

立法會
Legislative Council

LC Paper No. CB(1) 251/08-09

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by the Administration)

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Panel on Transport

**Minutes of meeting held on
Friday, 24 October 2008, at 9:30 am
in the Chamber of the Legislative Council Building**

- Members present :** Hon CHEUNG Hok-ming, SBS, JP (Chairman)
Hon Andrew CHENG Kar-foo (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon LEUNG Kwok-hung
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
- Members attending :** Hon Albert HO Chun-yan
Hon Alan LEONG Kah-kit, SC
- Members absent :** Hon Abraham SHEK Lai-him, SBS, JP
Hon Albert CHAN Wai-yip

**Public officers
attending**

: Agenda item III

Ms Eva CHENG
Secretary for Transport and Housing

Mr Francis HO
Permanent Secretary for Transport and Housing
(Transport)

Mr YAU Shing-mu
Under Secretary for Transport and Housing

Mr Philip YUNG
Deputy Secretary for Transport and Housing
(Transport) 1

Miss Shirley YUEN
Deputy Secretary for Transport and Housing
(Transport) 2

Mr Alan CHU
Deputy Secretary for Transport and Housing
(Transport) 3

Mr Alan WONG
Commissioner for Transport

Mr WAI Chi-sing
Director of Highways

Clerk in attendance : Ms Rosalind MA
Chief Council Secretary (1)2

Staff in attendance : Mrs Constance LI
Assistant Secretary General 1

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)97/08-09 - Minutes of the meeting held on 14 October 2008)

The minutes of the meeting held on 14 October 2008 were confirmed.

- II Setting up a Subcommittee on Matters Relating to Railways**
(LC Paper No. CB(1)99/08-09 - Paper for the Panel on Transport on setting up of the Subcommittee on Matters Relating to Railways prepared by the Secretariat)

2. Members endorsed the proposed Terms of Reference and work plan of the Subcommittee on Matters Relating to Railways, which the Panel had agreed to set up at its meeting on 14 October 2008. They also agreed that the Clerk should make arrangements for the first meeting and invite Panel members to signify membership for the Subcommittee.

(Post-meeting note: The notice of the first meeting of the Subcommittee scheduled for 21 November 2008 was issued vide LC Paper No. CB(1)122/08-09 on 3 November 2008.)

- III Briefing by the Secretary for Transport and Housing on the relevant transport policy initiatives featuring in the Chief Executive's 2008-2009 Policy Address**
(LC Paper No. CB(1)48/08-09(01) - Administration's paper on policy initiatives of the Transport and Housing Bureau under the 2008-2009 Policy Address and Policy Agenda)

Address by the Chief Executive at the Legislative Council meeting on 15 October 2008 – "Embracing New Challenges"

The 2008-2009 Policy Address – "Policy Agenda")

3. The Secretary for Transport and Housing (STH) briefed members on the new and on-going transport-related policy initiatives of the Transport and Housing Bureau featured in the 2008-2009 Policy Address, highlighting the plans for transport infrastructure projects and for improving the pedestrian environment. Referring to recent public calls for the Government to seize the opportunity of CITIC Pacific (CITIC)'s lately financial troubles to buy back CITIC's 35% stake in the Western Harbour Crossing (WHC) and 70% stake in

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the Eastern Harbour Crossing (EHC), so as to adjust the tolls of the three road harbour crossings (RHCs) and resolve the long-existing problem of uneven distribution of traffic among the three RHCs, STH made the following points –

- (a) The buy-back proposal would involve a significant amount of public funds. In line with the principle of prudent management of public finances, the Government had to work out a reasonable price for the buy-back proposal having regard to relevant factors for consideration, such as the liabilities of CITIC.
- (b) It might be too simplistic to assume that the uneven traffic distribution problem would be completely resolved through the buy-back proposal. The acquisition of CITIC's 35% stake in WHC would not give the Government majority control of WHC. Even if the Government had acquired CITIC's 70% stake in EHC, it would still need to consider acquiring the stake of the minority shareholders, and the process would be complex. In addition, CITIC was not obliged to sell its stake in the two RHCs to the Government, nor did the Government have any priority right of purchase.
- (c) Adjusting the tolls of the three RHCs alone could not effectively solve the congestion problem. Capacity of the connecting road networks was also important and early completion of Central-Wanchai Bypass was a key to achieving better traffic distribution among the three RHCs.

4. STH said that the Government had to adopt a comprehensive approach and a consultancy study (the Consultancy Study) was therefore required to find a long-term solution for the uneven traffic distribution problem. The consultant would be required to identify the reasonable traffic distribution model and the preferred toll regimes, valuate the three RHCs, as well as advise on the financial, management and legal mechanisms for any future organization to be established.

5. In parallel, the Government would continue the discussions with the franchisees of EHC and WHC. The Consultancy Study would provide useful basis for the relevant discussions.

Measures to rationalize the utilization of the three RHCs

6. Mr WONG Kwok-hing opined that instead of spending public funds on the Consultancy Study, the Government should grasp the opportunity of CITIC's financial troubles and immediately start negotiating with CITIC on the buy-back proposal, in order to get the best bargain.

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7. Mr Andrew CHENG pointed out that negotiation with tunnel operators on options to solve the uneven problem had dragged on for years, and the Administration should speed up the negotiation process. Mr CHENG was of the view that as loans secured for the construction of EHC had mostly been repaid, the buy-back proposal should involve very low risk. Moreover, providing early solution to the uneven traffic distribution problem was necessary to cut down the social cost and economic loss arising from traffic congestion. Mr CHENG stated that Members belonging to the Democratic Party (DP) opposed to the Consultancy Study which was time consuming and costly, as previous studies such as those on electronic road pricing (ERP), and could not achieve any effects. In this connection, he called on the Administration to consider solutions proposed by Members in the past years, in particular DP's proposal to set up an authority to regulate all tunnels and bridges.

8. STH responded that the Administration had been actively exploring with tunnel operators various options to improve the distribution of traffic among the three RHCs, and would seize every opportunity to achieve progress. STH nevertheless highlighted that a number of factors had to be taken into account in pursuing the buy-back proposal, such as the availability of well-developed road links to cope with the traffic to and from RHCs. The Consultancy Study would identify the optimal distribution pattern of traffic flow; the toll regime, financial and asset control arrangements and management structure conducive to such a pattern; and the legal issues to be resolved. Such information was required for working out the most suitable solution and would provide justifications for the funding required for a buy-back proposal where appropriate.

9. Pointing out that a number of studies had already been conducted before, Mr KAM Nai-wai questioned the need for the Consultancy Study. In reply, STH said that unlike previous studies, the Consultancy Study would also engage experts other than those in the transport field, in order to work out the valuations of WHC and EHC and assess the legal implications of the possible options, in particular if such options involved premature termination of the franchises of the two tunnels, and setting-up of any new organisation.

10. While not opposing to the conduct of the Consultancy Study, Mr Tommy CHEUNG shared other members' view that it was opportune to negotiate with CITIC on the buy-back proposal. He urged the Administration to expedite the Consultancy Study while proceeding with the negotiation to ascertain CITIC's interest in the buy-back proposal. Ms Miriam LAU also stressed that she had been urging the Administration to resolve the uneven traffic distribution problem since 1998 but to no avail. She said that the problem should be solved as soon as practicable. Mr CHEUNG added that Members belonging to the Liberal Party would support all possible measures to improve

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the distribution of traffic among road tunnels. He opined that the Consultancy Study should cover not only the three RHCs but also other road tunnels such as Tate's Cairn Tunnel and Tai Lam Tunnel in the New Territories.

11. In response, STH reiterated that the Administration had long been negotiating with relevant tunnel operators on options to solve the problem. She stressed that the Consultancy Study would proceed in parallel with the negotiation, and that the Consultancy Study would also provide information to facilitate negotiation. As regards the scope of the Consultancy Study, STH advised that it would only cover the three RHCs, as the traffic distribution issue for Tate's Cairn Tunnel and Tai Lam Tunnel had generally been addressed upon the commissioning of Route 8. At the request of Mr Tommy CHEUNG, STH agreed to give Mr CHEUNG's views at paragraph 10 above some thoughts.

12. Mr LEE Wing-tat and Mr WONG Sing-chi expressed concern about the Consultancy Study. Mr LEE recalled that during scrutiny of the Western Harbour Crossing Bill, some Members had requested that toll adjustment of WHC be subject to the approval of the Legislative Council (LegCo). The uneven traffic distribution problem arising from toll differentials between RHCs should have been avoided if the Administration had taken forward Members' suggestion. Mr LEE expressed regret that the Administration had not commissioned the Consultancy Study much earlier to prepare for timely negotiation with the tunnel operators. In his view, such inertia might lead to the loss of the best opportunity for Government to bargain with CITIC.

13. STH responded that the Government had in fact commenced negotiation with tunnel operators for some time. Nevertheless, the progress had been slow because a number of difficulties had yet to be resolved, notably the gaps between the Government and the tunnel operators on valuation of EHC and WHC, and the projection of traffic flow. To gather necessary information for tackling the difficulties, the Administration had been preparing for the Consultancy Study months ago. She reiterated that the Consultancy Study and negotiations with CITIC would proceed in parallel. At the request of Mr WONG Sing-chi, STH agreed to provide information on the scope of the Consultancy Study and the progress of the relevant consultancy contract. In response to Mr WONG's further query, STH advised that information and analysis gathered from the Consultancy Study would provide the basis for the Administration to assess the proposals of the tunnel operators during the negotiation.

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Public transport services

Traffic management and fares

14. Noting that the average daily passenger volume for public transport services remained at around 11 million for some years, Ir Dr Raymond HO asked whether measures were in place to boost the usage rate of public transport services. In reply, STH advised that in accordance with the policy of developing railways as the backbone of Hong Kong's transport system, the planning and implementation of new railway projects had been taken forward step by step. She believed that with the completion of various railway projects, the passenger volume for public transport services would increase. Ir Dr HO opined that as transport infrastructure projects would take years to complete, the Administration should explore measures to maximize the utilization of existing public transport services, such as through better traffic management and fare concessions.

15. Mr WONG Kwok-hing urged the Administration to consider introducing an all-inclusive monthly ticket which would enable passengers to interchange between various public transport modes, so that the commuting public could save on transport expenses. STH responded that while various concessionary interchange schemes were already in place, introduction of an all-inclusive monthly ticket would be difficult as different transport operators had different commercial considerations. The Deputy Secretary for Transport and Housing (Transport) 2 supplemented that apart from concessionary interchange schemes, public transport interchange facilities were provided at railway stations to facilitate the commuting public in using other modes of transport.

16. Mr LEE Wing-tat expressed concern about the slow progress in introducing sectional fares for bus service, which in his view could help people tide over the present economic downturn. The Commissioner for Transport (C for T) responded that sectional fares could be readily introduced for cross-harbour bus routes, as the section before and after crossing the RHCs could serve as a clear-cut division for the charging of sectional fares. However, detailed examination was required for sectional fares for other bus routes, as the provision of sectional fares for long-haul bus routes might attract short-haul passengers and reduce the capacity otherwise available for long-haul passengers, hence defeating the purpose of rationalization of bus routes.

Ferry services

17. Ms Miriam LAU saw a need to map out effective and practicable measures to tackle the long-existing difficulties in operating outlying island ferry services due to high fuel cost and low patronage. She was of the view that this

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could be done through reviewing the relevant policy, so as to enhance the financial viability of ferry services while maintaining reasonable levels of fares and services in the interests of islanders whose only choice of public transport was ferry.

18. STH appreciated Ms Miriam LAU's view that the problem of provision of outlying ferry services had to be tackled through reviewing the relevant policy, having regard to the low patronage as a result of the shrinking population and the stagnant tourism market of the islands. However, she pointed out that the Administration would have to first address the issue of whether the operating cost of island ferry services should be borne by the islanders or the community at large in the form of direct Government subsidies. STH pointed out that provision of direct subsidies to public transport services was not in line with Government's current policy. It would be necessary to gauge public views on the merits of modifying the transport policy in favour of ferry services. The Administration would report the preliminary findings of the review to LegCo in due course, pending its completion in about two years' time.

Infrastructure projects and transport-related facilities

19. Mr KAM Nai-wai questioned the need for engaging a consultant to establish an assessment system for the provision of hillside escalator links and elevator systems. In his view, the need for such facilities could readily be ascertained by consulting the relevant District Councils, and the funds required for the consultancy study could be used for provision of the facilities instead. STH responded that an objective assessment system would provide comprehensive evaluation criteria, such as the economic benefits and the pedestrian flow, to facilitate consideration of the merits and priority of the relevant proposals in a fair and transparent manner.

20. Mr KAM Nai-wai enquired about plans to extend the footbridge system on the Hong Kong Island. The Deputy Secretary for Transport and Housing (Transport)¹ responded that there were already plans to extend the footbridge system from Shun Tak Centre to Sun Yat Sen Memorial Park, and to extend the system in Wanchai to the Tamar Development as well as the new Central waterfront promenade to be constructed under the Central Reclamation Phase III (CRIII) project.

21. Ir Dr Raymond HO referred to Article 128 of the Basic Law, which stipulated that "The Government of the Hong Kong Special Administrative Region shall provide conditions and take measures for the maintenance of the status of Hong Kong as a centre of international and regional aviation". He enquired about the plans for enhancing air freight and passenger traffic in this regard. STH responded that the Airport Authority was already undertaking various projects to improve the operation, capacity and competitiveness of the

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Hong Kong International Airport. In particular, with the funding support of LegCo for replacement of air traffic control facilities, the capacity of the existing runways would be increased to 68 aircraft movements per hour by 2015.

22. Mr Jeffrey LAM enquired about the number of jobs to be created for the implementation of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the West Island Line. He was also concerned whether the construction costs of these two projects would be reduced because of the recent economic downturn, and whether the other major infrastructure projects highlighted in the 2008-2009 Policy Address would be expedited to boost the employment and economy of Hong Kong.

23. In response, STH advised that the Administration had been pressing ahead with the planning and implementation of transport infrastructure projects as far as practicable. These projects were nevertheless subject to the statutory requirements under the relevant legislations such as the Town Planning Ordinance (Cap. 131) and the Roads (Works, Use and Compensation) Ordinance (Cap. 370). Based on the initial estimation, these two railway projects would create a few hundred jobs at the design stage, and a few thousand jobs might be created during the construction stage. The financial implications and economic benefits of the infrastructure projects would be set out in the relevant funding proposals.

Traffic congestion

24. Ir Dr Raymond HO expressed concern about measures to alleviate traffic congestion in the Central Business District and opined that the implementation of ERP would not be effective unless alternative road links were provided. STH advised that without the construction of the Central-Wan Chai Bypass for traffic diversion, implementation of ERP in the Central Business District would unlikely result in effective reduction of traffic within the charging zone. This might even result in traffic congestion in adjacent roads and junctions, such as Robinson Road and Peak Road.

25. Mrs Regina IP opined that to ensure reliability, the traffic impact assessments (TIAs) of mega developments should be conducted by the Administration instead of the private developers concerned. In particular, she was keen to ascertain whether the Transport Department (TD) would take the initiative to conduct TIAs for the Hopewell Centre II project in Wanchai and the planned mega development in King Wah Road, North Point. She would like to know the findings of such assessments.

26. C for T responded that private developers were required to conduct TIAs according to a set of objective and scientific criteria formulated and updated by TD as necessary. Although TD would not conduct TIAs for private

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development projects, it would vet in great detail the TIA reports prepared by private developers against the established criteria. In the case of the Hopewell project, after noting that the completion date had been deferred from 2009 to 2014-2015, TD had immediately taken the initiative to request the developer concerned to update its TIA report to ensure that the development would not have any adverse traffic impact on the surrounding roads. After carefully vetting the updated TIA report, TD had further requested the developer to provide supplementary information on the projected traffic flow. TD had also maintained close liaison with the Wanchai District Council on the development of the project.

IV Any other business

27. There being no other business, the meeting ended at 10:35 am.

Council Business Division 1
Legislative Council Secretariat
27 November 2008