

立法會
Legislative Council

LC Paper No. CB(1)2257/11-12

Ref : CB1/PL/TP

**Report of the Panel on Transport
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Transport during the 2011-2012 legislative session. It will be tabled at the Council meeting on 11 July 2012 in accordance with Rule 77(14) of the Rules of Procedure.

The Panel

2. The Panel was formed by a resolution passed by the Legislative Council (LegCo) on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining government policies and issues of public concern relating to transport matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 20 members, with Hon Andrew CHENG and Hon CHEUNG Hok-ming elected as Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major Work

Public transport fares

Adjustment to MTR fares in 2012

4. 2012 is the third consecutive year of fare increases under the Fare Adjustment Mechanism (FAM)¹. In March 2012, the MTR Corporation Limited (MTRCL) announced that it would increase MTR fares by 5.4% in accordance with FAM in June 2012, while it would provide some fare concessions. The rate of fare increase is the highest since the implementation of FAM in 2009.

5. The Panel discussed the 2012 MTR fare adjustment on 12 April 2012. Panel members expressed strong dissatisfaction that MTRCL, which had recorded a substantial surplus of \$14.7 billion in 2011 and with the occurrence of a large number of railway incidents, still decided to increase MTR fares in 2012. Some Panel members suggested that the Government should use the dividends it received as a MTRCL shareholder to set up a fare stabilization fund to moderate the rate of MTR fare increases, or return its dividends to MTRCL so as to avert the fare increase this year. The Administration, however, advised that the proposals were not in keeping with the general framework of public finance management, according to which income received for the purposes of the Government should be paid into the general revenue, and withdrawal of money from the general revenue should be subject to the approval of the Finance Committee (FC) of LegCo. The Panel considered the fare increase unacceptable, and passed the following motions on 12 April 2012 -

"That as MTRCL has still introduced a crazy fare increase of 5.4% in total disregard for people's livelihood despite its huge surplus of over \$10 billion, this Panel requests the MTRCL to immediately shelve its fare increase."

and

"That this Panel requests the Government to return its dividends

¹ FAM forms part of the merger agreement between MTRCL and the Government. Upon the Rail Merger, MTRCL made a commitment not to increase fares on or before 30 June 2009. After 30 June 2009, MTRCL's fares are to be adjusted in accordance with FAM under which MTR fares are reviewed once per calendar year with the Overall Fare Adjustment Rate calculated by a set formula.

of \$900 million to the MTR Corporation Limited for off-setting the additional revenue to be generated by the fare increase this year, so that the decision on increasing fare by 5.4% this year can be abolished."

6. The Panel called on MTRCL to give due regard to its corporate social responsibility and shelve this year's fare adjustment. The Panel also urged the Administration to review FAM. The Administration advised that the Government was alive to the views that factors, such as public acceptability and affordability, MTRCL's profit level and service performance, should be taken into account when considering whether MTRCL should adjust its fares annually. The Administration undertook to review FAM in the second half of 2012, with a view to completing the exercise by end 2012/early 2013. Having considered the views received, MTRCL announced on 25 May 2012 that new fare promotions would be offered, bringing to passengers savings of around \$670 million. For the first time, MTRCL would offer free weekend and public holiday travel for children on MTR services. Re-launched and enhanced interchange discounts and extension of the existing monthly passes were also included in the package. A new "Tung Chung – Hong Kong" Monthly Pass would also be available from October 2012 to June 2013 at \$550 a month.

Taxi fare adjustment applications

7. The Panel was consulted on the fare increase applications made by the urban, the New Territories (NT) and Lantau taxi trades on 24 May 2012 proposing to increase the flagfall fare by \$2 for urban and Lantau taxis respectively and by \$2.5 for NT taxis. The average rate of the proposed fare increase for the respective taxi trades is 4.51% for urban taxis, 8.6% for NT taxis and 4.04% for Lantau taxis. While the three taxi trades had not applied for changes to the incremental charges after flagfall, the NT taxi trade also applied for increasing the additional fares for every article of baggage carried, every animal or bird carried, and every hiring arranged through telephone booking by \$1 each (i.e. from \$4 to \$5).

8. Some Panel members pointed out that taxi drivers had long been complaining about the volatility of Liquefied Petroleum Gas (LPG) prices and supported collection of taxi fuel surcharge instead of introducing taxi fare increases. These members shared the view expressed by some taxi driver groups that a rentee-driver might not be able to benefit from the proposed fare increase as it might trigger taxi rental increases by owners and as a result, any income increase that might be derived from the fare adjustments would be offset. The Administration advised that a taxi fare

adjustment was preferable as it was governed by the mechanism enshrined in the relevant legislation and would require the approval of the Chief Executive in Council (CE-in-Council). It would be more appropriate for the taxi trade to make use of the existing fare adjustment mechanism instead of a fuel surcharge to reflect the cost increases. The Administration explained that the fare adjustment mechanism had the benefit of taking into account not only fuel price increase, but also revenue and other cost components, such as changes in repair and maintenance costs. For this purpose, the Government would conduct a comprehensive assessment of the taxi trade's operating conditions. After discussion, the Panel voted on the fare increase applications. The result was that two members voted in favour of the applications while four members voted against them.

Fare increase application of "Star" Ferry Company, Limited (Star Ferry)

9. The Panel was consulted on the Star Ferry's application for fare increases on 5 December 2011. The Panel discussed two options proposed by Star ferry to increase the fares of its two franchised ferry routes between Tsim Sha Tsui and Central and Wan Chai respectively. Panel members in general supported the option that all weekday fares and monthly tickets of both of the two ferry routes would remain unchanged, but that the holiday (Saturday, Sunday and public holiday) fares would be increased by 20 to 30 cents. Panel members considered that this option would avoid impacting on commuters who needed to go to work by ferry on weekdays. The Panel noted that Star Ferry also applied to introduce a new bicycle fare of \$20 for the carriage of each bicycle on the Wan Chai - Tsim Sha Tsui ferry service. Panel members expressed concern about the new fare and requested Star Ferry to review and propose a smaller amount.

10. After consulting the Panel, Star Ferry applied to introduce a modified new fare of \$13 for the carriage of bicycles, and increase the holiday (Saturday, Sunday and public holiday) fares by 30 to 40 cents. The weighted average rate of fare increase would be about 5.6%. The fare increase application was approved by the Government to come into effect on 24 June 2012. Further, an exceptional helping measure by the Government would be introduced to reimburse Star Ferry with the total revenue foregone arising from the offer of free rides for the elderly for the Central - Tsim Sha Tsui ferry service in 2012 (upon the implementation of the new fares) and 2013. The amount of reimbursement to Star Ferry was estimated to be around \$3.78 million per annum after the fare increase.

Renewal of franchises of New World First Bus Services Limited (NWFB), Long Win Bus Company Limited (LW) and Citybus Limited (Citybus) (Franchise for Airport and North Lantau Bus Network) (Franchise 2)

11. Given the impending expiry of their current franchises, NWFB, LW and Citybus (Franchise 2) had applied to renew their franchises for another ten years². The Panel was consulted on the new franchise requirements at its meeting on 11 July, 7 November, 5 December 2011 and 9 March 2012 and received views from deputations at one of the meetings. Panel members expressed various views on the new franchise requirements, and urged the Administration to include new clauses to stipulate specific requirements in four areas: (a) full implementation of section fare arrangement; (b) introduction of more bus-bus interchange concession schemes (BBIs) on suitable bus routes; (c) provision of monthly passes; and (d) provision of facilities and barrier-free features for the elderly passengers and persons with disabilities. The Panel expressed a strong view that the Administration should seize the opportunity of negotiating the new ten-year franchises with each of the three franchised bus companies to press for fare concessions and service enhancements.

12. CE-in-Council approved the granting of new ten-year franchises to NWFB, LW and Citybus (Franchise 2) on 24 April 2012. The new franchise of NWFB will commence on 1 July 2013 and those for LW and Citybus (Franchise 2) will commence on 1 May 2013. At its meeting on 25 May 2012, the Panel was briefed by the Administration on the new or amended terms in the new franchises, and a series of commitments on specific measures made under the new franchises to better respond to the requests of the public. These included the introduction of more fare concessions, enhancement of bus service, and implementation of environmental improvement measures. The Panel noted that when the new franchises commenced, the three bus companies would offer a total of 60 new fare concession schemes. They included 27 new BBIs (comprising 11 inter-company ones) and new section fares on 27 routes. The Administration expected that the new schemes would bring more convenience and fare savings for passengers in the major service areas of the three bus companies. Some members, however, expressed dissatisfaction with LW's offer of only a 20% discount on the same day

² The existing franchise of NWFB commencing on 1 August 2003 will expire on 1 July 2013. Those for LW and Citybus (Franchise 2) commencing on 1 June 2003 will expire on 1 May 2013.

return trip for airport workers on Route A43 (North District – Airport)³. These members also considered that the new BBIs allowed interchanges with only small fare discounts, and criticized the Administration for failing to negotiate for new terms in the new franchises to satisfactorily respond to the long-standing requests of the public.

Transport infrastructure, facilities and traffic management

Hong Kong-Zhuhai-Macao Bridge (HZMB) related infrastructure projects in Hong Kong

13. At its meeting on 26 October 2011, the Panel was consulted on the Administration's funding applications for taking forward the construction works in respect of the Hong Kong Boundary Crossing Facilities (HKBCF) and Hong Kong Link Road (HKLR), as well as the detailed design, site investigation and advance works for the Tuen Mun-Chap Lap Kok Link. The total amount of the funding proposals for the above HZMB local related projects was \$48,533.4 million (in money-of-the-day (MOD) prices). The Panel was concerned about the Administration's estimate that the overall cost increase for the HZMB related local projects due to a relevant judicial review (JR) case was about \$6.5 billion (in MOD prices). According to the Administration, the main reasons included the need to adjust the construction method to compress the works programme such that the Bridge could be commissioned as scheduled, as well as the increase in construction prices. The Administration advised that it had originally planned to commence the construction works of the HZMB related local projects before end 2010. On 22 January 2010, a Tung Chung resident filed an application to the Court of First Instance (CFI) for leave for JR against the decisions of the Director of Environmental Protection (DEP) as regards the approval of the Environmental Impact Assessment Reports and the granting of Environmental Permits (EPs) relating to the HKBCF and HKLR projects. CFI handed down its judgment on 18 April 2011. EPs for the HKBCF and HKLR projects were quashed and the works could not commence.

14. DEP then lodged an appeal against the judgment. The Court of Appeal handed down its judgment on 27 September 2011 confirming the validity of EPs issued by DEP for the HZMB related local projects. The Administration had accordingly resumed the statutory and funding

³ Currently, there is only one "A" route (LW Route A43) directly serving North District and the Airport, and it has been complained about the inadequate trips of and high fare for taking Route A43 (\$30.9 for a single trip).

procedures of the projects. According to the Administration, because of the legal proceedings, the construction commencement programme had about one year's difference with the original one. The funding applications for taking forward the HZMB related infrastructure projects were supported by the Panel and approved by FC on 18 November 2011.

15. In April 2012, the Administration further informed the Panel that due to JR, it could only invite tender for the two HKLR contracts in September and October 2011 respectively. The tender prices finally received exceeded the estimates for the contracts. The Administration therefore needed to further increase the approved project estimate of HKLR by about \$8.86 billion. At its meeting on 25 April 2012, the Panel was consulted on the relevant funding application. The Panel supported the funding application. Panel members, however, expressed concern about the measures to ensure that the compression of the construction programme would not compromise the safety of the implementation works. Some members considered that the Administration should develop "bridgehead economy" around HZMB so as to consolidate and enhance Hong Kong's status as a trade centre. The funding application was supported by the Panel and approved by FC on 25 May 2012.

Ad hoc quota trial scheme for cross-boundary private cars

16. The Panel conducted detailed discussion on the arrangements for the first phase⁴ of the ad hoc quota trial scheme for cross-boundary private cars (the Scheme) and the Administration's current plan for the second phase⁵ of the Scheme at its meetings on 16 February, 29 February and 9 March 2012, and received public views at one of the meetings. Panel members shared the public's grave concern about the possible impacts of the Scheme on road usage, traffic order, enforcement of traffic regulations, insurance claims and air quality, etc. in Hong Kong. Some Panel members queried whether the Administration had given any

⁴ According to the Administration's paper [CB(1)1055/11-12(01)], the first phase of the Scheme was applicable to qualified owners of non-commercial Hong Kong private cars with five seats or less, allowing them to drive their own cars to enter Guangdong for a short stay. Qualified Hong Kong vehicle owners could apply for ad hoc quotas through the Internet, starting from 30 March 2012. If the application was successful, the applicant could enter Guangdong with ad hoc quota via the Shenzhen Bay Port (SBP) on 27 April 2012 the earliest, stay for not more than seven days and has to return to Hong Kong via SBP within the seven-day period. During the initial stage of implementation, there would be only 50 quotas each day.

⁵ The second phase of the Scheme would allow eligible owners of Guangdong private cars to enter Hong Kong for a short stay by using ad hoc quotas.

undertaking to the Guangdong government during their discussion on the Scheme that the first phase of the Scheme, after launched, was bound to be followed by implementation of the second phase. These members urged the Administration to have due regard to the strong public reaction against the launch of the second phase of the Scheme and shelve the implementation of the first phase.

17. The Administration advised that upon implementation of the first phase of the Scheme, the Administration would carefully observe and review the operation and effectiveness of various aspects of the Scheme, including operation of the control point, application criteria, administrative procedures, impact on the traffic and relevant aspects in the Guangdong Province, publicity and education, handling of incidents, etc. The Administration would review the effectiveness of the first phase of the Scheme in accordance with the said factors, and further study and discuss the specific arrangements of the second phase with the relevant Guangdong authorities. The Administration also advised that implementation of the second phase of the Scheme would involve legislative amendments. Therefore, both the Administration and LegCo will have an important gate-keeping role to play. The Administration advised that there was no concrete timetable for the second phase at present.

18. Some Panel members expressed the view that self-driving tour schemes were common in many other countries and that the first phase of the Scheme would help promote exchanges between Guangdong and Hong Kong and facilitate members of the public to travel by self-driving. These members did not object to implementing the first phase of the Scheme, and demanded that the second phase could be considered only if implementation of the first phase proved to be smooth and successful. At the meeting on 16 February 2012, the Panel passed the following motion –

'That this Panel urges the Administration to take effective measures before the implementation of the first phase of the "Ad Hoc Quota Trial Scheme for Cross-boundary Private Cars" to ensure that Hong Kong people will have a full grasp of the traffic conditions and points to note while driving on the Mainland, and to conduct a review as soon as possible after the implementation of the first phase of the Scheme, and to consult Hong Kong people, dispel their worries and obtain a consensus in the community before deciding to go ahead with the second phase of the Scheme.'

19. The Administration assured members that it would take forward the Scheme in a highly controlled and gradual manner, starting with a small number of quotas as trial, and would consider factors such as road safety, capacity of road networks, as well as environmental protection. When approving quota applications, the governments of Guangdong and Hong Kong would take into account applicants' traffic contravention records so that only drivers with good driving records would be allowed under the Scheme to travel between the two places for a short stay of several days.

Fire incident of Lion Rock Tunnel and fire prevention in tunnels in Hong Kong

20. On 8 March 2012, a No. 3 alarm fire which was caused by repair works on underground water mains broke out inside the south-bound tube of the Lion Rock Tunnel (LRT). The incident had not just necessitated a two-week closure of the Tunnel for emergency repairs, but had also aroused public concern about issues of safety and means of escape in respect of the tunnels built in early days. The Panel discussed the matter on 12 April 2012 and enquired about the fire service installations and equipment (FSI) at road tunnels in Hong Kong and the contingency plans in place, as well as progress of investigation of the incident.

21. The Administration advised that all road tunnels and cross-harbour tunnels in Hong Kong were installed with FSI required by the Fire Services Department (FSD) such as fire hydrant/hose reel systems, portable fire extinguishers, smoke extraction systems and emergency lighting systems. Details of the relevant standards and requirements were set out in the Code of Practice for Minimum Fire Service Installations and Equipment. FSD revised the Code from time to time in light of improvements in FSI technology and increasing public expectation for enhanced fire safety requirements. Every tunnel operator was required under the law to engage a registered fire service installation contractor to conduct annual inspection on FSI to ensure their compliance with relevant standards and legal requirements.

22. In response to members' concern about the contingency arrangements, the Administration advised that upon notification of the fire, TD immediately activated the contingency measures and implemented emergency traffic arrangements with relevant departments, the LRT operator and public transport operators to maintain smooth traffic between Sha Tin and Kowloon as far as possible. During the fire, the LRT operator followed the contingency plan by immediately halting

all incoming traffic and prohibiting vehicles from entering any of the tubes dispatching the emergency response team to the smoking scene to provide support; reporting to FSD and informing the Emergency Transport Co-ordination Centre of TD by direct phone line. The Administration advised that in order to ensure efficient and prompt execution of the contingency plans in case of tunnel emergencies, individual tunnel operators conducted fire drills every six months jointly with TD, FSD and the Police to test the effectiveness of the contingency plans and functionality of FSI. These departments also reviewed from time to time the contingency measures with the tunnel operators and make adjustments when necessary. Some members expressed concern about the air ventilation system of LRT and the Administration advised that upgrading of the system was underway. The upgrading works were scheduled for completion in end of 2012.

Use of electric vehicles on expressways

23. The Panel was consulted on 6 February 2012 on a legislative proposal to allow the use of certain types of electric vehicles (EVs) on expressways without having to obtain expressway permits. EVs that fulfilled certain technical requirements would be allowed to run on expressways without having to obtain expressway permits. It was recommended that “rated power” of the electric motors be adopted as the criterion for determining which EVs should be allowed to run on expressways. The Administration advised that the proposed legislative amendments would facilitate the use of EVs on expressways in Hong Kong as owners of suitable EVs would no longer be required to apply for expressway permits. Panel members generally supported the proposal as it was in line with the Government’s policy to promote the use of EVs for environmental protection.

24. The Panel noted that as at end-2011, there were about 309 EVs registered for use in Hong Kong, excluding those registrations under processing. They comprised mostly private cars and motor cycles. Some Panel members expressed concern that the number of EVs in Hong Kong remained small. These members pointed out that EVs were much more expensive than diesel or petrol-driven vehicles and EV chargers were not available in many private residential premises or large shopping centres. They suggested that the Administration should provide financial incentives for procurement of private EVs. The Administration advised that the suggestion would be relayed to the Environment Bureau for consideration.

Trade licence

25. The Panel discussed the Administration's proposals to introduce a new form of trade licence for the re-export trade of left-hand drive (LHD) vehicles and to improve the control mechanism to prevent abuse of the use of trade licence on 6 February 2012. The Administration advised that LHD vehicle re-export was a sizeable business in Hong Kong, with over 20 000 LHD vehicles re-exported through Hong Kong every year. At present, re-exporters of LHD vehicles, unlike local car dealers, could not use trade licences in their re-export operations under the existing legislation. A movement permit was required for each and every LHD vehicle to be driven in transit on Hong Kong roads for the purposes of examination or modification, or delivery to the ports. A fee of \$560 is payable for each such permit. This was claimed to have caused inconvenience and increased cost to the trade.

26. The Administration proposed to introduce a new type of trade licence that could be used on LHD vehicles for re-export to a place outside Hong Kong to facilitate the operation of the LHD vehicle re-export trade. Restrictions would be imposed such that the LHD vehicles must be imported into Hong Kong not more than 12 months ago, and that a colour scheme different from that for the plate of the existing trade licence for non-LHD vehicles would be specified for the plate of this new trade licence. Some Panel members welcomed the proposals to facilitate LHD vehicle re-export trade and to improve the regulatory mechanism of trade licence. Some members referred to press reports on cases of abuse of trade licences on unregistered and unlicensed expensive cars driven in Hong Kong for leisure ride in order to avoid the normal registration and licensing procedures and paying the relevant fees and tax, and called for tightening the control mechanism to more effectively prevent abuse of the use of the existing as well as the new trade licence.

Road safety

Cycling safety

27. The Panel was briefed on the implementation progress of a package of improvement measures undertaken by the Administration to further enhance cycling safety on 7 November 2011. The Panel noted that to enhance the safety of cycle tracks, TD had put on trial plastic collapsible bollards on some cycle tracks in Shatin and Ma On Shan. Compared with metal speed reducing bollards, plastic bollards were effective in reducing the degree of injury of cyclists in case they hit the

bollards accidentally. Under the retrofitting programme, the metal speed reducing bollards at over 1 500 locations would be replaced with plastic collapsible ones by 2015 and clear warning signs would be put up where appropriate. TD had also engaged consultants to identify "sites with more cycling accidents" along cycle track in Sha Tin and Tai Po, so that focused improvement measures could be taken to reduce the risk of accidents. The first stage of the review was expected to be completed by mid 2012. Furthermore, the Civil Engineering and Development Department was studying and implementing the development of a cycle track network in NT by phased interconnection of the cycle tracks in various new towns between Ma On Shan, Sheung Shui, Yuen Long, Tuen Mun and Tsuen Wan. The network was expected to be completed in phases from 2013 onwards.

28. Notwithstanding the above new measures, the Panel noted with grave concern about the rising trend in the last two years or so in both the number of bicycle accidents and cyclist casualties. In the first nine months of 2011, there were 14 fatal bicycle accidents, compared with ten and 11 such accidents in 2009 and 2010 respectively. Pointing out that the increase might be related to more people carrying out cycling activities, some Panel members reiterated the need to mandate the wearing of helmets, which was believed to be able to provide protection to cyclists from head injuries. The Administration advised that only a few jurisdictions had laws requiring all cyclists to wear helmets, and the mainstream overseas practice was to promote use of cycling safety equipment through education and publicity. It was the Administration's view that cycling safety including use of safety equipment should be promoted through education and publicity, coupled with the continual improvement of cycling facilities. However, Panel members in general considered that simply encouraging cyclists to wear helmets voluntarily through education and publicity campaigns might not be effective, and called for the early enactment of legislation to require the mandatory use of helmets at least by cyclists riding on public roads. The Administration was requested to give thought to members' suggestion.

Reversing video device on new goods vehicles

29. The Panel was briefed on the progress of an earlier proposal of the Administration to enhance the safety of reversing goods vehicles (GVs) by requiring the installation of reversing video device (RVD) on newly registered GV. The Administration considered that RVD could improve reversing safety by reducing blind spots behind GV. The Administration planned to require RVDs to be installed on newly

registered GVs because the feasibility of installing RVD on such vehicles had been confirmed except for certain vehicle types like tractors and trailers, which presented difficulties in component matching. The Administration intended to put forward the legislative proposal in 2012-2013. Given the advice from the suppliers that RVDs might still be subject to failure from time to time and the concerns of the trade over the reliability of the device operating under special environment, the Administration planned to include defence clauses in the law in order to alleviate the trade's concerns on breaking the law and incurring associated liabilities in case RVD suddenly malfunctioned. Such clauses provided that GV owners or drivers would not be convicted for a malfunctioning of the device if it was proven that adequate steps had been taken to enable safe reversing of GVs and to repair the defect as soon as reasonable.

30. Panel members in general expressed support for the legislative proposal and requested the Administration to provide detailed guidelines to the trade on the RVD installation requirements and to consult the stakeholders concerned. The Panel also requested the Administration to continue to enhance drivers' awareness of reversing safety through public education and publicity.

Tow truck accident in Eastern Street and related safety issues

31. In the wake of a fatal accident on Eastern Street in Western District on 10 April 2012 involving a tow truck and a light goods vehicle (LGV) pulled by it, the Panel held a meeting on 24 May 2012 to discuss safety of operation of tow trucks. In that fatal accident, when the tow truck driver was handling the LGV, the LGV rolled back down the slope and hit some nearby pedestrians, resulting in one pedestrian being killed and two others seriously injured.

32. Panel members expressed concern about the training and professional assessments that tow truck drivers were given to ensure that they had the knowledge and met the technical requirements for driving tow trucks. The Administration explained that tow truck was classified as a goods vehicle which was further classified as light, medium or heavy according to the gross vehicle weight. As such, a tow truck driver must hold a driving licence for the appropriate class of goods vehicles to ensure that his driving standard met the requirements for driving that particular class of vehicles. Some Panel members considered that since a tow truck driver was only required to hold a driving licence for goods vehicles, the relevant licensing requirements should include assessments

on knowledge of operation of tow trucks. Panel members also requested the Administration to strengthen provision of training on operation of tow trucks to all tow truck drivers. The Administration undertook that it would explore providing such training to tow truck drivers in collaboration with the Vocational Training Council.

Difficulties encountered by the transport sector in obtaining insurance coverage

33. A Joint Subcommittee was formed under the Panel and the Panel on Financial Affairs (FA Panel) in March 2011 to study issues relating to difficulties encountered by the transport sector in obtaining insurance coverage. Up to end of May 2012, the Joint Subcommittee has held a total of ten meetings with the Administration and has received views from the relevant stakeholders including the transport and the insurance sectors. The Joint Subcommittee has studied various related issues, including –

- (a) exaggeration of injuries sustained during traffic incidents;
- (b) abuse of issuance of sick leave certificate and the reporting mechanism for false claim of sickness;
- (c) continuous rise in insurance premium and limited number of insurers to underwrite taxi and public light bus insurance;
- (d) insurance coverage for cross-border transportation operators (e.g. feasibility of one insurance policy covering Hong Kong and the Mainland);
- (e) notification of the vehicle owner in the event of a traffic accident involving a rentee-driver and their respective liabilities in the traffic accident; and
- (f) reporting mechanism for suspected illegal activities (e.g. insurance fraud, exaggeration of claims and champerty) and law enforcement actions against such activities.

The Subcommittee aims to complete its work and report to the Panel and the FA Panel within the current legislative session.

Railway matters

34. Railways are an important part of Hong Kong's long-term transport strategy. The Subcommittee on Matters Relating to Railways has been formed under the Panel to follow up on matters relating to railway planning, implementation and operation. Up to mid-June 2012, the Subcommittee has held a total of seven meetings. The work of the Subcommittee is detailed in its report at **Appendix III**.

Other issues

35. The Panel received briefings from the Administration on the application of latest surveying technologies in road works and trial of advanced traffic detection technologies, as well as policy initiatives relating to the transport portfolio as set out in the 2011-2012 Policy Agenda. The Panel also discussed a funding proposal on the expansion of the Red Light Camera System and a proposed capital works project on improvement to Pok Oi Interchange.

Meetings held

36. From October 2011 to end of June 2012, the Panel held a total of 16 meetings.

Council Business Division 1
Legislative Council Secretariat
27 June 2012

Legislative Council

Panel on Transport

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to transport.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy area prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council
Panel on Transport**

Membership list for 2011 - 2012 session

Chairman	Hon Andrew CHENG Kar-foo
Deputy Chairman	Hon CHEUNG Hok-ming, GBS, JP
Members	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 Abraham SHEK Lai-him, SBS, JP Hon LI Fung-ying, SBS, JP Hon Tommy CHEUNG Yu-yan, SBS, JP Hon WONG Kwok-hing, MH Hon Jeffrey LAM Kin-fung, GBS, JP Hon Ronny TONG Ka-wah, SC Hon KAM Nai-wai, MH Hon Starry LEE Wai-king, JP (since 5 December 2011) Hon CHAN Hak-kan Hon WONG Sing-chi Hon IP Wai-ming, MH Hon Mrs Regina IP LAU Suk-yee, GBS, JP Hon LEUNG Kwok-hung Hon Tanya CHAN Hon Albert CHAN Wai-yip (Total: 20 members)

Clerk Ms Joanne MAK

Legal Adviser Mr Kelvin LEE

Date 5 December 2011

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Legislative Council

LC Paper No. CB(1)2223/11-12

Ref : CB1/PS/1/08

**Report of the Subcommittee on Matters Relating to Railways
for submission to the Panel on Transport**

Purpose

This report gives an account of the work of the Subcommittee on Matters Relating to Railways (the Subcommittee) during the 2011-2012 legislative session.

The Subcommittee

2. In the 2010-2011 session, the Panel on Transport (the Panel) decided at its first meeting on 14 October 2010 that the Subcommittee should continue its work according to the existing terms of reference in the remaining sessions of the current term. The terms of reference and membership list of the Subcommittee are at **Appendices I and II** respectively.

3. Under the chairmanship of Hon Miriam LAU, the Subcommittee has held seven meetings (up to mid-June 2012) with the Administration and the MTR Corporation Limited (MTRCL).

Major work

New railway projects

Shatin to Central Link (SCL)

4. The 17-kilometre SCL is a territory-wide strategic railway project with ten stations¹, including six interchange stations² and new stations in six districts serving a wide catchment across Hong Kong Island, Kowloon and the New Territories. Upon gazettal of the SCL scheme under the Railways Ordinance (Cap. 519) on 26 November 2010, the statutory consultation stage of the SCL project commenced. To fine-tune the railway scheme, two amendment exercises were made and gazetted on 15 July and 11 November 2011 respectively. On 27 March 2012, the Chief Executive-in-Council (CE-in-Council) approved the implementation of the SCL scheme.

5. The Administration and MTRCL briefed the Subcommittee on the progress of the SCL project at its meeting on 2 March 2012, and consulted the Subcommittee on 23 and 30 March 2012 on the funding applications for the construction of the remaining SCL main works (both railway works and non-railway works) which amounted to \$57.3 billion (in September 2011 prices). Including the approved funding for the advance works and protection works, the overall construction cost for SCL was estimated at \$64.9 billion (in September 2011 prices). The Subcommittee examined the reasons for the upsurge in the estimated construction cost and the project management cost (PMC) payable by the Government to MTRCL. The Subcommittee noted that the PMC for the entire SCL project (including the advance works and the main works) was adjusted downwards from the provisional assumption of 16.5% to 10.5% of the total construction cost estimate including contingencies for all the works entrusted to MTRCL. Some members asked whether there was room to further adjust downward the PMC rate and suggested that a

¹ The ten stations are: Tai Wai, Hin Keng, Diamond Hill, Kai Tak, To Kwa Wan, Ma Tau Wai, Ho Man Tin, Hung Hom, Exhibition and Admiralty.

² The six interchange stations are: Tai Wai, Diamond Hill, Ho Man Tin, Hung Hom, Exhibition and Admiralty.

sliding scale be introduced for determining PMC such that the higher the construction cost, the lower should be the rate of PMC. In response to the Subcommittee's request, the Administration provided a detailed breakdown of PMC and explained the basis of the estimate of the PMC which was equivalent to 10.5% of the overall construction cost of the SCL project. The Administration advised that the SCL project was very complicated and enormous in scale, a majority part of which would go through a number of densely populated urban districts. The Administration considered that to ensure quality of work and timely completion, sufficient manpower resources were necessary for implementation of the mega project. The Administration informed the Subcommittee that the independent consultants commissioned by the Government had assessed the PMC of the SCL project and considered the current estimate of PMC reasonable.

6. The Subcommittee also expressed concerns about other issues, including the impact on the carrying capacity of the East Rail Line (ERL) and the passenger flow of the Tai Wai Station upon the commissioning of SCL, facilities for passengers to listen to digital broadcasting, seating capacity of MTR trains, provision of toilet facilities in SCL, and locations and entrances of some of the proposed SCL stations. MTRCL undertook that it would continue to communicate closely with the community in the course of implementing the SCL project, and would establish community liaison groups comprising representatives of the concerned and affected parties, including owners' corporations, owners' committees, management offices and local communities, etc. to provide assistance to stakeholders as far as possible.

7. The funding applications were supported by the Subcommittee and approved by the Finance committee (FC) on 11 May 2012. Construction of SCL is scheduled to commence in mid-2012. The Tai Wai to Hung Hom section is expected to be completed by 2018 and the Hung Hom to Admiralty section by 2020.

Mechanism for handling complaints and compensation claims concerning construction of new railway lines

8. At the request of the Subcommittee, the Administration and MTRCL briefed members on the mechanism for handling complaints and compensation claims concerning building structures affected by the construction of new railway lines on 23 April 2012. Some members expressed concern that among a total of 222 complaints (as at end of February 2012) on the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, the West Island Line and the South Island Line (East) received by MTRCL, it had not been established in any one case that the identified damages to buildings would affect building safety. Subcommittee members were concerned whether the interests of the owners and occupiers were adequately safeguarded under the existing mechanism for handling complaints and claims concerning building structures affected by the construction of new railway lines.

9. MTRCL advised that when it received a complaint about building damage, its project team would arrange for a preliminary inspection of the building damage with the complainant. Depending upon the nature of the case, MTRCL might refer the case to the loss adjuster for assessment. MTRCL emphasized that the loss adjuster was employed by an insurance company acting as an independent third party. Some members, however, considered that there might be doubt about the independence of the loss adjuster as it was employed by the insurance company. These members also pointed out that if the complainant was dissatisfied with the assessment of the loss adjuster, there was a lack of appeal avenues under the existing mechanism. Some members opined that as a number of railway projects were underway, MTRCL might receive many complaints from affected owners and occupiers in the years ahead. These members considered that there was a need to strengthen the mechanism to better safeguard the interests of owners and occupiers and ensure that their complaints would be properly handled. After discussion, the Subcommittee passed the following motion -

"That regarding the mechanism for handling complaints and compensation claims concerning railway construction works, the Subcommittee requests the Government to set up an "independent committee" to be responsible for handling the relevant complaints

and compensation claims."

Environmental measures for new railway projects

10. The Subcommittee received a briefing by MTRCL on the environmental measures for new railway projects on 22 May 2012. MTRCL explained to members that a number of environmentally-friendly design and measures had been put in place in the railway system in Hong Kong to enhance energy efficiency. They included energy efficiency considerations in the design of railway alignment and ventilation system, the establishment of the Comprehensive Energy Consumption Monitoring System and regenerative braking system, and the reduction in power loss resulting from power transmission, distribution and conversion.

11. Some members took the opportunity to call for improvements to be made to reduce noise generated by running trains that had long been complained about by residents in Tsuen Wan and Chai Wan. MTRCL advised that it would adopt appropriate measures to mitigate noise impact and ensure that the noise level was within the statutory limits under the Noise Control Ordinance (Cap. 400). Subcommittee members also suggested that consideration should be given to constructing noise barriers where appropriate.

Railway safety and incidents

Retrofitting of automatic platform gates (APGs)

12. The Subcommittee discussed progress of retrofitting of APGs on ERL on 13 January and 2 March 2012. Subcommittee members noted that the programme to retrofit APGs at the eight at-grade and above-ground stations, namely Kwai Fong, Kwai Hing, Tsuen Wan, Kowloon Bay, Ngau Tau Kok, Kwun Tong, Chai Wan and Heng Fa Chuen stations, had been completed at the end of 2011, one year ahead of the original plan. However, as for the stations along ERL and Ma On Shan Line (MOSL), MTRCL advised that, if APGs were to be retrofitted on ERL, both the signalling system and the train fleet would have to be replaced to solve technical difficulties. On the other hand, under the SCL project, MTRCL also made a similar proposal of replacing the signalling system and new trains of ERL in order to permit operation of

the North-South Line³ (NSL). As such, MTRCL was of the view that retrofitting of APGs in tandem with construction of NSL of SCL would achieve synergy. As regards the APG retrofitting works along MOSL, MTRCL advised that its plan was also to carry out the works in tandem with the construction of the East-West Corridor of SCL scheduled for completion by 2018.

13. Subcommittee members in general expressed dissatisfaction with MTRCL for the long lead time for retrofitting of APGs on ERL and MOSL. Some Subcommittee members suggested retrofitting APGs at MOSL stations first where the platforms were less curved, and reprovisioning the APGs when the platforms concerned underwent reconstruction works for the SCL project. MTRCL explained that when SCL came into operation, platform modifications would be required for MOSL. If the retrofitting of APGs along MOSL was carried out first, most of the APGs installed would then have to be dismantled when construction of SCL commenced.

14. The Subcommittee urged MTRCL to introduce additional safety measures from the present onwards until completion of the retrofitting project to prevent passengers from falling onto the rail track, and to employ additional Platform Assistants, especially for crowded stations such as Kowloon Tong Station, to maintain platform order and provide assistance to passengers to board and alight at ERL and MOSL stations.

Railway incidents

15. The Subcommittee noted that in the wake of the rail breakage incidents occurring in early 2011, MTRCL had engaged a team of experts on rail technology from the Institute of Railway Technology of the Monash University (IRT) to conduct a comprehensive review of MTRCL's rail procurement, quality control, inspection and maintenance regime with particular focus on rail cracks and breakages. The review

³ Under the SCL project, the existing ERL will be extended from Hung Hom, crossing the harbour to reach Admiralty, thereby forming a strategic line from the border at Lo Wu or Lok Ma Chau to the heart of the business centre on Hong Kong Island. This strategic line is termed NSL. The NSL completion date is forecast to be in 2020.

was completed in July 2011. The Subcommittee discussed on 4 November 2011 the findings of the IRT review and the Administration's assessment on the findings. The Subcommittee noted the major findings of the IRT review on the following aspects –

- MTRCL's procurement process for plain rail, switches and crossings and rail expansion joints;
- control and quality assurance of manufacturers;
- adequacy of MTRCL's inspection and maintenance regime;
- technology currently used by MTRCL in non-destructive testing of rail defects; and
- management of broken and defective rails by MTRCL

16. MTRCL advised that it had made reference to international standards in rail procurement, quality control, inspection and maintenance adopted by overseas railway systems with a level of passenger loading comparable with that of the MTR network. The Administration advised that to ensure railway safety, the Electrical and Mechanical Services Department would also keep track of the latest technological developments to ensure that MTRCL would follow the appropriate safety and maintenance standards. Subcommittee members urged MTRCL to expeditiously implement the improvement recommendations put forward by IRT, and to put in place a system of independent examination and certification based on the ISO9712 standard as early as possible.

17. At the same meeting on 4 November 2011, the Subcommittee also discussed the MTR railway service performance for the period between 1 July and 30 September 2011. The Subcommittee noted with concern that during the period, the number of delays of 8 minutes or more totaled 86, and that since 2008, the total investment in maintenance, repair and renewal of railway assets had increased by about 17.5%, whereas the number of full-time maintenance staff had only increased by about 2.6%. The Subcommittee sought the Administration's assessment on the MTR railway service performance and the relationship between

the outsourcing of maintenance work of MTRCL and the frequent occurrence of incidents. The Administration advised that the number of railway incidents was considered acceptable from the regulatory authority's point of view because a large majority of the train service delays were actually caused by passenger behaviour and external factors⁴. MTRCL assured members that it had a well established monitoring system to ensure that its outsourced maintenance work met the required standards and it would apply the same standards and requirements to maintenance tasks carried out by MTR in-house staff and contractors' staff. Besides, MTRCL had achieved maintenance manpower saving in recent years by automation of work.

18. On 3 May 2012, a train broke down during rush hours in the morning causing delays on the West Rail Line and reportedly affecting hundreds of passengers. The Subcommittee was very concerned about the incident and has scheduled a special meeting on 28 June 2012 to discuss it and other recent incidents as well as an overview of MTRCL's contingency measures and maintenance work.

Design of next generation of railway stations and new trains

Design of next generation of railway stations

19. MTRCL briefed the Subcommittee on the new facilities and designs to be introduced to the next generation of railway stations on 13 January 2012. According to MTRCL, MTR railway stations in early years were designed to cater for the primary function of addressing the travel need of passengers. As railway played a more significant role in Hong Kong's public transport service, MTR stations had become a part of people's daily living. It was MTRCL's plan that future MTR stations

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	Average number of railway incidents per month caused by equipment failure/staff factor	Average number of railway incidents per month caused by passenger behaviour and external factor
2008	7	130
2009	8	132
2010	8	139
2011(Jan to Sept)	11	147

(Source: Transport and Housing Bureau)

would see greater emphasis on human-centred designs. The new design was that greening features, such as vertical greening and green roof, would be adopted for the external structures of new MTR stations, where appropriate. The “art in mtr” initiative would continue with a long-term goal of installing one unique, permanent art piece at each MTR station for the enjoyment of the public. In future, local communities would be involved in the station art programmes as far as possible to enhance the connection between the stations and the communities, as well as incorporate local culture and characteristics into the stations.

20. The Subcommittee noted that MTRCL would roll out a series of new facilities and designs in stations of new railway projects, which included -

- (a) there would be at least one barrier-free access, e.g. equipped with a passenger lift or a ramp, in each new railway station;
- (b) tactile guide paths and tactile station layout maps with audible device would be provided in all new stations. Escalator audible warning signals would be installed in all stations to serve the needs of passengers with impaired vision;
- (c) public toilets would be provided for new stations for the convenience of the travelling public;
- (d) platform screen doors or APGs would be provided in new stations; and
- (e) LCD monitors would be installed in the concourses and platforms of new stations for information display, such as time, weather, and service disruption information.

21. Some members considered that MTRCL should allocate more space at MTR stations for display of artwork and musical performance. Subcommittee members called on MTRCL to provide public toilets, breast-feeding rooms, lifts and escalators as well as facilities enabling passengers to receive radio or audio broadcasting at MTR stations as far

as possible.

New trains for MTRCL

22. The Subcommittee received a briefing by MTRCL on 13 January 2012 on the procurement and testing procedures for the commissioning of new trains by MTRCL and the features of the ten trains newly purchased. The Subcommittee noted that the first of the ten trains arrived in Hong Kong in April 2011. By the end of 2011, a total of seven trains had been delivered. The remaining three trains were expected to arrive within 2012. MTRCL advised that a well established regime was in place for selecting train suppliers with procurement conducted internationally in the form of open tender. MTRCL stressed that the foremost consideration in new train procurement was the supplier's capability to comply with MTRCL's technical requirements, including internationally recognized safety standards and whether its products were suitable to operate in the MTR system. MTRCL advised that the new trains also came with new enhanced features such as 22-inch colour liquid crystal display panels, offering train service information, news, weather, etc.

23. Some members expressed concern about the media reports on the uneven leveling of train floor of the new trains and the need to operate the emergency stop manually by the MTR train captains of the new trains. The Subcommittee expressed concern about the safety of the new trains and asked why such technical problems had not been detected during the testing stages. MTRCL explained that the incidents in question did not pose safety problems to passengers. According to MTRCL, the difference between the train floor level and platform level was within the normal range and only simple adjustments were required to fix the minor irregularity for better passenger comfort. As for the incident involving manual operation of emergency stop, MTRCL explained that it had only occurred once and was in the course of a dynamic train test with no passengers. MTRCL stressed that the new trains were designed and built to high stringent specifications in line with the current MTR system.

Public consultation on the interim study findings of the review and update of the Railway Development Strategy (RDS) 2000

24. The Administration is currently conducting a review and update of the blueprint of the railway development strategy in RDS 2000 to take account of the changing needs of the society and latest planning parameters. It includes reviewing the priority of the railway network expansion proposals that were recommended previously but not yet implemented, as well as adding new railway proposals. The Administration's target is to update the railway development strategy to meet the transport need up to year 2031. The funding proposal to create a commitment of \$43 million for the review and update of RDS 2000 was approved by FC on 14 January 2011. The review study will last for about 24 months. At the meeting on 22 May 2012, the Administration briefed the Subcommittee on its plan to launch a three-month Stage 1 Public Engagement Exercise from 20 April to 21 July 2012 with a view to gathering public opinion on long-term railway development. In this connection, a consultation document entitled "Our Future Railway" was published in April 2012. The Subcommittee noted that the consultants engaged to conduct the study initially considered that the Hong Kong-Shenzhen Western Express Line (WEL), the Northern Link (NOL) and the Coastal Railway between Tuen Mun and Tsuen Wan (Tuen Mun to Tsuen Wan Link) were conceptual schemes which were worthy of public discussion in the public engagement for Stage 1, but it did not represent that the consultants proposed to construct the above railways.

25. Some members considered that in the course of the study, the Administration and its consultants should also take into account the findings of the Third Comprehensive Transport Study in 1999, which had looked at improvements to be made for better co-ordination of public transport services, in order to develop a balanced transport plan for Hong Kong. Some members considered that NOL should be actively explored as it could provide a more direct and convenient cross boundary railway service for residents in New Territories West. Some members, however, expressed doubt on the patronage forecast of WEL and suggested that the consultants should conduct more in-depth study to ascertain the service demand for WEL.

Recommendation

26. The Panel is invited to note the work of the Subcommittee.

Council Business Division 1
Legislative Council Secretariat
25 June 2012

Panel on Transport

Subcommittee on matters relating to railways

Terms of Reference

To follow up various issues relating to the planning and implementation of new railway projects, and the operation of existing railways as follows:

Planning and implementation of new railway projects

- (a) planning and financing of new railway projects;
- (b) environmental impact assessment of new railway projects;
- (c) resumption of land arising from the implementation of new railway projects under the Railways Ordinance (Cap. 519);
- (d) progress update on the implementation of new railway projects;
- (e) provision of supporting public infrastructure for new railway projects; and
- (f) co-ordination of public transport services arising from the commissioning of new railway lines.

Railway operation

- (a) performance of existing railway lines including train service performance and safety management;
- (b) maintenance programme; and
- (c) train service disruptions and breakdowns, and arrangements for handling emergency situations.

Matters relating to corporate governance of the post-merger corporation and fares should be dealt with by the Panel on Transport.

**Legislative Council
Panel on Transport**

Subcommittee on Matters Relating to Railways

Membership list for 2011-2012 session

Chairman	Hon Miriam LAU Kin-ye, GBS, JP
Members	Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP Hon LAU Kong-wah, JP Hon Andrew CHENG Kar-foo Hon Abraham SHEK Lai-him, SBS, JP Hon LI Fung-ying, SBS, JP Hon WONG Kwok-hing, MH Hon Jeffrey LAM Kin-fung, GBS, JP Hon CHEUNG Hok-ming, GBS, JP Hon Ronny TONG Ka-wah, SC Hon KAM Nai-wai, MH Hon Starry LEE Wai-king, JP (since 5 December 2011) Hon CHAN Hak-kan Hon WONG Sing-chi Hon IP Wai-ming, MH Hon Mrs Regina IP LAU Suk-ye, GBS, JP Hon LEUNG Kwok-hung Hon Tanya CHAN Hon Albert CHAN Wai-yip (Total: 19 members)
Clerk	Ms Joanne MAK
Legal Adviser	Mr Kelvin LEE
Date	5 December 2011