

**立法會**  
***Legislative Council***

LC Paper No. CB(4)1199/18-19  
*(These minutes have been seen  
by the Administration)*

Ref : CB4/PL/TP/1

**Panel on Transport**

**Minutes of meeting held on  
Friday, 26 April 2019, at 10:45 am  
in Conference Room 1 of the Legislative Council Complex**

**Members present :** Hon CHAN Han-pan, BBS, JP (Chairman)  
Hon Jeremy TAM Man-ho (Deputy Chairman)  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon LEUNG Che-cheung, SBS, MH, JP  
Dr Hon KWOK Ka-ki  
Dr Hon Helena WONG Pik-wan  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, SBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Dr Hon Junius HO Kwan-yiu, JP

Hon HO Kai-ming  
Hon LAM Cheuk-ting  
Hon SHIU Ka-fai  
Hon Wilson OR Chong-shing, MH  
Hon LUK Chung-hung, JP  
Hon LAU Kwok-fan, MH  
Dr Hon CHENG Chung-tai  
Hon Gary FAN Kwok-wai  
Hon AU Nok-hin  
Hon Tony TSE Wai-chuen, BBS

**Members attending :** Hon KWONG Chun-yu

**Members absent :** Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Tanya CHAN  
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public officers attending :** **Agenda item IV**

Dr Raymond SO, BBS, JP  
Under Secretary for Transport and Housing  
Transport and Housing Bureau

Ms Shirley KWAN  
Principal Assistant Secretary for Transport and Housing  
(Transport) 2  
Transport and Housing Bureau

Mr Tony YAU Kwok-ting  
Assistant Commissioner for Transport/  
Technical Services (Acting)  
Transport Department

Mr CHENG Hung-leung  
Transport Specialist (Standards)  
Transport Department

Mr Terrie HUNG Kwok-chuen  
Chief Highway Engineer/Research & Development  
Highways Department

**Agenda V**

Dr Raymond SO, BBS, JP  
Under Secretary for Transport and Housing  
Transport and Housing Bureau

Mr Kevin CHOI, JP  
Deputy Secretary for Transport and Housing  
(Transport) 2  
Transport and Housing Bureau

Mr Philip HAR  
Principal Assistant Secretary for Transport and  
Housing (Transport) 4  
Transport and Housing Bureau

**Attendance by  
invitation :** **Agenda item V**

MTR Corporation Limited

Ms Jeny YEUNG  
Commercial Director

Ms Linda SO  
Corporate Affairs Director

Mr Raymond YUEN  
General Manager – Marketing and Planning

**Clerk in attendance:** Ms Sophie LAU  
Chief Council Secretary (4)2

**Staff in attendance :** Ms Angela CHU  
Senior Council Secretary (4)2

Ms Jacqueline LAW  
Council Secretary (4)2

Miss Mandy LAM  
Legislative Assistant (4)2

Action

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**I. Information paper(s) issued since the last meeting**

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|---------------------------------|--|
| LC Paper No. CB(4)922/17-18(01) | - Administration's response to the three motions passed under the agenda item on "Issues relating to the serious traffic accident on Tai Po Road happened on 10 February 2018 involving a franchised bus" at the meeting on 15 February 2018 |
| LC Paper No. CB(4)923/17-18(01) | - Administration's response to the joint letter from Hon Jeremy TAM Man-ho, Dr Hon KWOK Ka-ki, Hon Tanya CHAN and Hon Alvin YEUNG on the working hours and rest time arrangements for professional drivers                                   |
| LC Paper No. CB(4)333/18-19(01) | - Administration's response to letters from Hon Jeremy TAM and Dr Hon KWOK Ka-ki requesting the Administration to review the transport arrangements related to Hong Kong-Zhuhai-Macao Bridge   |
| LC Paper No. CB(4)542/18-19(01) | - Administration's response to the five motions passed under the agenda item on "Report of Independent Review Committee on Hong Kong's Franchised Bus Service" at the meeting on 18 January 2019   |
| LC Paper No. CB(4)676/18-19(01) | - Administration's response to the letter from Hon Jeremy  |

TAM Man-ho on the issuance of private driving instructors' licences

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| LC Paper No. CB(4)712/18-19(01) | - Administration's response to the three motions passed under agenda item "Implementation of the Public Transport Fare Subsidy Scheme" at the meeting on 14 December 2018               |
| LC Paper No. CB(4)714/18-19(01) | - Administration's response to the letter from Hon Tony TSE Wai-chuen requesting to discuss the launching of the Fourth Comprehensive Transport Study                                   |
| LC Paper No. CB(4)716/18-19(01) | - Letter from Hon CHU Hoi-dick requesting supplementary information on MTRCL operation agreement  |
| LC Paper No. CB(4)716/18-19(02) | - Letter from Dr Hon Elizabeth QUAT requesting to improve the traffic light design on Tai Chung Kiu Road  |
| LC Paper No. CB(4)743/18-19(01) | - Administration's response to a motion passed under the agenda item on "Review of penalty level for illegal carriage of passengers for hire or reward" at the meeting on 15 March 2019 |
| LC Paper No. CB(4)746/18-19(01) | - Letter from Hon Au Nok-hin requesting supplementary information on recent tram accidents  |

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|---------------------------------|--|
| LC Paper No. CB(4)746/18-19(02) | - Letter from Dr Hon Elizabeth QUAT requesting to increase parking space in Ma On Shan   |
| LC Paper No. CB(4)746/18-19(03) | - Letter from Hon CHU Hoi-dick requesting supplementary information on fare increase application by New Lantao Bus Co. (1973) Limited                                    |
| LC Paper No. CB(4)752/18-19(01) | - Administration's response to a motion passed under the agenda item on "Fare increase application by New Lantao Bus Co. (1973) Limited" at the meeting on 15 March 2019 |
| LC Paper No. CB(4)755/18-19(01) | Administration's response to the letter from Hon Jeremy TAM Man-ho on Driving Schools Designated by the Transport Department   |
| LC Paper No. CB(4)759/18-19(01) | - Administration's response to the letter from Hon Jeremy TAM Man-ho requesting to improve the working hours of bus driver   |
| LC Paper No. CB(4)762/18-19(01) | - Submission from a Kwai Tsing District Council member on providing barrier-free access facilities in Wah Sing Street to connect Kwai Hing MTR Station                   |
| LC Paper No. CB(4)779/18-19(01) | - Joint letter from Hon CHAN Han-pan and Hon Frankie YICK Chi-ming on requesting the Government to regulate the installation of camera                                   |

systems in taxi compartments

Members noted the above papers issued since the last meeting.

## **II. Items for discussion at the next meeting**

LC Paper No. CB(4)766/18-19(01)      - List of outstanding items for discussion

LC Paper No. CB(4)766/18-19(02)      - List of follow-up actions

2. Members agreed to discuss the following items at the next regular meeting to be held on 17 May 2019:

- (a) Allowing access to franchised buses for persons carrying compressed oxygen cylinders for self-medical use when travelling;
- (b) Reconstruction of Pak Kok Pier on Lamma Island; and
- (c) Latest Situation on Increasing the Provision of Car Parking Spaces.

3. Mr Charles Peter MOK suggested discussing fare increase application of public transport services at the next regular meeting.

4. Having noted that the Hong Kong-Zhuhai-Macao Bridge ("HZMB") had been in use for six months, Mr Tony TSE suggested the Administration giving a brief account on the facilitating measures of HZMB's traffic management.

5. Dr Helena WONG referred to item (c) above and requested the Administration to include in its discussion paper information on the provision of parking spaces subsequent to the demolition of Yau Ma Tei Car Park and the development of automated parking system.

6. Mr LAM Cheuk-ting suggested advancing the discussion on "Measures to tackle traffic congestion in the New Territories" as contained in item 18 of the Panel's list of outstanding items for discussion. He also requested a brief account on the latest operation situation of HZMB.

7. The Chairman said that he would discuss with the Administration on members' suggestions above.

8. On Mr YIU Si-wing's suggestion to discuss the registration system for passengers travelling on the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Chairman advised Mr YIU to refer the item to the Subcommittee on Matters Relating to Railways.

### **III. Matters arising from the meeting on 15 March 2019**

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|---------------------------------|--|
| LC Paper No. CB(4)656/18-19(01) | - Wording of a motion to be moved by Hon Jeremy TAM, Hon Tanya CHAN, Hon Alvin YEUNG and Hon Dr KWOK Ka-ki |
| LC Paper No. CB(4)656/18-19(02) | - Wording of a motion to be moved by Hon Gary FAN  |

#### Action

#### Motions

9. The Chairman said that two motions relating to "Fare increase application for taxi" were raised at the meeting on 15 March 2019 but were not dealt with due to insufficient time. He directed that the Panel dealing with the two motions at the present meeting and referred members to the following motion moved by Mr Jeremy TAM Man-ho, Ms Tanya CHAN, Mr Alvin YEUNG and Dr KWOK Kai-ki:

鑑於的士加價後車主或會調高車租，租車司機收入未必能因而提升；同時的士在2017年已曾經加價約10%，因而本會反對是次的士加幅超過20%的加價申請。政府應專注提升的士服務質素，改善「繞路」、「拒載」、司機態度惡劣、濫收車資等等問題，為的士業界吸引更多客源。政府亦應改善現時專用石油氣加氣站輪候時間過長的問題，讓司機節省入氣時間，改善的士業界的營商環境。

(Translation)

Given that taxi owners may adjust upwards the taxi rental following an increase in taxi fares and the income of rentee-drivers may not



necessarily increase as a result, and that taxi fares were already increased by about 10% in 2017, this Panel objects to the present applications for increasing taxi fares by more than 20%. The Government should focus on enhancing the taxi service quality, addressing the problems of taxi drivers like not taking a direct route to the destination, refusal of hire, poor attitude, overcharging of taxi fares, etc. and attracting more passengers for the taxi trade. The Government should also address the problem of overly long waiting time for refilling at dedicated liquefied petroleum gas filling stations at present with a view to saving drivers' refilling time and improve the business environment of the taxi trade.

10. The Chairman put the motion to vote. Twelve members voted in favour of the motion, three member voted against the motion, and no member abstained from voting. The Chairman declared that the motion was carried.

11. The Chairman then referred members to the following motion moved by Mr Gary FAN Kwok-wai:

鑒於是次的士加價申請加幅高，而且過去 5 年，的士乘客量有持續下降的趨勢，平均每天乘客人次由 2013 年的 101.05 萬下降至 2017 年的 89.8 萬，即是平均每天乘客人次下跌了超過 11 萬人次。若今次的士再加價，的士乘客數量將繼續下降，的士租車司機收入可能不加反減；此外，加價後，出租車主有更大誘因去增加車租，增加自己的投資收入，令租車司機淨收入下跌。因此，本會反對是次的士加價申請，避免因為乘客減少及車主加租，而令到出租司機收入下跌。

(Translation)

The current proposed rate of taxi fare increase is too high and over the past five years, the patronage of taxis has shown a declining trend with the average daily patronage dropping from 1 010 500 passenger trips in 2013 to 898 000 passenger trips in 2017, representing a drop of over 110 000 passengers trips daily on average. If taxi fares are increased again this time, the patronage of taxis will continue to drop and the income of taxi rentee-drivers may not increase but decrease. Besides, following an increase in taxi fares, rentor-owners have a greater incentive to raise the taxi rental so as to generate additional investment income for themselves, resulting in a lower net income for rentee-drivers. Therefore, this Panel objects to the present taxi fare increase applications with a view to avoiding a decrease in the income

of rentee-drivers as a result of a drop in the patronage of taxis and an upward adjustment of the taxi rental by rentor-owners.

12. The Chairman put the motion to vote. Eleventh members voted in favour of the motion, three member voted against the motion, and one member abstained from voting. The Chairman declared that the motion was carried.

13. Details of the division for the two motions were in the **Appendix I**.

*(Post-meeting note: The wordings of the motions passed were issued to members vide LC Paper Nos. CB(4)811/18-19 on 26 April 2019.)*

#### **IV. Road Safety Audit**

LC Paper No. CB(4)766/18-19(03)      - Administration's paper on Road Safety Audit and Road Safety Check

##### Briefing by the Administration

14. At the invitation of the Chairman, Under Secretary for Transport and Housing (“USTH”) briefed members on the main points of the Administration’s paper on Road Safety Audit and Road Safety Check. USTH said that road safety audit took a precautionary approach in enhancing the safety performance of roads starting from the design and construction stages of transport infrastructure to reduce the chance of driving errors and create a safer road environment. Besides, USTH said that to further enhance the safety condition of existing roads, the Transport Department (“TD”) and the Highways Department (“HyD”) had embarked on a consultancy study in May 2018 to review and enhance roadside safety of all public roads in Hong Kong through comprehensive and systematic safety check. A number of enhancement measures would be formulated for enhancing roadside safety of existing roads.

##### Discussion

##### *Traffic accidents and road safety issues*

15. The Deputy Chairman and Ms Claudia MO expressed concern about the problem of speeding of cars at night and the frequent occurrences of traffic accidents at blackspots such as Kwun Tong Bypass, Kwai Chung Road and Lung Cheung Road, and enquired about the effectiveness of measures such as

installation of speed enforcement cameras and patrolling by the Police during night time in reducing speeding of cars and traffic accidents. The Deputy Chairman sought information on how TD and the Police determined the number and locations of speed enforcement cameras.

16. Assistant Commissioner for Transport/Technical Services (“AC/TD”) responded that a working group had been formed between TD and the Police in formulating measures to deter speeding of vehicles and determining the number and locations of speed enforcement cameras. AC/TD added that both static and movable speed enforcement cameras would be deployed to strengthen detection of speeding of vehicles. In addition, TD was putting on trial average speed camera system in selected road sections such that vehicle speed would be monitored over a specified distance of a road section. TD would review the effectiveness of the system in detecting speeding.

17. Noting that a number of traffic accidents had occurred at Tai Chung Kiu Road of the Shatin district recently, Mr CHENG Chung-tai and Mr CHUNG Kwok-bun expressed concern about the road design and road safety conditions of Tai Chung Kiu Road, especially the use of “Traffic Light with Split Phase” system at important crossroads and junctions of the road. Mr CHENG opined that the “Traffic Light with Split Phase” system often caused confusion to vehicle drivers coming from different directions at crossroad and junctions, thus increasing the chances of driving errors and accidents. He called on the Administration to review the road design and abandon using the “Traffic Light with Split Phase” facilities. Mr CHUNG also urged the Administration to review the speed limit of accident-prone road sections in order to reduce the occurrence of traffic accidents.

18. USTH replied that TD had conducted a comprehensive review on the road safety conditions of Tai Chung Kiu Road, and proposed a number of traffic improvement measures. Regarding the use of “Traffic Light with Split Phase” system, USTH said that such traffic light system was commonly used in many road sections in Hong Kong as well as overseas jurisdictions, and had proven to be effective in managing traffic flow and alleviating traffic congestion. While the Administration at present had no plan to remove the “Traffic Light with Split Phase” system at Tai Chung Kiu Road, TD would enhance the locations of traffic lights at the concerned road sections with a view to making traffic signals clearer to vehicle drivers. For the recent traffic accidents, USTH added that police investigations were underway. Subject to the investigation findings and advice from the Police, TD would consider further enhancement and follow-up measures.

19. Regarding traffic accidents, Mr YIU Si-wing and Mr Gary FAN also expressed concern about the fatal tourist coach accident happened in To Kwa Wan in April this year. Mr YIU was alarmed about the serious shortage of parking space for coaches at major tourist attractions in the district, resulting in illegal parking of coaches which posed safety concern to pedestrians and road users. He urged TD to conduct a comprehensive review on the provision of parking space for tourist coaches in the district. Noting that some non-governmental organizations in To Kwa Wan delivered handbills to pedestrians and road users to promote road safety on a self-initiated basis after the fatal accident, Mr FAN urged TD to review the adequacy of its education and publicity efforts in this regard.

20. AC/TD replied that continuous efforts had been made amongst TD, the Police and the Road Safety Council to educate the public about the importance of road safety with a view to improving road users' behavior and to fostering a safer road environment. In addition, TD was discussing with the District Council concerned in identifying suitable sites for providing more on-street parking spaces for coaches, and improving the design of relevant road sections for enhancing safety. In reply to Mr YIU's further enquiry on the timetable for implementing the proposed measures, AC/TD replied that relevant works had commenced and were ongoing.

*Development of road safety technologies and devices*

21. The Chairman and Mr Michael TIEN welcomed TD's initiative to install average speed camera system at selected road sections on a trial basis. The Chairman enquired about the implementation progress of the trial scheme and whether vehicle drivers would be alerted of their driving speed within the detection zone. In reply, AC/TD said that TD was considering appropriate road sections, such as Tsuen Wan Road, for installing the average speed camera system. TD proposed that road signs be erected to alert vehicle drivers before they entered the detection zone, but TD was still considering the merits of informing vehicle drivers their driving speed through the release of real-time information while driving within the detection zone. AC/TD added that TD intended to conduct the trial scheme on site within the year.

22. In reply to the Chairman's enquiry on reasons for not adopting traffic light with countdown features so that vehicle drivers could have sufficient time to stop their vehicles before the light turned into amber or red, AC/TD replied that TD had conducted a review on the effectiveness of such system, and concluded that such system in preventing incidents of vehicles jumping red or amber lights were uncertain as aggressive drivers might accelerate their vehicles to catch the remainder time before traffic light turned red or amber, thus

aggravated road safety concerns. That said, TD would keep abreast of the latest development of new models of traffic light and their effectiveness in traffic control.

23. Noting from paragraph 17 of the Administration's paper that TD would introduce "Energy Absorbing Bollard" ("EAB") at roadside bus stop on a trial basis to reinforce the protection to pedestrians and passengers waiting thereat, Ms Claudia MO and Mr CHAN Chi-chuen asked about the cost of each EAB, how many EABs would be erected and the criteria in selecting suitable locations for installation and ways to evaluate their effectiveness. AC/TD responded that TD had installed EABs at the roadside bus stop on Aberdeen Praya Road and planned to install EABs at Tai Lam Tunnel Bus Interchange on a trial basis, and would roll out to more road sections if they were deemed to be effective. In deciding the locations for future installation, TD would consider factors such as road design and safety conditions of the roads, accident rates of the relevant road sections, traffic flows and site conditions. At present, TD did not have a concrete plan on the number of EABs to be procured and locations for installation at the next phase. In respect of the cost of each EAB, AC/TD said that it costed about \$20,000 each, but the cost would be further reduced for purchase in bulk.

24. Mr LUK Chung-hung expressed concern about the high cost of EAB and queried about its effectiveness in enhancing roadside safety. AC/TD explained that EAB could reinforce protection to road users in that it would effectively absorb energy from the vehicles and reduce their speed when they were impacted by vehicles, thereby reducing the threat of errant vehicles to pedestrians.

25. Mr CHUNG Kwok-pan enquired whether the Administration would consider using latest technology to enhance road safety, such as installing safety features within vehicles for accident control. He also suggested including autonomous car and its impact on road safety into the Audit and Road Safety Checks. Mr LUK Chung-hung called on the Administration to make use of big data to analyze traffic information such as traffic flows and accident rates of different road sections.

26. USTH replied that the Administration maintained an open mind in adopting the latest technology to enhance road safety. In respect of the collection of useful traffic data, AC/TD added that TD would install traffic data collectors at strategic roads in Hong Kong within next year for this purpose.

27. Regarding the setting up of a working group on speed limit review as mentioned in paragraph 18 of the Administration's paper, the Deputy Chairman

enquired whether the public transport sector was represented in the group as they were the major road users. Mr LUK Chung-hung said that trade unions of professional drivers should be formally represented in the working group. USTH took note of members' suggestion.

*Other issues*

28. Mr Michael TIEN and Mr Tony TSE expressed concern about the poor road conditions of many road sections in Hong Kong, and queried whether there was periodic inspection and maintenance of road. In reply, Transport Specialist (Standards) of Transport Department said that for new roads, standards were laid down during road design on the specifications and quality required for the construction of new roads, and there were regular inspections and maintenance of existing roads undertaken by HyD.

29. Mr CHENG Chung-tai and Mr Gary FAN expressed concern about the large number of Mainland driving licence holders being issued with Hong Kong full driving licence directly without going through any test. As these left-handed vehicle drivers were not familiar with the road conditions of Hong Kong, these members expressed the view that the Administration should take relevant measures to better enhance road safety.

**V. MTR fare adjustment for 2019**

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|---------------------------------|--|
| LC Paper No. CB(4)766/18-19(04) | - Administration's paper on MTR fare adjustment for 2019   |
| LC Paper No. CB(4)766/18-19(05) | - Paper on Fare Adjustment Mechanism of the MTR Corporation Limited and adjustment to MTR fares prepared by the Legislative Council Secretariat (Background brief) |
| LC Paper No. CB(4)800/18-19(01) | Wording of a motion to be proposed by Hon LAM Cheuk-ting   |

30. At the invitation of the Chairman, Under Secretary for Transport and Housing (“USTH”) briefed members on details of MTRCL fare adjustment for 2019-2020, details of which were set out in the Administration’s paper. USTH said that the fare adjustment exercise followed the Fare Adjustment Mechanism (“FAM”) formula adopted since the rail merger in 2007 and as reviewed in 2017. In response to public concern over fare increase, an “Affordability-Cap” was introduced to FAM in 2013 where the effective fare increase should not be higher than the year-on-year change in the Monthly Medium Household Income (“MMHI”) for the fourth quarter of the previous year. As a result, the overall adjustment rate for MTR fare in 2019-2020 would be capped at 3.3%, i.e. the change in MMHI value between the fourth quarter of 2017 and that of 2018, which was lower than the overall fare adjustment rate of 3.6% according to FAM formula. In addition, pursuant to the Administration's discussion with MTRCL, the company would set aside additional resources to extend the existing “3.3% rebate” promotion to passengers for a total of 40 weeks from June 2019 up to early April 2020.

31. Commercial Director of MTRCL (“CD/MTRCL”) briefed members on MTRCL fare adjustment for 2019-2020 with the aid of a powerpoint presentation.

*(Post-meeting note: the powerpoint presentation material was issued to members on 29 April 2019 vide LC Paper No. CB(4)818/18-19(01))*

#### *MTR fare adjustment for 2019*

32. Ms Claudia MO, Dr KWOK Ka-ki, Mr LAM Cheuk-ting, Mr KWONG Chun-yu, Mr CHENG Chung-tai, Mr CHU Hoi-dick, Mr Gary FAN, Mr AU Nok-hin and Mr CHAN Chi-chuen expressed grave concern that, despite the frequent occurrence of serious service disruption of railway lines, poor management of the Shatin to Central Link project and the huge profit MTRCL at a high level of \$16 billion last year, MTRCL still sought a fare adjustment of 3.3% for 2019-2020 in accordance with FAM. Ms MO and Dr KWOK expressed the view that, by extending the “3.3% rebate” promotion to passengers from June 2019 to April 2020 which in effect would offset the 3.3% fare increase, MTRCL was employing public relations tactic with a view to lessening the public's dissatisfaction over its deteriorating service and repeated fare increases in the past years.

33. Sharing similar views, Mr LAM Cheuk-ting, Mr KWONG Chun-yu, Mr CHENG Chung-tai, Mr AU Nok-hin and Mr CHAN Chi-chuen opined that the 40-week fare concession of “3.3% rebate” promotion could not meet passengers' expectations. The members called on MTRCL to immediately freeze or even

to lower the fare, and enquired whether MTRCL could exercise any discretion not to follow the direct-driven formula under FAM.

34. In reply to members' views above, USTH said that the Administration shared the public's concern over MTRCL fare increase and would continue to impress upon MTRCL to offer more fare concessions to meet passengers' expectations. USTH explained that the current FAM was a direct-driven formula adopted since the rail merger in 2007, which would adjust fare according to the economic figures released by the Administration. FAM was legally binding and included in the Operating Agreement between the Administration and MTRCL. That said, the Administration understood the impact of fare increases on passengers, and had sought agreement with MTRCL to introduce a special adjustment of -0.6% to the FAM formula pursuant to the FAM review in 2017 so as to lessen the fare increase burden on passengers.

35. CD/MTRCL added that fare revenue was an important source of income for MTRCL to maintain its existing railway network, and to enable MTRCL to continue to provide efficient railway service. She added that MTRCL had been offering fare concessions to different passenger groups by deploying additional resources. Such concessions included the "3.3% rebate" programme funded by the amounts set aside under the "Profit Sharing Mechanism" ("PSM"), "Service Performance Arrangement" ("SPA") and additional top-up resources from MTRCL which would last for 40 weeks from June 2019 to April 2020. Passengers in effect would not experience any actual fare increase during the said period. As regards the issue of railway service, CD/MTRCL said that the company had all along placed strong emphasis on efficiency and safety, and would look into each incident of service disruption seriously to ensure service reliability and safety.

36. Mr KWONG Chun-yu commented that the Administration had failed to effectively monitor the fare adjustment of MTRCL by allowing the latter to increase its fare despite huge profits earned. He opined that the Administration was using public money to subsidize MTRCL through the Public Transport Fare Subsidy Scheme ("PTFSS"), as a vast majority of the public used railway as their major mode of transport. In reply, DS/TD2 replied that the objective of PTFSS was to relieve the burden of transport-related expenses on the public and was not confined to railway service only.

37. Noting from paragraph 12 of the Administration's paper that fare adjustment for 2019 had triggered the "Affordability Cap" and thus was capped at 3.3% instead of 3.6% as calculated under FAM formula, and that the difference of 0.3% would be recouped in 2021-2022, Mr LAU Kwok-fan and



Mr Michael TIEN urged MTRCL to waive the 0.3% differential fare adjustment to be effective in 2021-2022. Both USTH and CD/MTRCL said that they would consider members' views when formulating fare concessions in future.

38. Mr CHU Hoi-dick enquired how much dividends the Administration would receive from the \$16 billion profits MTRCL earned, and suggested the Administration to consider using the dividends to offset the proposed fare increase of 3.3%.

39. Deputy Secretary for Transport and Housing (Transport) 2 ("DS/TD2") replied that total dividends received by the Administration as a shareholder of MTRCL would be approximately \$5.6 billion, and the amount would be booked into the General Revenue Accounts of the Administration without specifying any designated purpose.

#### *Review on FAM*

40. The Chairman said that the public found it unacceptable that MTRCL raised its fare in spite of the huge profits earned. He called on the Administration to review the FAM formula by including a profit factor such that fare increase would be frozen when MTRCL profits reached a certain level. Mr LAU Kwok-fan also shared similar view and said that fare concessions offered under PSM could not fully address passengers' needs, and suggested deducting the amount of fare concessions set aside under PSM directly from the fare increase so that every passenger could benefit. In addition, Mr LAU opined that current calculation method of SPA could not fully reflect the seriousness and magnitude of service disruption incidents, and urged the Administration to review the calculation method. Mr Gary FAN suggested directly linking MTRCL service performance with the FAM formula so that fare increase could be frozen if there were serious service disruption incidents.

41. Mr Frankie YICK said that as a public listed company, MTRCL should be held accountable to its shareholders for its financial performance. However, as a vast majority of the public used railway as their major means of transport, Mr YICK opined that MTRCL should also consider public expectations on fare increase. He said that the existing FAM formula warranted further review as the Composite Consumer Price Index ("CCPI") and Nominal Wage Index (Transportation Section) ("WI") included in the formula would normally go upward, resulting in fare increase every year. In addition, Mr YICK expressed reservation about MTRCL's income being derived from property development and overseas operations in that the former involved proceeds from land sale which, in his view, was a matter of public interests;

while the latter would divert some of MTRCL's manpower resources overseas and might have affected the performance of local operations.

42. Noting that the year-on-year change in WI for 2018 at the rate of 5.9% was far higher than the change in CCPI at the rate of 2.5% of the same period, Dr KWOK Ka-ki expressed concern of the impact of the change in WI on the level of fare increase, and sought information on how WI was calculated and called on the Administration to review the inclusion of this factor in the formula. Mr LUK Chung-hung expressed doubt on whether MTR frontline staff could enjoy a 5.9% wage increase, and expressed that the inclusion of WI but not the real wage increase of frontline staff might mislead the public to believe that MTRCL frontline staff enjoyed a high level of wage increase and in turn led to fare increase.

43. In reply, General Manager – Marketing and Planning said that WI referred to the nominal wage index of the whole transportation section in Hong Kong, which was an economic figure published by the Census and Statistics Department every year. It was clarified that WI did not have any direct relationship with salary change of staff of MTRCL.

44. On the enquiry of Mr CHAN Chi-chuen regarding the salary increase of senior management of MTRCL, Corporate Affairs Director of MTRCL ("CAD/MTRCL") replied that the Remuneration Committee of the Board of MTRCL was entrusted to oversee matters relating to remuneration of members of the Board and Executive Directors. As regards salary of staff, CAD/MTRCL said that salary increase would hinge on individual staff performance and financial performance of MTRCL. As staff salary review was underway at present, latest information on salary increase for the year was yet to be announced.

45. At the request of the Deputy Chairman, CD/MTRCL undertook to provide information in respect of the percentage increase in the salary of MTR frontline staff breakdown by the ratio of staff having the increase in the salary in the past year.

Admin

46. In reply to members' views on FAM, USTH said that the Administration took note of members' suggestions on FAM formula. He added that pursuant to the Operating Agreement between the Administration and MTRCL, the latter was required to review FAM every five years. The last review on FAM was taken in 2017 and the reviewed FAM formula was applicable to the period between 2017-2018 and 2022-2023. In response to Dr KWOK's enquiry, USTH said that the next review on FAM would take place in 2022-2023, and might be subject to an earlier review if situation warranted.

*Other concessions offered by MTRCL*

47. The Chairman and Mr Michael TIEN opined that the "Early Bird Discount Promotion Programme" should be further enhanced in order to alleviate crowdedness in trains during peak hours. The Chairman said that MTRCL could make good use of fare concessions to change the commuting time of passengers so that passenger flow could be more evenly spread-out during peak and non-peak hours. He called on MTRCL to make reference to Singapore in that their Mass Railway Transit offered free ride to passengers before and after morning peaks as an effective mean to manage passenger flow. Mr TIEN suggested MTRCL topping up the discount rate for the promotion from 25% to 50% and extending its coverage to all stations of all railway lines, and also issuing a letter to all corporations in Hong Kong appealing them to adopt flexible working hours for their staff.

48. Concurring with the above views, Mr YIU Si-wing suggested MTRCL adopting a more flexible fare structure, and that fare differential between peak and non-peak hours should be over 50% to bring about change in travelling habit.

49. CD/MTR said that MTRCL would consider members' views above, and said that the effectiveness of fare concessions in alleviating crowdedness during peak hours was not apparent. She added that MTRCL had taken a number of measures to address the problem, such as increasing train frequency and providing real-time information on train service to passengers through mobile applications.

50. The Deputy Chairman opined that charging lower fares during non-peak hours could encourage optimal usage of train services by commuters during non-peak times, especially for the non-working population. In this regard, he sought information on the number of elderly passengers using the \$2 fare concession at different hours of the day, and opined that such information might be useful for MTRCL to gauge the traffic pattern of different passenger groups during a normal day. CD/MTRCL took note of the Deputy Chairman's suggestion and undertook to provide the relevant information after the meeting.

51. Noting the substantial fare differences between Tung Chung Line and West Rail Line as compared to the East Rail Line, the Chairman and Mr CHU Hoi-dick urged MTRCL to substantially lower the fares of the two lines to be on a par with those of other railway lines. Mr CHU suggested MTRCL introducing day pass tickets for passengers of Tung Chung Line. CD/MTRCL took note of the above members' suggestions.

*Enhancing railway facilities*

52. Noting that MTRCL invested an average of more than \$8 billion per year in the past three years in maintaining, upgrading and renewing railway assets and infrastructure, Mr YIU Si-wing called on MTRCL to upgrade the fleet for Guangzhou-Kowloon Through Train as the patronage for the train was high and train compartments were quite worn out. Mr Frankie YICK also commented that railway assets of MTRCL might have entered into a mature stage which warranted heavier investment in future years for further upgrading and renewal so as to uphold the reliability and efficiency of railway service. Mr YICK suggested MTRCL looking into the expenditure on railway assets over the past 20 years and published relevant statistics so that passengers were informed of the heavy investment required of and also efforts made by MTRCL in enhancing and improving railway service. CD/MTRCL took note of members' suggestions.

Concluding remark

53. The Chairman said that a total of six motions were received which were directly related to the agenda item under discussion. However, due to insufficient time, he decided that he would put to vote the six motions at the next regular meeting scheduled for 17 May 2019.

**VI. Any other business**

54. There being no other business, the meeting ended at 1:08 pm.