle trades. The Association was concerned that under the new price adjustment mechanism, the operators would raise prices quickly and lower prices slowly. He further criticized that most of the existing 12 dedicated stations operated only half of their nozzles. This was a breach of their service pledge and the Government had a duty to rectify the situation.

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Tuen Mun Public Light Bus Association

60. Mr CHUNG Sai-hing, Chairman of the Association, said that long queuing of vehicles at dedicated stations still continued, taking the drivers at least half an hour to have their fillings done. This was due to insufficient nozzles in operation at the stations, resulting from the operators intentionally closing down part of the nozzles. The Association considered that the Government should rectify the situation. The Government should also establish more dedicated stations to ensure adequate supply of LPG to vehicle users at reasonable price.

Urban Taxi Drivers Association Joint Committee Co. Ltd.

61. Mr KWOK Chi-piu, Chairman of the Association, said that representatives of the Association had met with the operators of dedicated stations in the past few months to convey the Association's views on the new price adjustment mechanism. During the discussions, the Association had stated its stance that it would accept monthly price adjustments on condition that the dedicated stations would operate more than 70% of their filling nozzles so that the drivers could receive their fillings quickly. The request had been accepted by the operators. However, it was regrettable to find that the queuing situation had not improved, and the nozzles were still being operated well below 70%. He pointed out that a dedicated station operated by China Resources Petrochem (Group) Co. Ltd. (CRC) in Lam Tin, near Laguna City, deployed only two nozzles, out of a total of 24, during the Lunar New Year days. The Association considered that the Government should tighten monitoring of the operators to ensure that they would improve their supply chain and utilize the filling nozzles fully.

New Territories Taxi Drivers' Rights Alliance

(LC Paper No. CB(1)955/05-06(01))

62. 梁于榮先生 said that the long queuing at dedicated stations stemmed from the widening of the price differentials between dedicated and non-dedicated stations since October 2005. He criticized that the Government had failed to effectively monitor the operation of the dedicated stations to ensure steady and adequate supply of LPG for the users. He pointed out that the Alliance had held a meeting with CRC last week, during which CRC had indicated that so long as the rise in international price and a wide price gap between dedicated and non-dedicated stations continued, the problem of long queuing at dedicated stations would remain. The Alliance considered that to solve the problem, the Government should set up more dedicated stations to improve LPG supply and stabilize price.

Tai Wo Motors Ltd.

63. Mr NG Hoi-shan, Vice-Chairman of the company, said that as long as a substantial price gap between dedicated and non-dedicated stations existed, and no improvements to the LPG supply chain were in sight, the problem of queuing at dedicated stations was unlikely to be solved. To alleviate the problem, the nozzles

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should be fully utilized. He also suggested that indication panels should be put up at dedicated stations so that drivers could be made aware of the waiting time for gas filling, and accordingly they could decide whether or not to turn to other filling stations.

The Taxi Operators Association Ltd.

64. Mr LEUNG Shui-cheong, Chairman of the Association, said that increased competition would enhance the LPG supply and stabilize price. He suggested that the Government should increase the number of dedicated stations and bring in more competitors in operating dedicated stations.

Hong Kong Kowloon Taxi & Lorry Owners' Association Ltd.
(LC Paper No. CB(1)932/05-06(15))

65. Mr WONG Po-keung, Director of the Association, said that when the price at dedicated stations increased, the non-dedicated stations might correspondingly raise their price. At present, a price difference of \$0.80 to \$1.00 per litre LPG existed between the two types of stations. There was no easing of the queuing situation because 80 to 90% of the taxis and public light buses drivers were still turning to the dedicated stations. In the views of the Association, price increases at non-dedicated stations should be regulated. The supply of LPG to dedicated stations should be increased substantially, and more than 90% of the nozzles should be put to operation. In a longer-term perspective, more dedicated stations should be set up.

N.W. Area Taxi Drivers & Operators Association
(LC Paper No. CB(1)932/05-06(16))

66. 黃永忠先生, Chairman of the Association, said that the Government had failed to effectively monitor the operation of dedicated stations, resulting in huge wastage of resources including land provided at nil premium and under-utilization of the filling nozzles. He cited the example of a dedicated station in Tai Po, which only operated 14 nozzles out of a total of 24. The Association had complained to the Electrical and Mechanical Services Department (EMSD) and urged the Department to rectify the situation. The Association considered that the Government should withdraw the licences for the operators if they failed to provide satisfactory service to the users.

67. 黃永忠先生 further suggested that users of the dedicated stations should be restricted to LPG taxis and public light buses, whose numbers had been on the rise. The Government should also limit the issue of new licences for such vehicles.

Motor Transport Workers General Union
(LC Paper No. CB(1)932/05-06(17))

68. 歐陽明先生 stated the following major concerns of the Union –

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- (a) Drivers and trade organizations accepted the Government's policy to encourage the transport trade to switch from diesel taxis and public light buses to LPG ones on the basis that the Administration had undertaken to maintain steady and cheap prices and ensure provision of good service to the users. They were, however, disappointed at the Government's failure to honour the pledges, given the present situation of high price and inefficient supply of LPG at dedicated stations. The LPG vehicle trades had been made the victims bearing the cost of environmental protection.
- (b) Drivers and trade organizations strongly objected to changing the frequency of LPG ceiling price adjustment from half-yearly to monthly, which resulted in sharp price increases at short intervals. At present, service provided by dedicated stations had not improved, and drivers were being forced to turn to non-dedicated stations to get fillings at higher prices. This had seriously jeopardized the likelihood of professional LPG vehicle drivers.
- (c) The introduction of the new price adjustment mechanism was an administrative blunder committed by the Government, which unfairly prejudiced the interests of LPG taxis and public light buses drivers by forcing them to bear the total consequences of price fluctuations. This naturally led to criticism that the Government was acting in collusion with the operators to reap benefits for them at the expense of the LPG vehicle trades.
- (d) The ultimate solutions to the problem lay in setting up more dedicated stations and stricter regulation of the operators.

The Hong Kong Taxi and Public Light Bus Association Ltd.

69. Mr TRAN Chau, Chairman of the Association, said that the present problem facing the trades arose from the Government's dual price policy which allowed a substantial price gap to exist between the two types of stations, particularly when frequent and drastic fluctuations in international price occurred. The Association considered that the Government should impose mandatory requirement on the operators to ensure full utilization of the nozzles. The transparency of the price adjustments should also be enhanced.

Sai Kung Taxi Operators Association Ltd.

(LC Paper No. CB(1)932/05-06(17))

70. Mr LAU Hak-kai, Chairman of the Association, criticized that the present network of dedicated stations afforded the least convenience to LPG taxi drivers in Sai Kung, who had to drive to the nearest dedicated station in Ma On Shan kilometres away from Sai Kung. He suggested that the Government should set up new dedicated stations in Sai Kung, and the prices at non-dedicated should be lowered. Mr LAU further remarked that LPG taxis and public light buses were introduced under the

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Government's environmental protection policy to improve air quality. However, environmental protection was costly and it was unfair that the drivers should be made to suffer.

HK Public Light Bus Owner & Driver Association
(*LC Paper No. CB(1)955/05-06(02)*)

71. 黎銘洪先生 said that it was a wrong policy to have a dual price system for dedicated and non-dedicated stations, and to allow non-dedicated stations to raise prices freely. To ultimately solve the problem of long queuing at dedicated stations, prices at the two types of stations should be standardized. The Government should also seek the agreement of the operators that when dedicated stations adjusted the price upwards, the non-dedicated stations would not follow suit. He further remarked that the Government should introduce supportive measures to improve the business for the taxi and public light bus trades, hence lessening the effect of higher fuel cost.

Discussion

72. The Chairman invited representatives of CRC and ECO Energy Company Limited (ECO) to respond to the criticism that they had failed to fulfil their undertakings to operate more filling nozzles at the dedicated stations.

73. Mr LIU Ren-jie, Director & Deputy General Manager of CRC Petrol Filling Station Co. Ltd., said that CRC had taken careful heed of the concerns expressed by the trades. As the company had explained multiple times to the trades, queuing at dedicated stations was due to the drastic surges in international LPG prices in the past few months which led to widening of the gap between the prices at dedicated and non-dedicated stations, hence increasing the demand for LPG fillings at dedicated stations. CRC had pledged to increase its LPG road tanker delivery frequency to dedicated stations. Nevertheless, given the situation that the supply chain was being stretched to its limits, any increase in LPG delivery would have to be cautiously planned, taking into account safety and maintenance requirements. He added that during the past six months, supply of LPG to dedicated stations was generally maintained at a steady level. In the last couple of weeks, CRC had reduced the supply to non-dedicated stations and increased tanker delivery to dedicated stations, particularly during peak hours. It was hoped that, with the implementation of monthly pricing adjustments for dedicated stations, the price differential between dedicated and non-dedicated stations could be reduced in a timely manner, which would in turn solve the problem of queuing at dedicated stations.

74. Mr Philip K S SIU, Director & General Manager of ECO, informed members that ECO had strengthened LPG supply to its dedicated stations in the past few weeks, including enhancing inventory replenishment and increasing the operating time of its road tanker fleet. Manpower deployment had also been undertaken to improve filling service at dedicated stations. Moreover, ECO had sought rented transportation service to deliver LPG supply to dedicated stations. In December 2005, ECO had undertaken 55 such rented trips, in addition to 708 deliveries made by ECO's own 9-tanker fleet.

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The number of rented trips increased to 88 in January 2006, with ECO's own deliveries increased to 712. Since 1 February 2006, more than 50 rented trips had been deployed. These measures had maximized the supply of LPG to cater for the demand.

75. The Director of Electrical and Mechanical Services (DEMS) informed members that the price adjustment at dedicated stations on 1 February 2006 was the last half-yearly adjustment made under the previous adjustment mechanism, based on the average international price during the period July 2005 to December 2005. After 1 February 2006, the price at dedicated stations would be revised each month, based on the international price for the preceding month. He pointed out that because of the relatively stable international price movements during the period July 2005 to September 2005, the revised price at dedicated stations implemented on 1 February 2006 still lagged behind the international price, given the drastic international price increases since October 2005. The time-lagging effect would be reflected in the next price adjustment on 1 March 2006.

76. DEMS added that EMSD had published 20 000 information pamphlets on the pricing formula and the new price adjustment mechanism for distribution to members of the trades. The information was also disseminated through the newsletters of the vehicle trades and the EMSD's website. Moreover, monthly changes in international price would be openly published. Given the high level of transparency which enabled the trades to effectively monitor the price adjustments, the concern about the operators raising prices quickly and lowering prices slowly should not arise. DEMS further informed members that the Administration had arranged two liaison meetings with representatives of the trades and the two dedicated station operators on 8 and 15 February 2006 respectively. Officials of EMSD, Transport Department and Environmental Protection Department also attended the meetings to gauge and respond to the concerns expressed by the trades. Such liaison meetings would continue to be held on a regular basis. The Administration would continue to monitor closely the operation of the dedicated stations and the supply chain logistics of the two operators. He advised that CRC had procured an additional road tanker which had been put into operation, and more than 70% of the filling nozzles at dedicated stations were being operated. Apart from individual stations which still experienced delays in providing filling service during rush hours, the situation had generally improved since February 2006. Statistics had shown that complaints received in January and February 2006 from users of dedicated stations had declined in comparison with December 2005. The Departments concerned would continue to take appropriate actions as soon as complaints were received.

77. The Chairman sought clarification on Mr KWOK Chi-piu's allegation that a CRC's dedicated station in Lam Tin only operated two nozzles during the Lunar New Year holidays. Confirming Mr KWOK Chi-piu's contention, Mr LEUNG Kwok-hung said that he had once staged a demonstration at the station in question at about 5:00 am and found that only two nozzles were then in operation.

78. The Assistant Director of Electrical and Mechanical Services (AD/EMS) said

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that EMSD was aware of the incident and had made on-spot inspection soon after receipt of the complaint. It was found that the operation of only two nozzles at the station was due to an abrupt computer system failure which rendered most of the nozzles inoperative. He said that the case was an isolated incident and did not represent the situation of other stations. AD/EMS added that EMSD made inspections to filling stations round the clock and took records on their operation, including the number of vehicles coming for gas filling, the number of vehicles waiting, the number of staff working in the stations and the quantity of nozzles in operation, etc.

79. Mr WONG Kwok-hing criticized the Administration of misleading members of the Panel when it told the Panel at the last meeting that it had fully consulted the trades on the new price adjustment mechanism and that the trades had supported the new mechanism. Mr WONG said that the Administration's report was far from the truth, as evidenced by the strong opposition to the new adjustment mechanism expressed by the deputations. Expressing the view that the solution to the problem laid not in monthly price adjustments but in removing the bottle-neck in the LPG supply chain, Mr WONG considered that more dedicated stations should be set up to improve LPG supply and reduce the price gap between dedicated and non-dedicated stations. He asked whether the Government had any plan to set up more dedicated stations in 2006 and the few years thereafter.

80. Responding to Mr WONG Kwok-hing's criticism, AD/EMS said that the consultations undertaken by the Administration with the LPG vehicle trades had been reflected in detail in the notes of the relevant meetings enclosed in the Administration's paper provided for the last Panel meeting. The parties attending the meetings had sight of the meeting notes and had not disputed their accuracy. Regarding the establishment of more LPG filling stations, he advised that the Administration planned to open two new non-dedicated stations one in Tai Po Kau and another one in Tung Chung in 2006 and 2007 respectively.

81. Mr WONG Kwok-hing said that setting up additional non-dedicated stations could serve no purpose in relieving pressure on the demand at dedicated stations. With prices at non-dedicated stations being significantly higher than that at dedicated stations, drivers would continue to turn to the dedicated stations for gas fillings.

82. AD/EMS said that the need for setting up more dedicated stations had to be carefully assessed as it had serious implications on the use of public resources. He pointed out that during the past five years or so, the international price and the local price were rather stable, and for most of the time the price differentials between the two types of stations were not great. The upsurges of international price in the last few months, which led to long queuing of vehicle at dedicated stations, were rather exceptional. The Deputy Director of Environmental Protection (DD/EP) said that the Administration had no plan at present to increase the number of dedicated stations. He pointed out that the estimated total cost, including land at nil premium, of setting up a dedicated station would be in excess of \$100 million. This would be a huge financial burden on the public purse. Moreover, setting up additional dedicated stations would

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likely arouse concerns about noise and traffic nuisances to the neighbourhood, and hence strong objections from the local residents. He further said that under the present network of LPG filling stations, dedicated and non-dedicated stations each had a total of about 200 filling nozzles. In fact, during the past five years, serious delays in providing LPG filling service seldom occurred. Hence, the network was generally sufficient to meet the demand of LPG vehicles.

83. Mr WONG Kwok-hing expressed strong dissatisfaction at the Administration's response which he considered had failed to address the concerns of LPG vehicle trades.

84. Ms LI Fung-ying noted that the press had recently reported on adverse comments of the Administration on the fuel companies' services. She expressed worries that given the operators' monopolistic position in the market and ineffective statutory monitoring measures, the hands of the Government were tied in regulating the operators' conduct.

85. Mrs Selina CHOW said that there was consensus among all concerned parties that measures should be taken to ensure that the livelihood of professional LPG vehicle drivers and the vehicle trades would not be jeopardized by shortage of supply and excessively high price of LPG. She supported increasing the number of dedicated stations in due course. In the short term, the Administration should closely monitor the progress of improving the operators' supply chain and full deployment of filling nozzles at dedicated stations.

86. DEMS responded that the operators and the vehicle trades were aware of the necessity to improve communication and work out solutions to solve the problem. Concerted efforts had been made in this direction as shown in the parties' active participation in the liaison meetings conducted recently and subsequent actions taken by the operators to improve the LPG supply chain. These liaison meetings would continue to be held on a regular basis. The Administration had also undertaken to closely regulate the operation of the dedicated stations to ensure provision of satisfactory service to the users. DEMS reiterated that the high transparency of movements of international price would ensure that the monthly adjustments of price at dedicated stations would be timely and in line with international price fluctuations.

87. AD/EMS informed members that the Administration had sought the undertaking from the two operators that subject to safety and maintenance requirements, the nozzles at the dedicated stations would be fully opened up for use after 1 March 2006.

88. Ms Miriam LAU said that to her understanding, the LPG vehicle trades were not opposed to the switch from diesel taxis and public light buses to LPG vehicles, as the change had reduced their operating cost. The policy of capping the ceiling price at dedicated stations by a pricing formula, which resulted in relatively cheaper price than that at non-dedicated stations, was also supported by the trades. The present problem of queuing of vehicles at dedicated stations was prompted by drastic and unexpected surges in international price in recent months. All parties concerned had pledged to find solutions to the problem in a reasonable and pragmatic manner. She was disappointed,

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however, to find that the matter had not been resolved after the price revision on 1 February 2006. Noting that the operators had undertaken to put the nozzles at dedicated stations to full operation as from 1 March 2006, Ms LAU urged that this should be done immediately.

89. DEMS noted Ms Miriam LAU's views and undertook to follow up with the two operators to expedite the full operation of nozzles at the earliest possible opportunity. AD/EMS supplemented that at present, over 70% of the nozzles at dedicated stations were being operated. The utilization rate at some of the ECO stations exceeded 90%.

90. Mr LEUNG Kwok-hung criticized that the Administration had grossly under-estimated the consumption by LPG vehicles and not taken effective measures to ensure that the nozzles at dedicated stations were fully utilized. He also criticized the two operators of dedicated stations of intentionally withholding full operation of the nozzles so as to reap the greatest profits, given the tight supply of LPG and increasing international price. Mr LEUNG urged the Administration to act urgently, with all possible means, to force the operators to improve their supply chain and open up all nozzles for use. The Administration should withdraw the licence of the operators if they failed to deliver service to the satisfaction of the users. He further remarked that drivers should stage protests at the dedicated stations to air their grievances and pressurize the operators to yield to their demands.

91. Mr Albert CHAN said that the fundamental cause of the problem was the reluctance of the dedicated stations to deploy all the nozzles for gas filling. He shared the view that it was all a matter of monetary consideration which had affected the operators' decision to withhold full operation of the nozzles. In his opinion, the reasons given by the operators for all the supply difficulties were superficial excuses. Mr CHAN considered that conditions should have been laid down in the agreements entered into between the Government and the operators which should bind the operators to the fulfilment of certain performance standards. He asked whether the Government could impose penalties on the operators to protect the public interest if the operators failed to deliver satisfactory service, including failure to provide efficient gas filling service to users. He remarked that only with the use of sanction measures could the operators be forced to fulfil their undertakings.

92. DEMS responded that the Government, as a last resort, could withdraw the agreement with the operators. However, under what circumstances would the Government take such a course would depend on the merits of individual cases.

Action

93. Mr Albert CHAN said that it was unlikely that the Government would withdraw the agreements on the ground that the operators had failed to employ all the nozzles. He asked whether CRC and ECO would be prepared to compensate users who suffered delays in receiving fillings at dedicated stations, such as by giving out cash fuel coupons to the users. Mr LIU Ren-jie and Mr Philip K S SIU responded that the companies would strive to do their best in fulfilling their undertakings to improve their supply chain and fully utilize the nozzles.

94. Mr Albert CHAN asked to put on record his view that additional penalties on the operators for failure to provide service in accordance with the required standards should be included in future agreements. Mr LEUNG Kwok-hung said that the Government should withdraw the agreements with the two existing operators in view of their unsatisfactory performance.

95. Ms Miriam LAU asked the Administration whether it could give assurance that the monthly price adjustment mechanism could ultimately solve the queuing problem at dedicated stations. DD/EP and AD/EMS responded that the Administration firmly believed that the new price adjustment mechanism, coupled with close regulation of the operation of dedicated stations and measures to improve the supply chain, could tackle the problem at source.

96. Ms Miriam LAU further sought assurance from the two dedicated station operators that the measures they had promised to take to improve the supply chain, including increasing the frequency of tanker delivery and full utilization of the nozzles, would not be dispensed with after a lapse of time. Mr LIU Ren-jie and Mr Philip K S SIU replied that the measures would continue on a long-term basis.

97. In rounding up the discussion, the Chairman urged CRC and ECO to fully observe their undertaking to operate all the nozzles at dedicated stations not later than 1 March 2006 subject to safety and maintenance requirements. He also urged the Administration and the vehicle trades to closely monitor the situation. He said that if necessary, the matter would be followed up with the parties concerned at the next meeting of the Panel scheduled for 24 March 2006.

VIII Any other business

98. There being no other business, the meeting ended at 12:45 pm.