

立法會
Legislative Council

LC Paper No. CB(4)85/15-16
(These minutes have been
seen by the Administration)

Ref : CB4/PL/TP/1

Panel on Transport

**Minutes of meeting held on
Tuesday, 12 May 2015, at 9:30 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Michael TIEN Puk-sun, BBS, JP (Chairman)
Hon TANG Ka-piu, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHAN Hak-kan, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Hon CHAN Han-pan, JP
Dr Hon KWOK Ka-ki
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Member absent : Dr Hon Elizabeth QUAT, JP

Public Officers attending : **Agenda item III**

Ms Ivy LAW

Deputy Secretary for Transport and
Housing (Transport)3

Ms Cordelia LAM

Principal Assistant Secretary for Transport and
Housing (Transport)2

Mr Ken WONG Pak-kin

Principal Transport Officer/Management
Transport Department

Mr CHAN Ping-sun

Chief Engineer/Project
Electrical & Mechanical Services Department

Agenda item IV

Prof Anthony CHEUNG, GBS, JP

Secretary for Transport and Housing

Mrs Ingrid YEUNG HO Poi-yan, JP

Commissioner for Transport

Ms Ivy LAW

Deputy Secretary for Transport and
Housing(Transport)3

Mr TO Kam-biu, JP

Deputy Commissioner for Transport/Planning &
Technical Services

Mr Matthew LINDSAY

Chief Superintendent of Police (Traffic Branch
Headquarters)

Mr Teddy CHAU
Superintendent of Police (Law Revision &
Projects)(Traffic Branch Headquarters)

Agenda item V

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Andy CHAN Shui-fu, JP
Deputy Secretary for Transport and Housing
(Transport)2

Miss Carrie CHANG
Principal Assistant Secretary for Transport and
Housing (Transport) 1

Ms Macella LEE
Assistant Commissioner/Management and Paratransit
Transport Department

Ms Stella LEE
Principal Transport Officer/Urban
Transport Department

Agenda item VI

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Andy CHAN Shui-fu, JP
Deputy Secretary for Transport and Housing
(Transport)2

Mr José YAM Ho-san
Principal Assistant Secretary for Transport and
Housing (Transport)4

Mr Reginald CHAN Ying-kit
Assistant Commissioner / Bus & Railway

Attendance by invitation : Agenda item VI

Ms Jeny YEUNG
Commercial Director
MTR Corporation Limited

Mr Raymond YUEN
General Manager – Marketing and Planning
MTR Corporation Limited

Ms Maggie SO
Deputy General Manager – Projects & Property
Communications
MTR Corporation Limited

Clerk in attendance : Ms Sophie LAU
Chief Council Secretary (4)6

Staff in attendance : Ms Macy NG
Senior Council Secretary (4)6

Ms Emily LIU
Legislative Assistant (4)6

Action

I. Information papers issued since the last meeting

- | | |
|----------------------------------|---|
| (LC Paper No. CB(4)907/14-15(01) | - Memorandum referring to the Panel the views and concerns raised by Kwun Tong District Council members regarding the request for addition of noise barriers at the Kowloon East entrance of the Eastern Harbour Crossing |
| LC Paper No. CB(4)675/14-15(01) | - Administration's letter on the review of fare adjustment arrangement for franchised buses |

- LC Paper No. CB(4)936/14-15(01) - Administration's preliminary response to Hon WONG Kwok-hing's request raised at the meeting on 17 April 2015 for an information paper on the fatal traffic accident in April 2015 happened in Kowloon Tong)
- LC Paper No. CB(4)948/14-15(01) - Letter from Hon Claudia MO on introducing low-floor public light buses)

Members noted the above papers issued since the last meeting.

II. Items for discussion at the next meeting on 19 June 2015

- (LC Paper No. CB(4)922/14-15(01) - List of outstanding items for discussion

- LC Paper No. CB(4)922/14-15(02) - List of follow-up actions)

2. Members agreed to discuss the following items at the next regular meeting to be held on 19 June 2015 –

- (a) Public Transport Strategy Study ("PTSS") - Provision of taxi service;
- (b) MTR fare adjustment for 2015; and
- (c) Early termination of employment contract of Mr Jay Walder, former Chief Executive Officer of the MTR Corporation Limited ("MTRCL").

3. The Chairman said that he originally proposed to hold a special meeting to discuss item (c) above. Due to the availability of venue, he decided to include the item in the agenda of the next regular meeting. Members agreed.

4. Mr CHAN Han-pan requested to also discuss item 8 on the outstanding list, i.e, "Car parking spaces in urban areas" due to the deterioration of the problem. Mr Frankie YICK concurred with Mr CHAN. The Chairman said that he would discuss with the Administration on the matter having regard to

the meeting time of the next meeting. Members agreed.

5. The Deputy Chairman requested to discuss the incident of Wong Tai Sin's Garage Blast happened in late April 2015. The Chairman said that he was aware that the Security Bureau was preparing an investigation report on the incident and the Panel on Environmental Affairs ("EA Panel") was following up the matter. He consulted members on whether he should discuss with the Chairman of the EA Panel to line up a joint panel meeting in this regard.

6. Mr Frankie YICK agreed with the Chairman's suggestion. He also expressed concern over the decreasing number of small-scaled garages due to urban renewal activities. He considered that the Development Bureau and the Planning Department should study how to reprovision those affected garages.

Chairman 7. As no other members raised objection, the Chairman said that he would proceed with discussing the matter with the Chairman of the EA Panel.

III. Replacement of tunnel lighting system in the Kai Tak Tunnel

(LC Paper No. CB(4)922/14-15(03) - Administration's paper on replacement of tunnel lighting system in the Kai Tak Tunnel)

8. At the invitation of the Chairman, Deputy Secretary for Transport and Housing (Transport)3 ("DS(T)3") briefed members on the Administration's proposal to replace the tunnel lighting system ("TLS") in the Kai Tak Tunnel ("KTT") at an estimated cost of \$85,900,000.

General views

9. Mr WONG Kwok-hing considered the replacement of TLS in KTT necessary as he noted that the system was very out-dated. He hoped that the comfort and safety of the tunnel users would be enhanced with the replacement work.

10. Mr POON Siu-ping also agreed to the Administration's funding proposal. However, he expressed concern on the prolonged time of about four years to implement the whole project.

11. DS(T)3 explained that to minimize disruption to the tunnel operation, works affecting the traffic would only be carried out when individual tubes

were closed at night for normal maintenance, which added up to only about ten odd days for each month. She advised that the time required to complete the replacement work was comparable to that of other tunnels.

12. The Deputy Chairman asked whether the Administration had any plan to carry out other large-scaled TLS replacement works in other tunnels. DS(T)3 advised that the replacement of TLS in Shing Mun Tunnels had commenced in 2013 and would be completed a few years later. At present, the Administration had no plan to carry out other large-scaled TLS replacement works. The Administration would continue to monitor regularly the effectiveness of facilities at tunnels and would propose improvement works where necessary. In response to the further enquiries made by the Deputy Chairman, DS(T)3 advised that the TLSs of the Lion Rock Tunnel and the Cross Harbour Tunnel, which were replaced in 1998 and 2005 respectively, had yet to reach their economic serviceable life.

Project management charges

13. Mr POON Siu-ping and Mr LEUNG Kwok-hung expressed concern over the allocation of about \$10.91 million for project management by the Electrical and Mechanical Services Trading Fund ("EMSTF") as it constituted about 13% of the total cost of the project. Mr LEUNG asked whether a tender exercise in this respect would be conducted.

14. DS(T)3 explained that EMSTF had been commissioned by the Government to monitor the tunnel operator's performance on repair and maintenance of the electrical and mechanical facilities in the tunnel area. Up to now, EMSTF had carried out 30 projects of replacement work at tunnels and the arrangement had been working very well. The charges of EMSTF for project management were also comparable to that of similar replacement project in the market. As such, the Administration considered it appropriate to commission EMSTF, through service agreement, as the consultant to oversee the project to ensure that the safety and performance of TLS in KTT would meet the relevant international standards and comply with the latest design requirements stipulated by Government departments. She added that EMSTF would also be required to coordinate with the Transport Department ("TD") to ensure that normal traffic would not be affected by the project.

15. The Chairman asked whether the percentage of cost allocated for project management was the same for all TLS replacement works. DS(T)3 advised in the affirmative and said that the complexity of replacing TLS at different tunnels was similar.

Efficiency of the new TLS on energy saving

16. Ir Dr LO Wai-kwok considered the replacement work necessary as TLS in KTT was old. However, he and Mr WU Chi-wai considered the expected saving of about 3% to 5% electricity consumption brought by the new system to be low. Ir Dr LO believed that the adoption of light emitting diode ("LED") or other new energy-saving lights would save more electricity. The saved electricity cost could offset the additional cost of procuring those lights.

17. DS(T)3 advised that the Administration planned to adopt T5 fluorescent tubes ("T5") to replace the existing T8 fluorescent tubes ("T8") inside the tunnel. Besides, high pressure sodium lamps would also be installed at both ends of KTT. She explained that T5 was far more energy efficient than T8. The performance of T5 on energy saving was also about 80% to 90% of LED's performance.

18. Chief Engineer/Project ("CE/P") of Electrical & Mechanical Services Department ("EMSD") supplemented that EMSD had conducted a research on the performance of LED models available in the market. It was noted that there were only few suitable models of high-power LED available in the market and the cost of which was high. He added that LED in general could perform reliably under 45° Celsius, which was found not suitable for use in certain tunnel areas with temperature of about 40° to 50° Celsius. EMSD thus had reservation in recommending the use of LED in tunnels taking into account the cost effectiveness and the performance of LED.

19. Mr WU Chi-wai was not convinced by the Administration's explanation that the performance of LED was not stable in tunnels as he noted that the development of LED had become mature in recent years. He asked whether a target on energy saving was set in this project.

20. DS(T)3 replied that although the Administration had not set a quantitative target on performance of energy saving, energy saving was one of the major factors which the Administration would consider when replacing TLS. CE/P supplemented that although LED was prevalently used indoor, it was not suitable for the tunnel environment.

21. Mr Frankie YICK said that his company had tested the performance of LED previously and noted that LED could save about 15% to 20% electricity consumption. Besides, its performance was quite stable. He and Mr Albert CHAN considered that EMSD should test the actual performance of LED in tunnels instead of relying on the information provided by suppliers.

Mr CHAN added that the temperatures in different tunnels were different and urged the Administration to adopt LED at tunnels where suitable.

22. CE/P explained that the product specifications were the undertakings of manufacturers. He said that the specifications of lights required would be stipulated in the tender document and EMSD would check whether the product proposed by contractors could meet the specified requirements.

23. The Chairman considered the figures of energy saving provided in the Administration's paper confusing as on one hand he noted from the explanation of the Administration that T5 was far more energy efficient than T8 but on the other hand the figure provided in the Administration paper showed that only about 3% to 5% of electricity consumption would be saved with the replacement of TLS. He asked whether LED had ever been adopted in tunnels in Hong Kong and whether it would be adopted in tunnels in the future.

24. DS(T)3 clarified that there would be two types of lights to be replaced. The total electricity saving as a result of adopting T5 inside KTT, instead of T8 presently used, and replacing the high pressure sodium lamps which were used at present at both ends of the tunnel would be about 3% to 5%. She added that at present, LED was not installed at any tunnels in Hong Kong. However, EMSD was tasked to keep an eye on the development of LED, which might be used at tunnels in the future when its development had become mature. Mr Albert CHAN requested the Administration to update the Panel in the future on its assessment of the suitability of LED at tunnels.

Admin

25. The Chairman requested the Administration to explain in further details the following points in the paper to be submitted to the Finance Committee ("FC"): -

- (a) the types of light inside KTT and at both ends of the tunnel to be replaced;
- (b) the types of light to be adopted and the justifications for adopting them, including their respective performance in terms of saving in electricity consumption; and
- (c) considerations of not adopting LED or other types of light.

26. Mr WU Chi-wai suggested that the Panel could examine the financial proposal again at the next regular meeting after the Administration had provided the above information. However, Mr Tony TSE considered that the Panel should indicate its stance on the financial proposal at this meeting and

the technical matters could be further discussed at the FC meeting. In his view, due to the aged TLS in KTT, the replacement work was necessary. The Chairman also expressed concern on whether there would be enough time to discuss the item again in view of the many agenda items for the next regular meeting.

27. After discussion, the Chairman concluded that the Panel supported in principle the submission of the financial proposal to FC on the condition that the paper to be submitted to FC had included the information requested by members. Panel members who had queries about the information to be provided could raise their concern at the FC meeting. No member raised objection.

IV. Government's response to the "Report on Study of Road Traffic Congestion in Hong Kong" submitted by the Transport Advisory Committee

(LC Paper No. CB(4)922/14-15(04) - Administration's paper on Government's response to the "Report on Study of Road Traffic Congestion in Hong Kong" submitted by the Transport Advisory Committee

LC Paper No. CB(4)922/14-15(05) - Paper on road traffic congestion in Hong Kong prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(4)967/14-15(01) - Submission from a member of the public

LC Paper No. CB(4)969/14-15(01) - Submission from Clean Air Network)

28. At the invitation of the Chairman, Secretary for Transport and Housing ("STH") briefed members on the Government's response to the recommendations put forward by the Transport Advisory Committee ("TAC") in its "Report on Study of Road Traffic Congestion in Hong Kong".

Views on tackling traffic congestion by increasing transport-related fees

29. Mr WONG Kwok-hing considered that to curb the growth in the number of private cars by merely increasing fees insufficient. He proposed that more measures should be taken to attract the public to adopt public transport.

30. Mr LEE Cheuk-yan expressed concern that the Administration might rely heavily on levying taxes to address the traffic congestion problem and slow down the implementation of other measures such as park-and-ride scheme, and improvement of the public transport system and road facilities.

31. Mr Frankie YICK opined that while it was appropriate to adjust the metered parking charges, he strongly disagreed to increasing private cars' first registration tax ("FRT") because of its ineffectiveness to curb the growth of private cars having regard to Singapore's experience.

32. The Chairman expressed concern that the effect of increasing private cars' FRT on checking the growth rate of private cars might be temporary. He considered that the measure would be unfair to those private car owners who only used private cars occasionally and did not cause traffic congestion in busy districts or during rush hours.

33. Mr Gary FAN opined that increasing private cars' FRT would penalize some middle-class people who were forced to own private cars due to a lack of convenient public transport means in Hong Kong.

34. In response, STH explained that the Government would adopt a multi-pronged strategy and would implement a whole package of concerted measures recommended by TAC to alleviate road traffic congestion. He said that levying taxes was only one of the measures to solve the problem. Since the growth in public road could not catch up with the alarming growth of private cars and constructing new roads would also entail environmental and other problems, the Administration had to take measures to discourage people from using private cars.

Concern on insufficient parking spaces

35. Mr Frankie YICK called on the Administration to review its policy on parking spaces and promptly commence the construction of some planned car parks. He hoped that the Administration would encourage car park owners to display information on the number of vacant parking spaces at the entrance of car parks as vehicles on the road in search of parking spaces also contributed to

traffic congestion. Mr CHAN Han-pan also urged the Administration to provide adequate parking spaces to facilitate park-and-ride drivers.

36. Mr James TO cited the West Kowloon Government Offices under planning as an example and pointed out that due to insufficient parking spaces provided by new Government office complex, the parking fees at nearby car parks might be considerably pushed up due to increase in demand.

37. STH said that the Government planned to commence a review of parking policy with priority accorded to considering and meeting the parking need of commercial vehicles. However, he said that the provision of parking spaces for government officers in government premises was not under the general transport policy portfolio. The Chairman said that apart from commercial vehicles, the Administration should also address the insufficient parking spaces for private cars.

Views on implementation of Electronic Road Pricing ("ERP") and park-and-ride schemes

38. Mr LEE Cheuk-yan indicated that he supported the implementation of ERP and park-and-ride schemes to relieve traffic congestion. However, he was disappointed that the Administration was still studying the two schemes despite the fact that they had been discussed for years. Mr POON Siu-ping was concerned over the timetable of implementing ERP and the concrete plan of the Administration.

39. Dr KWOK Ka-ki urged the Administration to increase the number of park-and-ride car parks which were currently insufficient and were always full. In respect of ERP, he expressed concern that its effectiveness in tackling traffic congestion might be temporary as drivers might be adapted to such pricing strategy with time.

40. The Chairman also considered that the Administration should enhance the park-and-ride scheme, strengthen law enforcement against illegal parking, and implement ERP soon to solve the traffic congestion problem during peak hours in busy districts. He also opined that ERP, if implemented, should be time based instead of frequency based.

41. STH advised that the Administration would explore the possibility of putting in place more park-and-ride facilities. In respect of ERP, STH said that the Government would conduct a public engagement exercise within 2015 to explain the concept of ERP in detail and gauge public views on its implementation. He explained that the successful implementation of ERP

would hinge on the availability of a free-of-charge alternative route for drivers to bypass the charging zone. It would therefore be an opportune time to explore the feasibility of implementing ERP in the Central District upon the commissioning of the Central-Wan Chai Bypass ("CWB").

Other views

42. Mr WONG Kwok-hing proposed that the Administration might consider constructing the fourth road harbour crossing ("RHC"), reviewing the prohibited zones for taxis and minibuses and number of taxi stands, and aligning the bus fares of cross-harbour bus routes running on the Hong Kong Island with those of non-cross-harbour bus routes running parallel sections on the Hong Kong Island to improve the utilization of those cross-harbour bus routes. To reduce emission from vehicles, he suggested that the Administration should promote the use of electric vehicles and provide adequate charging facilities.

43. Referring to Yuen Long as an example, Mr CHAN Han-pan and Mr POON Siu-ping criticized that the provision of road ancillary facilities and public transport services could not catch up with the demand as a result of increased population.

44. STH said that the Administration strived to enhance and strengthen the public transport system such that motorists would have more and better choices. He added that the frequency of West Rail trains would be increased in phases in the future years. While it was not cost effective to construct the Tuen Mun to Tsuen Wan Link, the Administration was actively studying and would report to the Panel on Transport how the transport network in the northwest of the New Territories could be improved through development of railways and public transport.

45. The Deputy Chairman noted that while the Administration proposed to increase the cost of using private cars, the public transport services had not been improved. He suggested the Administration to provide financial support for public transport operators to improve their services to encourage the use of public transport. He also asked whether the Administration would consider limiting the number of private car licences or imposing some restrictions on using private cars. Dr KWOK Ka-ki, however, disagreed to the suggestion of limiting the number of private car licences as such measure was not effective in other places like Singapore.

46. In reply, STH said that the Government had been in discussion with franchised bus companies to explore initiatives for service enhancement, such

as the dissemination of bus arrival information to passengers. However, as public transport services had all along been provided by private operators on commercial principles, the operators should endeavor to improve service on their own volition and should not only rely on subsidy from the public coffer. He explained that given that Hong Kong was a small and densely-populated city with limited road space, and the public were concerned about the impact of road traffic on air quality, the Government would continue to adopt the policy to use the railway as the backbone of the public transport system. In tandem with the further development of the railway network, the Government was conducting PTSS to review the roles and positioning of various public transport services other than heavy rail to enhance their development and complementarity. STH further said that based on past experiences, the increase in private cars' FRT and annual licence fee would bring immediate effect to curb the growth of private cars. While the effectiveness of these fiscal measures might be moderated with time due to various reasons such as inflation, the suggestion of setting a limit on the number of licensed private cars had to be carefully considered taking into account public acceptability.

47. Mr Albert CHAN expressed disappointment with the 12 recommendations made by TAC as they could not address the gist of the traffic congestion problem. He attributed the excessive number of buses in Central to the Administration's failure to implement free interchange schemes among all public transport modes with the same distance of journeys. He also urged the Administration to improve cycling and pedestrian facilities, in particular, sheltered walkway between MTR stations and large housing estates, to encourage more people either cycling or walking to reduce the number of vehicles on roads. Mr WU Chi-wai also urged the Administration to formulate policies to encourage the use of bicycles in urban areas where the traffic congestion problem was more serious. Dr KWOK Ka-ki suggested designating more pedestrian zones to enhance pedestrian safety and reduce air emissions.

48. STH explained that roads in urban areas were usually narrow and crowded. Due to road safety considerations, the Government did not encourage the use of bicycles as a transport mode in urban areas. Instead, the Government had been fostering a bicycle friendly environment in new towns and new development areas. STH further said that bus route rationalization could help reduce the number of buses on road network. On the other hand, further improvements to facilities at public transport interchanges and provision of interchange fare concessions would attract more passengers to use bus services. This could help alleviate traffic congestion.

49. In response to Mr WU Chi-wai's suggestion of setting a cap on the annual growth rate of private cars, STH said that in view of the slow growth rate of the total length of public road, the cap, if set, would also have to be at a very low level. The Government had no plan at the moment to introduce such a measure.

50. Referring to the manifesto of the Chief Executive, Mr LEUNG Kwok-hung pointed out that the transport policies in Hong Kong were contradictory. For example, while the Administration targeted to solve the traffic congestion problem in Hong Kong, it attracted even more traffic by accelerating the implementation of the ten major infrastructure projects, and facilitating traffic by progressively increasing the number of 24-hour boundary crossings control points between Shenzhen and Hong Kong.

51. In the opinion of Mr Gary FAN, instead of reducing the number of franchised buses, the Administration should improve the public transport service by enhancing the point-to-point bus service and assigning designated lanes for buses, and take measures to reduce the incentive of the public to procure private cars.

52. STH said that the rationalization of franchised bus routes with low occupancy rate would enhance the effectiveness of road use and alleviate road traffic congestion. He added that it was all along the Government's policy to accord public transport the priority in the use of roads. There were at present bus priority measures implemented at different locations.

53. In response to Dr KWOK Ka-ki's enquiry about the Administration's measures to solve the traffic congestion problem at the three RHCs, STH explained that it was the Administration's target to improve the traffic distribution among RHCs such that the cross-harbour traffic queues would not interfere with non-cross-harbour traffic. He said that the Administration had proposed to reduce the tolls at the Eastern Harbour Crossing ("EHC") and increase the tolls at Cross Harbour Tunnel ("CHT") to divert traffic from CHT to EHC. The proposal was put in abeyance eventually as the Government considered that the commissioning of CWB in 2017 would be an opportune time to work on the rationalization of traffic distribution among RHCs to alleviate congestion. It was because CWB would help ease the congestion of the connecting roads of the Western Harbour Crossing.

(At 11:26 am, the Chairman ordered a break of five minutes.)

V. Public Transport Strategy Study - Seating capacity of public light buses

- (LC Paper No. CB(4)922/14-15(06) - Administration's paper on Public Transport Strategy Study - Seating capacity of public light buses
- LC Paper No. CB(1)238/14-15(07) - Paper on public transport strategy in Hong Kong prepared by the Legislative Council Secretariat (background brief)
- LC Paper No. CB(4)949/14-15(01) - Submission from a member of the public
- LC Paper No. CB(4)967/14-15(02) - Submission from a member of the public
- LC Paper No. CB(4)967/14-15(03) - Submission from a member of the public)

54. At the invitation of the Chairman, Under Secretary for Transport and Housing ("USTH") briefed members on the progress of the preliminary assessment of the Administration over the proposal put forth by the public light bus ("PLB") trade to increase the seating capacity of PLBs ("the proposal").

55. USTH said that noting that there were mixed views on the pros and cons of the proposal, the Administration would conduct an in-depth study on whether the proposal was feasible and meritorious as part of the review on the role and positioning of PLBs under the Role and Positioning Review ("RPR") of PTSS. He said that RPR would commence in around mid-2015 and was expected to be completed in about two years' time.

56. The Chairman, Mr Gary FAN, Mr WONG Kwok-hing, Mr CHAN Kam-lam and Mr LEE Cheuk-yan considered the time required by the Administration to study the proposal too long and urged the Administration to speed up the relevant process. Pointing out that the increase in passenger capacity of PLBs would not increase the usage of road surface, Mr Gary FAN suggested that the proposal could be implemented in phases with priority accorded to PLB routes with high patronage. At the same time, the

Administration should review the role of PLBs, the viability of PLBs' operation and how the choices of public transport services could be maintained under the Administration's policy of using railway as the backbone of public transport.

57. USTH explained that it was the Administration's policy to encourage the provision of public transport services by mass carriers to meet passenger demand and relieve road traffic congestion. He added that PLBs played a role in providing supplementary feeder service and serving areas where passenger demand was comparatively lower. As the increase in PLB's seating capacity would increase the passenger capacity in the market as a whole, the Administration had to be careful in handling the matter and assess whether the proposal would lead to unhealthy competition among the various public transport services. As such, instead of studying the proposal as a separate and standalone issue, the Administration would carry out an in-depth analysis of the proposal under RPR of PTSS. Meanwhile, the Administration maintained an open mind on the proposal. USTH also pointed out that there were indeed differing views towards the proposal, as reflected by the views expressed at the public hearing held on 5 May 2015. Deputy Secretary for Transport and Housing (Transport)² supplemented that RPR would not solely look into the proposal on increasing PLB's seating capacity, but would review the roles and positioning of various public transport services to ensure their complementarity. The whole review was expected to take two years.

58. The Deputy Chairman raised concern over whether PLB operators had promised that they would not increase fares and would increase the remuneration of PLB drivers if the proposal was to be implemented. USTH responded that the matter could be further explored under RPR.

59. Noting that about 70% of green minibuses ("GMBs") were operating at a loss every year and red minibuses ("RMBs") also faced competition from new railway lines in recent years, Mr POON Siu-ping expressed concern over the operating difficulties of the PLB trade. He also noted that the RMB trade had requested the Administration to relax some prohibited zones for RMBs to improve their financial viability. He hoped that the Administration would deal with the request as soon as possible instead of studying it under RPR.

60. USTH said that the operating environment as well as the prohibited zones for RMBs would be dealt with by the TD according to the established mechanism. Assistant Commissioner/Management and Paratransit of TD supplemented that TD had been maintaining a dialogue with the PLB trade to better understand the financial situation of the operation. She said that in the past two years, the no-stopping restricted zones at five road sections had been opened up to RMBs to facilitate their operation in districts such as Tai Po, Tai

Kok Tsui and North Point. She added that TD had been encouraging RMBs to convert to GMBs by means of introducing new GMB routes. In this regard, eight new GMB routes were already planned to be introduced in 2015. As for those GMB routes operating at a loss, TD would discuss with the operators concerned and take into account their financial position when assessing the fare increase applications submitted by them. TD would also work with GMB operators on the rationalization of those GMB routes with low utilization.

61. Mr CHAN Kam-lam noted that while the patronage of PLBs had registered a slight drop in the past decade, the demand for PLB service in some new development areas had increased due to the lack of mass public transport services. In his view, since the demand for public transport services was increasing, different public transport services should have their room for development. The increase in passenger capacity of PLBs might not necessarily lower the patronage of other public transport services but would enhance the overall public transport services. Mr CHAN opined that the Administration should consider increasing the seating capacity of GMBs prior to that of RMBs, or to encourage PLB operators to adopt PLBs with increased seating capacity when they replaced old vehicles of their PLB fleet. Considering that the Administration was not successful in encouraging RMBs to convert to GMBs in the past, he suggested the Administration to provide some incentives for RMB operators in this regard.

62. Mr LEUNG Kwok-hung expressed that though the population had gone up, the number of PLBs in the territory remained unchanged for many years. He was aware that there were always long waiting queues for some of PLB routes and he supported the proposal to increase the seating capacity of PLBs because it would increase the supply of PLB service to the public. He noted the difficulties expressed by the Administration in implementing the proposal. In his view, interest of the public should override that of the operators of non-PLB public transport services.

63. The Chairman noted that the majority of deputations attending the public hearing held on 5 May 2015 supported the proposal. He indicated that the New People's Party strongly supported the proposal and considered that the proposal would not upset the balance of the roles played by other public transport services, in particular railway when the trains were very full most of the time. As regards the interest of franchised bus operators, he considered that the Administration could rationalize those bus routes with low utilization rate and low profit margin by letting PLBs operate those routes. He stressed that the more important considerations to the proposal should be how best to benefit the public, to increase the efficiency of public transport services as a

whole, and not to waste resources. In addition, through the replacement scheme of existing PLBs with more environmentally friendly ones, the Administration should consider amending the legislation in respect of the maximum weight and length of PLBs such that PLB operators could procure low-floor PLBs to facilitate wheelchair users.

64. Mr LEE Cheuk-yan agreed with the Chairman that public's interest should be the major consideration in respect of the proposal and that the proposal would not upset the balance of the roles played by other public transport services. He also opined that the concern over the interest of franchised bus operators could be addressed through bus route rationalization. He highlighted that the proposal would not increase the number of PLBs on the road nor cause additional emission with additional passenger capacity.

65. Mr WU Chi-wai expressed that there had been no growth in the number of buses, PLBs or taxis for a long time. He asked if the Administration would have any objective point of reference to determine whether the proposal would cause unhealthy competition among the various public transport services after its implementation. He was also concerned how the public's travelling needs could be satisfied.

66. Ms Claudia MO was disappointed that although TAC had published the outcome of the PLB Policy Review in 1997, there was not a significant improvement of PLB service over the years. She noted that there were many PLB routes where demand far exceeded supply and considered that the Administration should enhance the PLB service as PLBs were more flexible.

67. In response, USTH said that while assessing the proposal, the Administration would have to study a number of factors. These factors included whether the proposal would benefit the public and society as a whole, whether public resources could be effectively used, whether there was a sustainable growth in the demand for public transport, whether the existing public transport services were sufficient, and whether the proposal would lead to unhealthy competition among the various public transport services. He said that unhealthy competition among the various public transport services would in the end hurt the interests of the passengers as service quality would likely deteriorate. As such, the Administration had to be careful in considering the proposal under RPR.

68. The Chairman asked the Administration to take note of the views of members and urged the Administration to take prompt actions regarding the proposal to increase the seating capacity of PLBs.

VI. MTR fare adjustment for 2015

(LC Paper No. CB(4)922/14-15(07)

- Administration's paper on MTR fare adjustment for 2015

LC Paper No. CB(4)922/14-15(08)

- Paper on adjustment to MTR fares and the Fare Adjustment Mechanism of the MTR Corporation Limited prepared by the Legislative Council Secretariat (updated background brief))

69. Upon invitation, Commercial Director of MTRCL ("CD/MTRCL") briefed members with the aid of powerpoint on the details of MTR fare adjustment for 2015 at an overall rate of +4.3% and MTRCL's on-going fare promotions.

(At 12:25 pm, the Chairman extended the meeting for 15 minutes to 1 pm)

MTR fare increase in 2015

70. Members in general expressed great dissatisfaction with and disagreed to the MTR fare adjustment in 2015.

71. Mr CHAN Han-pan said that the Democratic Alliance for the Betterment and Progress of Hong Kong requested MTRCL to shelve the fare increase. Mr LEE Cheuk-yan said that both the Labour Party and the Hong Kong Confederation of Trade Unions were opposed to the merger of the two railway companies as well as the fare adjustment mechanism of MTRCL ("the FAM") which enabled MTRCL to increase fares. Mr LEUNG Kwok-hung also said that he had objected to the privatization of MTRCL. He urged the Government to buy back the shares of MTRCL and establish a monthly pass which could be used for all public transport modes.

72. Mr CHAN Kam-lam expressed concern that the MTR fare increase would induce a spate of fare increases by other public transport modes. Mr CHAN and Mr POON Siu-ping also said that MTRCL was a major mass public transport provider and hence it had the responsibility to relieve the burden of the public regarding transport expenses.

73. Given the huge profits made by MTRCL in 2014 (i.e. \$11.6 billion), Mr CHAN Kam-lam, Mr WONG Kwok-hing, Mr Gary FAN and Mr LEE Cheuk-yan considered it unnecessary for MTRCL to increase fares. Mr WONG Kwok-hing added that compared to the substantial increase of 34% in the underlying profit of MTRCL in 2014, the effectiveness of the productivity factor (i.e. 0.6%) in the formula of the FAM to moderate fare increase rate was minimal. Besides, the amount spent by MTRCL on maintenance and upgrades of train services in 2014, i.e. about \$6 billion, was considered to be relatively low.

74. Mr Gary FAN and Mr LEE Cheuk-yan considered it unreasonable for MTRCL to increase fares in view of the frequent railway incidents. Mr Gary FAN considered that due to the monopoly of MTRCL, its patronage and overall share of the franchised public transport market had increased. He urged MTRCL to use the profits it made to improve maintenance of the railway. Mr LEE Cheuk-yan pointed out that compared to the generous exit package offered to its former Chief Executive Officer in 2014, MTRCL was too mean to its passengers.

75. In response, USTH said that the Government adopted different mechanisms in processing the fare increase applications from different public transport modes. As the rate of MTR fare increase was not included as a factor to be assessed under these mechanisms, it would not induce fare increases of other public transport modes.

76. CD/MTRCL supplemented that the fare increase rate in 2015 was lower than both the inflation rate as well as the increase rate in railway operating cost. She explained that the relatively high increase rate in revenue in 2014 was due to a non-recurrent profit from property development. She also stressed that healthy financial performance of MTRCL and a stable income was a pre-requisite for it to provide the necessary funds for maintaining an effective railway operation and service enhancement.

Review of the FAM

77. The Deputy Chairman, Mr CHAN Han-pan, Mr WONG Kwok-hing, Mr WU Chi-wai and Mr Gary FAN urged MTRCL to advance the next review of the FAM which had facilitated MTRCL to increase fares each year. Mr CHAN Han-pan and Mr Gary FAN considered that the FAM should take into account profits made by MTRCL.

78. USTH explained that the FAM was stipulated under the Operating Agreement signed between the Government and MTRCL in 2007. According

to the Operating Agreement, the FAM of the MTRCL should be reviewed every five years. He said that the last review of the FAM was completed in 2013. Subject to mutual agreement of the Government and MTRCL, the next FAM review could be advanced. In light of the public's views towards the FAM, MTRCL was exploring the feasibility of advancing the next FAM review upon the Government's request.

79. CD/MTRCL confirmed that the MTRCL has been communicating with the Administration regarding possible advancement of the next FAM review. She advised that MTRCL was collecting information and consulting expert advice on the feasibility of the proposal.

MTRCL's fare promotions

80. Mr CHAN Han-pan requested MTRCL to increase the number of Fare Savers and extend the concession period, offer more fare concessions to passengers living in remote areas, and consider cooperating with non-governmental organizations to provide support and care to society.

81. Both the Chairman and Mr WU Chi-wai said that MTRCL should return to passengers the extra income generated by the fare increase in 2015 by means of fare concessions. The Chairman also suggested MTRCL to lower the price of each monthly pass by \$50 and offer half fare for 12 public holidays.

82. CD/MTRCL explained that MTRCL had to balance a number of factors while determining the level of the fare concessions. While MTRCL aimed at providing fare concessions to benefit certain passenger segments, it should be careful in determining the details of the fare promotions to avoid aggravating the existing crowdedness problem on some railway lines during peak hours.

83. Mr POON Siu-ping asked about the actual savings of passengers holding MTR City Saver since it was launched on 8 June 2014 and whether MTRCL would enhance the scheme to benefit more passengers. He was also concerned that apart from the "Early Bird Discount Promotion" Programme, whether MTRCL would offer more promotional fares with the aim of alleviating crowdedness.

84. CD/MTRCL said that the MTR City Savers scheme was well received by passengers. The monthly sales volume reached about 70 000. Holders of MTR City Saver enjoyed an average discount of 21% off the original fares.

85. In respect of the "Early Bird Discount Promotion" Programme, CD/MTRCL said that the passenger response to the Programme was

comparable to that of overseas countries. She advised that some 100 000 passengers had benefited from the Programme since it was launched. MTRCL would announce as soon as possible whether the Programme would be extended or not.

86. In reply to Mr LEE Cheuk-yan, CD/MTRCL advised that the additional revenue which would be generated by the 2015 fare increase was about \$0.6 billion. Mr LEE Cheuk-yan considered that MTRCL should instead reduce the fares directly as fare concessions, which were offered on conditional basis, could not benefit all passengers.

87. Ms Claudia MO was concerned over the management and administrative cost of introducing fare promotions. CD/MTRCL advised that the administrative procedures only involved minor overheads to implement fare promotion programmes, as MTRCL promoted the initiatives through the existing network.

88. Mr Gary FAN requested the Chairman to follow up whether members had duly declared interests, if any, before they spoke under this agenda item. The Chairman agreed to follow up on the matter.

VII. Any other business

89. There being no other business, the meeting ended at 1:02 pm.