立法會
Legislative Council

LC Paper No. CB(4)858/19-20
(These minutes have been seen by the Administration)

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Panel on Transport

Minutes of meeting
held on Friday, 24 April 2020, at 10:45 am
in Conference Room 2 of the Legislative Council Complex

Members present :

Hon Frankie YICK Chi-ming, SBS, JP (Chairman)
Hon CHAN Han-pan, BBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
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 Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, SBS, MH, JP
Dr Hon Helena WONG Pik-wan
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
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, JP
Hon Wilson OR Chong-shing, MH
Hon Tanya CHAN
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Tony TSE Wai-chuen, BBS

Members attending :

Hon Holden CHOW Ho-ding
Hon KWONG Chung-yu
Hon KWOK Wai-keung
Hon Elizabeth QUAT
Hon Alice MAK

Public officers attending :

Agenda item III

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

Agenda item IV

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

Miss Winnie TSE
Deputy Secretary for Transport and Housing (Transport) 3
Transport and Housing Bureau

Mr Reginald CHAN
Assistant Commissioner for Transport / Administration & Licensing

	Transport Department
	Ms Louisa FUNG Chief Transport Officer / Driving Services Transport Department
Attendance by invitation :	**<u>Agenda item III</u>**
	<u>MTR Corporation Limited</u>
	Ms Jeny YEUNG Commercial Director
	Ms Linda CHOY 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

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

LC Paper No. CB(4)473/19-20(01) - Administration's response to item 4 of the Panel's list of follow-up actions in respect of the material composition of the body of and the safety standard and requirements for a franchised bus raised at the meeting on 20 December 2019

LC Paper No. CB(4)473/19-20(02)	-	Administration’s response to the three motions passed at the meeting on 20 December 2019 under the item "Fare increase applications from Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) and New World First Bus Services Limited"
LC Paper No. CB(4)474/19-20(01)	-	Administration's response to item 5 of the Panel's list of follow-up actions regarding "Fuel subsidy and one-off subsidy to transport and logistics trades" raised at the meeting on 17 January 2020
LC Paper No. CB(4)475/19-20(01)	-	Administration's response to the joint submission from non-franchised bus unions requesting to raise the level of one-off subsidy
LC Paper No. CB(4)478/19-20(01)	-	Administration’s response to the item "Relaxation of vehicle length restriction of light bus and other relevant technical amendments" raised at the meeting on 20 March 2020

Members noted the above papers issued since the last meeting.

II. Items for discussion at the next meeting

LC Paper No. CB(4)467/19-20(01)	-	List of outstanding items for discussion
LC Paper No. CB(4)467/19-20(02)	-	List of follow-up actions

2. The Chairman said that at the meeting on 20 December 2019, Ms Tanya CHAN had suggested to discuss the clearance procedures for Hong Kong, Zhuhai and Macao when passengers travelling through the three places using the Hong Kong-Zhuhai-Macao Bridge. After consulting with the Transport and Housing Bureau, it was noted that matters relating to clearance procedures of the three places would fall under the purview of the Security Bureau and its law enforcement agencies including the Immigration Department and the Customs and Excise Department. In this respect, the Chairman recommended that the matter be brought up at the Panel on Security for follow-up with relevant bureau and government departments. Members raised no objection.

3. Noting that the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") had been closed quite some time due to the COVID-19 pandemic, Ms Tanya CHAN proposed to discuss the operation and financial situation of XLR. The Chairman said that he would consult the Administration on the proposed item and the appropriate avenue for discussing this issue.

4. Members agreed to discuss the following items at the next regular meeting to be held on 15 May 2020:

(a) Introducing the "Central - Hung Hom" ferry and "water taxi" services; and

(b) Improvement works of cycle track networks in new towns and latest situation of automated dockless bicycle rental services.

III. MTR Fare Adjustment for 2020

LC Paper No. CB(4)467/19-20(03)	-	Administration’s paper on MTR Fare Adjustment for

2020

LC Paper No. CB(4)467/19-20(04) - Paper on fare adjustments by the MTR Corporation Limited prepared by the Legislative Council Secretariat (Updated background brief)

Briefing by the Administration and MTR Corporation Limited

5. At the invitation of the Chairman, Deputy Secretary for Transport and Housing (Transport) 2 ("DS(T)2") and Commercial Director of MTR Corporation Limited ("CD/MTRCL") briefed members on the MTR fare adjustment for 2020 under the Fare Adjustment Mechanism ("FAM"), details of which were set out in the Administration's paper (LC Paper No. CB(4)467/19-20(03)). Members noted that according to the prevailing FAM arrangement, the fare adjustment rate for MTR fares in 2020/2021 should be originally +2.55%. However, the year-on-year change in Median Monthly Household Income ("MMHI") value in the fourth quarter of 2019 compared to the same period in 2018 is -2.48%. As a result, the overall adjustment rate for MTR fare in 2020/2021 should be deemed as 0% according to the FAM. The Administration and MTRCL agreed to simplify the arrangement by recouping the 2020 calculated fare adjustment arrangements (+2.55%) in the subsequent two years (i.e. +1.28% in 2021/2022 and +1.27% in 2022/2023). Hence, there would be no adjustment for MTR fares in 2020/2021.

6. Members further noted that considering the unprecedented challenges facing the community amid the coronavirus 2019 ("COVID-19") pandemic, one-off special relief measures would be introduced, including "20% Rebate for Every Octopus Trip" for 6 months from 1 July 2020 to 1 January 2021, which was an enhancement over the current 3.3% rebate. The Government agreed to bear half of the total actual revenue forgone with a cap of $0.8 billion, while MTRCL would shoulder the remainder.

(*Post-meeting note:* The powerpoint presentation material presented by CD/MTRCL was issued to members vide LC Paper No. CB(4)504/19-20(01) on 24 April 2020.)

Discussion

Fare adjustment for 2020

7. In view that the economic outlook for Hong Kong in the coming years would be very challenging, Mr LUK Chung-hung called on MTRCL not to recoup the overall fare adjustment rate of +2.55% for the year 2020/2021 in the subsequent two years. Expressing dissatisfaction over the frequent occurrence of railway incidents and the spate of incidents relating to the construction of the Shatin to Central Link, Mr LAM Cheuk-ting asked whether MTRCL would consider forgoing the 2020 calculated fare adjustment rate in order to support the community during difficult times and shoulder its corporate social responsibility. Sharing similar views, Mr Kenneth LAU and Mr KWONG Chun-yu asked if MTRCL would consider freezing or even lowering the fare to relieve the fare burden of commuters. In view of the huge profits gained amidst the weakening economy, the Deputy Chairman called on MTRCL to lower fare instead of offering fare concessions.

8. CD/MTRCL replied that FAM formula took into account objective figures which reflected the local economic conditions. As such, the fare increases to be implemented in 2021/2022 and 2022/2023 would depend on the economic conditions during that period. In response to members' views, CD/MTRCL said that MTRCL was very much committed to providing all-round support to different sectors of the community amid the COVID-19 pandemic. In this regard, rental abatement was granted to small and medium tenants in MTR malls and stations from February to April 2020. She appealed to members' understanding that the Corporation's transport operations suffered from heavy revenue loss, with a significant patronage drop of railway lines in the time of the pandemic. In the first quarter of 2020, average daily patronage dropped by 40% as compared to the figure of the same period last year. Furthermore, the High Speed Rail (Hong Kong Section) service was suspended since end of January 2020, and Lo Wu and Lok Ma Chau stations were closed since early February 2020, inevitably affecting MTRCL's revenue from cross-boundary railway services. After striking a balance among various considerations, MTRCL had made its best endeavour to roll out various relief measures with a view to riding out the economic difficulties with the general public.

9. Mr Jeremy TAM enquired whether MTRCL would recoup the fare adjustment rate of +1.28% for 2021/2022 and that of +1.27% for 2022/2023 in case the year-on-year change in MMHI value remained to be negative for these two years. CD/MTRCL replied in the negative and said that the adjustment would be further deferred having regard to the economic conditions at that time. Noting that the existing FAM would be subject to review by 2022/2023, Mr TAM was concerned about the recouping arrangement in this regard and

asked if MTRCL would continue to recoup the above fare adjustment rates after 2023 regardless of the review outcome.

10. DS(T)2 replied that the next regular review of FAM would be due for completion by 2023. The arrangement for handling the fare adjustment rate rolled over from previous years, if any, would be considered in the course of the review. DS(T)2 added that generally speaking, any fare increase rate rolled over from previous years would be added onto the overall fare adjustment rate for the following year in the event that no review would be conducted or no changes were made to the existing FAM upon completion of review.

11. Mr LEUNG Che-cheung enquired about the cost of repair and maintenance of equipment incurred due to vandalism in the second half of 2019. He further asked if MTRCL would lower the fare if no such cost was incurred.

12. CD/MTRCL responded that the cost of repair and maintenance of equipment incurred due to vandalism so far was about $600 million. She said that since FAM only took into account factors such as inflation, affordability of the general public and the Corporation's operating cost, the increase in maintenance cost did not have any impact on the fares borne by passengers.

13. Mr Tony TSE considered that in addition to operating cost, MTRCL should also provide information on the Corporation's revenue for members' reference. In his view, the total revenue arising from transport operations should include both fare revenue and non-fare revenue from station commercial businesses as they were directly related. At Mr TSE's request, DS(T)2 undertook to liaise with MTRCL to provide information on the breakdown of revenue of MTRCL in writing.

> (*Post-meeting note:* the Chinese version of the Administration's supplementary information was issued to members vide LC Paper No. CB(4)632/19-20(01) on 27 May 2020.)

Review on FAM

14. Mr LUK Chung-hung enquired when the next FAM review would be conducted. Noting that the current Service Performance Arrangement only took into account the longest train journey delay in a railway incident when determining the level of penalty to be imposed, Mr LUK opined that the level of penalty per incident should be calculated based on the entire duration of service disruption.

15. Given that the overall fare adjustment rate calculated for 2020/2021 according to FAM still stood at +2.55% despite the present gloomy economic conditions, the Deputy Chairman considered the existing FAM ineffective in reflecting the prevailing socio-economic situation and therefore urged the Administration to advance the FAM review. The Chairman urged the Administration to take heed of the views of different sectors of the community when conducting the next regular review on FAM.

16. In reply, DS(T)2 advised that the last FAM review was completed in 2017, making the existing FAM applicable to the fare adjustment for the six-year period until 2022/2023. DS(T)2 further advised that FAM adopted an objective and transparent direct-drive formula in determining the fare adjustment rate. The FAM formula took into account objective figures including the Composite Consumer Price Index and Nominal Wage Index (Transportation Section) and incorporated a Productivity Factor, which reflected the local economic conditions. Taking the fare adjustment in 2020 as an example, calculation based on the relevant figures had arrived at a result that led to no actual fare increase.

17. In view of the worsening unemployment situation due to the COVID-19 pandemic, Mr LEUNG Che-cheung enquired if the unemployment rate would be considered as a factor under FAM. CD/MTRCL replied that it might not be feasible to include too many factors in the FAM formula, MTRCL had decided to offer one-off fare concessions outside of the existing FAM to benefit MTR passengers of different sectors.

One-off fare concessions outside of FAM

18. Ms Claudia MO expressed grave concern that the Administration would use public funds to subsidize MTRCL in rolling out the one-off fare concession "20% Rebate for Every Octopus Trip". Mr Kenneth LAU shared a similar concern.

19. DS(T)2 replied that MTRCL businesses were hard hit by the COVID-19 pandemic. MTRCL's revenue from cross-boundary railway services was severely affected and that might be difficult for MTRCL to fully bear the revenue forgone in enhancing the 3.3% rebate for Octopus passengers to 20%. Hence, the Administration considered it appropriate to bear half of the total actual revenue forgone with a cap of $0.8 billion, so that every passenger would benefit directly from the fare discount.

20. Dr CHENG Chung-tai said that the Administration's provision of subsidy to MTRCL, to be capped at $0.8 billion, for the purpose of offering 20% fare discount for Octopus passengers was inappropriate and would further aggravate the operating environment of other public transport operators, including franchised bus and the public light bus operators. Given that the other public transport operators did not receive subsidy from the Administration for offering fare discount, Mr Tony TSE said that there was a perception that the Administration's transport policy was skewed towards MTRCL.

21. In response, DS(T)2 advised that apart from subsidizing MTRCL to provide a fare discount, the Administration had at the same time temporarily lowered the threshold of the Public Transport Fare Subsidy Scheme ("PTFSS") from $400 to $200, so that passengers who travelled on public transport services other than railway would also benefit. It was estimated that the fare burden of commuters would be relieved by 20% to 30%. The Administration would closely monitor the impact on other public transport modes after the 20% fare discount for MTR passengers had been rolled out. Furthermore, the Administration had committed about $6.3 billion under the two rounds of Anti-epidemic Fund to support the transport trades other than railway, of which $0.8 billion had been earmarked for franchised bus operators.

22. Mr WU Chi-wai opined that the travel pattern of passengers taking public transport would be affected by the Administration's policy of subsidizing MTRCL to provide the 20% fare discount. Mr WU said that he would not object to MTRCL using its own resources to offer 20% fare discount to all MTR passengers. However, he considered it unreasonable if the travel pattern of the public was changed due to the skewed government policy. He suggested the Administration should lower the threshold of PTFSS to $0, so that all passengers taking public transport could benefit without changing their travel pattern, and different public transport operators could compete on a level playing field.

23. DS(T)2 responded that the Administration was concerned about the possible abuse of PTFSS if the threshold of the scheme was to be lowered to $0. That said, the Administration noted the community's aspiration for fare reduction. After striking a balance among various considerations, the Administration had introduced two measures to further alleviate the commuters' fare burden, namely the relaxation of threshold for PTFSS and the one-off fare concessions for MTR passengers, including the enhancement of "3.3% Rebate for Every Octopus Trip" to 20% for six months and discount for purchasing monthly passes.

24. Mr Michael TIEN pointed out that with the introduction of one-off fare concessions, the fare to be paid by passengers of franchised buses who purchased monthly passes would be higher than that paid by MTR monthly pass holders for the same cross-harbour journeys. As a result, he believed that more commuters would shift to using the railway service for cross-harbour journeys and that the West Rail Line would be even more congested. In view of the above, Mr TIEN suggested the Administration to consider subsidizing the fares of all public transport services by 20% for six months, and further suggested MTRCL to use the amount originally reserved for "20% Rebate for Every Octopus Trip" to offer 4% fare discount for six months.

25. DS(T)2 responded that the suggestion raised by Mr TIEN were subject to a number of uncertainties having noted that the patronage of public transport had dropped significantly in recent months. He remarked that a host of measures were announced under the two rounds of Anti-epidemic Fund to support the public transport operators. It might not be feasible for the Administration to provide further subsidy to the operators concerned for offering a fare discount, as this would entail substantial additional financial resources.

26. The Chairman opined that it was important to balance the fares among various public transport services, or else the public transport services playing a supplementary role would suffer. He suggested the Administration to consider commissioning the Transport Advisory Committee to study the relationship among the fares of various public transport services.

27. Mr CHAN Chi-chuen enquired how the Administration and MTRCL came up with the concession "20% Rebate for Every Octopus Trip". He considered that MTRCL should provide more fare concessions by means of its own resources to ride out tough times together with Hong Kong people.

28. DS(T)2 replied that the said fare concession was the result of negotiations between the Administration and MTRCL. In the course of negotiations, both sides agreed to provide a relatively sizeable fare discount for the benefits of the general public. In response to Mr CHAN's further question, DS(T)2 said that MTRCL had announced that it would not apply for wage subsidy under the Employment Support Scheme.

29. Mr Holden CHOW called on MTRCL to extend "20% Rebate for Every Octopus Trip" for more than six months so as to alleviate the financial burden of the general public in time of the pandemic and the resultant economic downturn. Dr CHENG Chung-tai opined that "20% Rebate for Every Octopus Trip" should be offered for at least nine months starting from April or May

2020. Ir Dr LO Wai-kwok and Mr POON Siu-ping enquired whether "20% Rebate for Every Octopus Trip" could be rolled out earlier. Mr Alvin YEUNG sought explanations as to why the said concession would be offered in July 2020 the earliest.

30. General Manager – Marketing and Planning of MTRCL responded that "20% Rebate for Every Octopus Trip" would be offered to all Octopus users travelling MTR lines, Light Rail and MTR buses. Given the complexity of the MTR ticketing system, it would take about eight weeks for carrying out the system modification and testing to ensure the accuracy of the system. Moreover, MTRCL would continue to provide a series of on-going fare concessions including "Early Bird Discount Promotion", sufficient time was therefore required to conduct the testing of different fare concession scenarios. CD/MTRCL agreed with Mr Alvin YEUNG's view that the lead time required to roll out similar concessions in the future should be shortened.

Rental abatement offered to tenants in MTR malls and stations

31. Mr SHIU Ka-fai commended MTRCL's initiative to preserve employment and support the retail industry by offering small to medium tenants a half-month rental reduction for February to April 2020. Mr Holden CHOW and Ir Dr LO Wai-kwok enquired about the subsequent arrangement of rental abatement for these tenants.

32. CD/MTRCL advised that MTRCL had responded to the tenants' concern in respect of rental abatement in a proactive manner. MTRCL would continue to provide support for all tenants as far as possible and the rental concessions to be granted for May 2020 would be considered on an individual basis. The arrangement for June and July 2020 would be determined at a later stage having regard to the circumstances.

Other concerns

33. Mr POON Siu-ping was concerned that whether the annual salary adjustment of MTR staff would be affected by the significant drop in fare revenue. Mr LUK Chung-hung opined that the wastage of experienced staff was high and supervision and training to frontline staff were insufficient. He enquired whether MTRCL would consider enhancing the remunerations and fringe benefits of staff and establishing pay scales, with a view to retaining talents. CD/MTRCL responded that a mechanism was in place for reviewing and adjusting remunerations of staff, and the mechanism was not pegged to the operating cost and revenue of the Corporation.

34. Mr YIU Si-wing enquired if MTRCL had discussed with the Administration and the relevant Mainland authorities on the principles and procedures for the resumption of cross-boundary railway service. DS(T)2 responded that the Administration would consider the resumption of cross-boundary transport services, including cross-boundary railway service and land-based cross-boundary transport services, taking into account the latest development of the COVID-19 pandemic in both Hong Kong and the Mainland.

35. In reply to Mr YIU Si-wing's enquiry about the estimation on patronage for 2020, CD/MTRCL advised that the travel pattern and patronage would be influenced by different factors such as socio-economic activities and health quarantine arrangements.

36. Mr LEUNG Che-cheung enquired whether MTRCL would consider introducing monthly pass for Light Rail in order to boost the patronage. CD/MTRCL responded that MTRCL currently had no such plan but would consider Mr LEUNG's suggestion as appropriate.

37. Noting that MTRCL's total patronage had increased by 2.5% in the first half of 2019 but dropped by 14.8% in the second half, Mr CHAN Han-pan considered that the financial impact brought about by the previous public order events was significant. Mr SHIU Ka-fai asked whether the Administration, as a majority shareholder of MTRCL, would suggest MTRCL to pursue the liabilities of the parties involved in vandalizing the railway facilities. DS(T)2 advised that MTRCL would pursue civil claims against the parties concerned for compensation on a case-by-case basis as and when appropriate.

38. Upon Mr POON Siu-ping's request, MTRCL undertook to provide information on percentage increase in the operating costs of MTRCL, including the cost of repair and replacement of equipment incurred due to vandalism of MTR facilities during previous public order events.

> (*Post-meeting note:* the Chinese version of the Administration's supplementary information was issued to members vide LC Paper No. CB(4)632/19-20(01) on 27 May 2020.)

IV. Comprehensive review of Private Driving Instructors' licences

LC Paper No. CB(4)467/19-20(05) - Administration’s paper on comprehensive review of private driving instructors'

		licences
LC Paper No. CB(4)467/19-20(06)	-	Paper on private driving instructors' licences prepared by the Legislative Council Secretariat (Updated background brief)
LC Paper No. CB(4)456/19-20(01)-(17)	-	17 submissions from members of the public relating to the issuance of private driving instructors' licences
LC Paper No. CB(4)481/19-20(01)-(25)	-	25 submissions from members of the public relating to the issuance of private driving instructors' licences
LC Paper No. CB(4)467/19-20(01)-(26)	-	26 submissions from members of the public relating to the issuance of private driving instructors' licences
LC Paper No. CB(4)485/19-20(01)-(28)	-	28 submissions from members of the public relating to the issuance of private driving instructors' Licences
LC Paper No. CB(4)495/19-20(01)		Submission from Private Driving Instructors Union to the Administration and the Administration's response to the issues raised in the submission copied to the Panel for information

<u>Briefing by the Administration</u>

39. At the invitation of the Chairman, Under Secretary for Transport and Housing ("USTH") briefed members on the findings and recommendations of the comprehensive review on private driving instructor ("PDI") licences conducted by the Transport Department ("TD"), details of which were set out in the Administration's paper. In gist, having regard to the demand and supply of various groups of PDI licences, the benchmark of Group 1 PDI licences was proposed to be raised from the existing level of 1 050 to 1 170, while the benchmark of the other two groups would remain unchanged. Moreover, the Administration proposed to allocate 25% of the new Group 1 PDI licences as the "Driving Instructor Quota" ("DI Quota") for application by valid licence holders of PDIs in Groups 2 and 3 and serving or ex-restricted driving instructors ("RDIs") teaching in designated driving school ("DDS") and franchised bus companies. The remaining 75% quota would be opened for public applications. Separately, the Administration proposed various measures for enhancing the quality of PDIs. The proposed changes to the licence issuing mechanism and quality enhancement measures would require legislative amendments.

40. The Administration advised that it would invite public applications for the 75% new Group 1 PDI licences in the fourth quarter of 2020, to be followed by an invitation of applications for the 25% DI Quota pending the completion of the requisite legislative amendment exercise.

Discussion

(At 12:43 pm, the Chairman directed that the meeting be extended for 15 minutes in order to allow sufficient time for discussion)

41. The Deputy Chairman and Ms Elizabeth QUAT expressed that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the Administration's proposed issuing mechanism for new PDI licences. Given that the demand for Groups 2 and 3 licences were on a decline, these members concurred with the Administration that allocating 25% of new Group 1 PDI licences as DI Quota could better utilize the driving competency and training experience of Groups 2 and 3 PDIs to enhance the general quality of driver training for private cars and light goods vehicles. In addition, it might help to reduce the fee of driver training course by introducing more competition.

42. Mr KWOK Wai-keung, however, considered that the proposed arrangement was unfair to members of the public applying for Group 1 PDI licences. The number of applications received was often overwhelming and

lots had to be drawn to determine the order in which applications were to be dealt with. Allocating 25% of new Group 1 PDI licences as DI Quota would be against the principles of equitability and openness and further aggravate application difficulty. Mr Tony TSE also questioned about the equity of the DI Quota arrangement.

43. Ms Alice MAK shared Mr KWOK Wai-keung's views and added that the proposed arrangement was also unfair to existing Group 1 PDIs since they all went through the same application process. Also, Ms MAK queried the justification given by the Administration that DI quota could enhance the quality of Group 1 driving courses. Mr KWOK and Ms MAK sought explanations from the Administration for allowing a fast track for Groups 2 and 3 PDIs to apply for Group 1 PDI licences. They also asked in what ways the proposed arrangement could enhance the quality of driver training for private cars and light goods vehicles.

44. USTH explained that the proposed changes to the issuing mechanism for new PDI licences aimed to enhance the quality of driver training for private cars and light goods vehicles by making use of the competence and skills of PDIs in Groups 2 and 3. Further, the Administration had proposed other measures for enhancing the quality of PDIs, including raising the PDI applicants' minimum licence-holding period of private cars and light goods vehicles from three to six years, requiring existing PDI licence holders to attend a mandatory refresher course once every three years and so forth.

45. On the issue of enhancing the quality of Group 1 driver training, Ms Elizabeth QUAT opined that Groups 2 and 3 driver training covered larger vehicle types such as buses and heavy goods vehicles and the PDI licence holders in Groups 2 and 3 possessed invaluable expertise and driving experience which might brought benefits to learner drivers. Also, given that the number of new PDI licences allocated as the DI Quota was only 57, Ms QUAT considered the number reasonable and would not create an adverse impact on the market.

46. Mr CHAN Chi-chuen expressed support to the issuing mechanism for new PDI licences as it would offer more choices to driver learners, which in turn would help the development of the PDI trade. He enquired if the Administration had anticipated any increase in the demand for Group 1 driving tests, and if so, whether the waiting time for taking the tests would be prolonged. Mr CHAN also asked about the adequacy of driving examiners and their qualification requirements.

47. Assistant Commissioner for Transport/Administration and Licencing

("AC for T") replied that the expected growth in market demand for driving test had already been taken into account when the number of new Group 1 PDI licences to be issued was considered. Given that there were 17 test sites in Hong Kong, the waiting time for taking driving tests should not be adversely affected. As regards the qualifications of driving examiners, AC for T replied that the minimum entry requirements for a driving examiner included having attained a pass in five subjects (including language subjects) in the Hong Kong Diploma of Secondary Education Examination and had no conviction records on certain traffic offences.

48. Mr Jeremy TAM and Mr Alvin YEUNG expressed support to the proposal. They opined that the proposed issuing mechanism for new PDI licences would benefit learner drivers and enhance the quality of driver training. If more learner drivers could pass the driving tests because they were better trained, then road congestion problem at road junctures near test sites could be solved to a certain extent. Further, given that the remuneration of RDIs was less favourable than that of PDIs despite the fact that they had similar teaching experience and qualifications, the 25% DI Quota would offer RDIs a good chance to switch to PDIs and improve their livelihood. Both members suggested the Administration keep in view the market situation and review the number of new PDI licences to be issued to better meet the market needs.

49. On the point of improving the livelihood of RDIs, Mr HO Kai-ming and Mr KWOK Wai-keung held a contrary view. They opined that the proposed arrangement was more favourable to DDS and would further facilitate their monopolization of the driver training market. Their argument was that given that 25% of the DI Quota would be allocated to serving and ex-RDIs, DDS would be less inclined to improve RDIs' remuneration as their chances of attaining a Group 1 PDI licence would be higher than people applying in the open market. Also, driving training courses provided by the DDS at present were listed under the "Reimbursable Course List" ("the List") of the Continuing Education Fund ("CEF"), which provided a greater incentive for learner drivers to choose DDS rather than PDIs. Because of the foregoing, RDIs, even remunerated less favourably, might still opt to work for DDS because they offered more job opportunities. Both Mr HO and Mr KWOK maintained their stance of opposing the new issuing mechanism and insisted allocating all new PDIs licences through open application.

50. In addressing the above concerns, USTH advised that the Administration had adopted a "two-pronged approach" in respect of driver training. Learner drivers were free to choose off-street driver training through DDS or on-street driver training provided by PDIs. When formulating the proposed issuing mechanism for new PDI licences, the Administration had

balanced different considerations, and had canvassed the views of various stakeholders, trade associations and unions. The Administration took note of members' comments above and would review the need to issue new PDI licences once every two years in the future.

51. On Mr Tony TSE's enquiry, USTH replied that under the two-pronged approach, the ratio of learner driver training provided by Group 1 PDIs and DDS had been maintained at about 70:30 in the past five years.

52. Mr LUK Chung-hung and Mr KWONG Chung-yu followed up on the issue of registering PDIs' training courses under CEF. Mr KWONG expressed doubt on whether individual PDIs could easily register their courses under CEF, which put PDIs in an unfair position to compete against DDS. He enquired about the number of PDIs who had registered successfully their courses under CEF in the past.

53. USTH explained that all course providers of any legal business mode could apply to register their training courses as CEF courses through the Hong Kong Council for Accreditation of Academic and Vocational Qualifications ("HKCAAVQ") for inclusion of courses in the Qualifications Register ("QR"). Once approved by HKCAAVQ, course providers could apply to the Labour and Welfare Bureau as CEF courses. As far as training courses on driving skills were concerned, CEF did not pose any restrictions to register these courses under CEF. Should PDIs consider necessary, they could approach HKCAAVQ for free consultation on the application procedure. As regards the number of PDIs successfully registered under CEF, the information would be provided after the meeting.

> (*Post-meeting note*: the Administration's response to the above issue was issued to members vide LC Paper No. CB(4)687/19-20(01) on 9 June 2020).

Conclusion

54. The Chairman concluded that members held different views on the issuing mechanism of new PDI licences, and requested the Administration to maintain close dialogue with the trade when implementing the proposals.

V Any other business

55. There being no other business, the meeting ended at 12:57 pm.

Council Business Division 4
Legislative Council Secretariat
6 August 2020