## 立法會 Legislative Council

LC Paper No. CB(4)1262/20-21 (These minutes have been seen by the Administration)

Ref: CB4/PL/TP/1

#### **Panel on Transport**

## Minutes of meeting held on Tuesday, 20 April 2021, at 4:30 pm in Conference Room 1 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 Michael TIEN Puk-sun, BBS, JP

Hon YIU Si-wing, BBS

Hon LEUNG Che-cheung, SBS, MH, JP

Hon POON Siu-ping, BBS, MH

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Dr Hon Junius HO Kwan-yiu, JP Hon Holden CHOW Ho-ding

Hon SHIU Ka-fai, JP

Hon Wilson OR Chong-shing, MH

Hon LUK Chung-hung, JP Hon LAU Kwok-fan, MH

Hon Kenneth LAU Ip-keung, BBS, MH, JP

Dr Hon CHENG Chung-tai

Hon Tony TSE Wai-chuen, BBS, JP

**Members absent**: Hon WONG Kwok-kin, SBS, JP

Hon Mrs Regina IP LAU Suk-yee, GBS, JP

#### Hon Paul TSE Wai-chun, JP

# Public officers attending

## Agenda item III

Dr Raymond SO Under Secretary for Transport and Housing Transport and Housing Bureau

Ms Vivien LI
Principal Assistant Secretary for Transport and
Housing (Transport) 2
Transport and Housing Bureau

Mr Damon AU Chief Superintendent/ Traffic Branch Headquarters Hong Kong Police Force

Mr NIP Hoi-kwan Superintendent/Traffic Management Division Traffic Branch Headquarters Hong Kong Police Force

Mr Frankie FONG Chief Systems Manager / Information Systems Wing Hong Kong Police Force

Mr Joseph YAP Senior Systems Manager / Information Systems Wing Hong Kong Police Force

## Agenda item IV

Ms Amy WONG Pui-man
Deputy Secretary for Transport and Housing
(Transport) 2
Transport and Housing Bureau

Mr Nick CHOI Chi-kit

Principal Assistant Secretary for Transport and

Housing (Transport) 4

Transport and Housing Bureau

Attendance by invitation

**Agenda item IV** 

MTR Corporation Limited

Ms Jeny YEUNG Mei-chun

Commercial Director

Ms Linda CHOY Siu-min Corporate Affairs Director

Ms Diane CHIU Man

General Manager – Business Insights and Growth

**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)683/20-21(01)

- Referral memorandum from the Subcommittee on Issues Relating to the Improvement of Environmental Hygiene and Cityscape regarding a

letter from Hon Tony TSE on issues relating to improvement of cityscape

LC Paper No. CB(4)711/20-21(01)

- Administration's response to the item "6856TH -Flyover from Kwai Tsing Interchange Upramp to Kwai Chung Road" raised at the meeting on 15 January 2021

Members noted the above paper issued since the last meeting.

2. <u>The Chairman</u> referred to the memorandum issued by the Subcommittee on Issues Relating to the Improvement of Environmental Hygiene and Cityscape regarding a letter from Hon Tony TSE, which was sent to members vide LC Paper No. CB(4)683/20-21(01). <u>Mr TSE</u> had raised concern on issues relating to the lack of prompt maintenance to damaged roads and walkways, and inadequate enforcement against improper loading of trucks on roads. As the matters raised were relevant to road usage and safety issues, <u>the Chairman</u> proposed to put the above issues under the Panel's list of outstanding items for discussion. <u>Members</u> agreed.

## II. Items for discussion at the next meeting

LC Paper No. CB(4)776/20-21(01)

- List of outstanding items for discussion

LC Paper No. CB(4)776/20-21(02)

- List of follow-up actions

- 3. <u>Members</u> agreed to discuss the following items at the next regular meeting to be held on 21 May 2021:
  - (a) Proposed Regulatory Framework for Autonomous Vehicles in Hong Kong; and
  - (b) Review of the Public Transport Fare Subsidy Scheme.

#### III. Traffic e-Enforcement System

LC Paper No. CB(4)619/20-21(07) - Paper provided by the Administration

#### Briefing by the Administration

- 4. At the invitation of the Chairman, the Under Secretary for Transport and Housing ("USTH") briefed members on the Administration's plan to develop a new Traffic e-Enforcement System to facilitate the processing of Fixed Penalty Notices ("FPNs") for traffic contraventions by electronic means, in order to enhance enforcement in terms of accuracy and efficiency of the Hong Kong Police Force ("the Police"). Details of the briefing were set out in the Administration's paper. USTH advised that the Administration planned to introduce the relevant legislative amendments into the Legislative Council ("LegCo") in the following legislative session, with a view to providing legal basis for the proposed System. The Administration planned to first seek funding support from the Finance Committee of LegCo in the current legislative session in order to take forward the implementation of the project for commencement by phases starting from Q1 2023.
- 5. With the aid of a powerpoint presentation, <u>Chief Superintendent/Traffic Branch Headquarters of the Hong Kong Police Force</u> ("CSP (TBH)/HKPF") and <u>Chief Systems Manager / Information Systems Wing of the Hong Kong Police Force</u> ("CSM(ISW)/HKPF") briefed members on the details including functions and implementation arrangements of the Traffic e-Enforcement System.

(*Post-meeting note*: the powerpoint presentation materials were issued to members on 21 April 2021 vide LC Paper No. CB(4)853/20-21(01).)

#### Discussion

Cost-effectiveness of Traffic e-Enforcement System

6. <u>Members</u> in general welcomed the Administration's initiative to implement the Traffic e-Enforcement System for enhancing enforcement accuracy and efficiency of the Police. Noting that the estimated total non-recurrent expenditure for implementing the proposed Traffic e-Enforcement System was about HK\$ 352 million, <u>Mr Tony TSE</u> and

Mr Wilson OR asked about the value for money assessment of the proposed System. Dr Junius HO opined that the Administration should consider obtaining quotations from other contractors in the Mainland for members' reference. Mr TSE enquired about the estimated saving in recurrent expenditure for traffic enforcement upon implementation of the proposed System and said that the information in this regard should have been provided by the Administration to facilitate members' deliberation.

- 7. <u>CSM(ISW)/HKPF</u> responded that the realizable savings in manpower could only be ascertained after the passage of relevant legislative amendments and the full implementation of the proposed System. It was expected that with the human errors in issuance of handwritten FPNs and manual data input reduced after the implementation of the proposed System, the numbers of enquiries and dispute liabilities on prosecution raised by the public would decrease, thereby further increasing the realisable savings in manpower.
- 8. On Dr CHENG Chung-tai's concern on the high cost of the proposed System which, in his view, was developed mainly for reducing human errors made by the frontline law enforcement officers, CSP(TBH)/HKPF stressed that the objectives of the implementation of Traffic e-Enforcement System were to digitalise the existing manual traffic enforcement workflow, to build an internal traffic enforcement platform and most importantly to provide a one-stop-service for the public to view e-FPNs and handle related matters like payment of penalty online. The proposed System was not only aiming at enhancing traffic enforcement accuracy.
- 9. Mr LEUNG Che-cheung was of the view that the proposed Traffic e-Enforcement System would not only enhance traffic enforcement efficiency and accuracy, but would also provide convenience to drivers/vehicle owners as they would be able to make online payment to settle the penalty and obtain related information through the thematic portal in the future. The Chairman suggested that the following two benefits brought about by the implementation of the proposed System should also be taken into account, i.e. time saving to road users due to the improved road traffic and the realisable savings in manpower of frontline law enforcement officers arising from the enhanced enforcement efficiency upon implementation of the proposed System. Mr YIU Si-wing expressed similar views. CSP(TBH)/HKPF took note of the Chairman's suggestion.

Functions and implementation arrangements of Traffic e-Enforcement System

- 10. Mr LAU Kwok-fan noted from the Administration's paper that since the launch of "e-Ticketing Pilot Scheme" ("the Pilot Scheme") in March 2020, only about 800 e-FPNs (i.e. about 0.08% of the total number of e-FPN issued) were withdrawn due to human errors. The Pilot Scheme proved that e-FPNs could further enhance the overall accuracy and efficiency of traffic enforcement in combating illegal parking. Mr LAU asked about the specific nature of the human errors concerned and the measures to be put in place to avoid the recurrences of such errors upon full implementation of the Traffic e-Enforcement System. Mr Tony TSE raised a similar question.
- 11. <u>CSP(TBH)/HKPF</u> explained that human errors in the issuance of e-FPNs under the Pilot Scheme included selecting incorrect data in the handheld device, such as the location of the incident which was retrieved from the global positioning system. It was believed that such human errors would be further avoided when the frontline law enforcement officers were more familiar with the use of the handheld devices.
- 12. The Deputy Chairman enquired whether the vehicle owners or drivers who committed traffic offence could choose to receive FPNs by electronic means or by post after full implementation of the Traffic e-Enforcement System. He and Mr Wilson OR were concerned that some of the vehicle owners or drivers might have difficulty in viewing the e-FPNs online as they might not be familiar with the use of smart mobile phones and other electronic products and did not have access to the Internet.
- 13. <u>CSP(TBH)/HKPF</u> responded that after the passage of relevant legislative amendments, it would be mandatory for all vehicle owners and drivers to provide to the Transport Department ("TD") their mobile phone numbers or email addresses. In response to Mr CHAN Han-pan's further enquiry, <u>CSP(TBH)/HKPF</u> advised that the issuing of notifications of e-FPNs via Short Message Service ("SMS") could be received by both smart mobile phones and non-smart mobile phones.
- 14. <u>The Deputy Chairman</u> asked if the Police would specify the types/models of handheld devices to be used for traffic enforcement under the proposed System.
- 15. <u>CSP(TBH)/HKPF</u> advised that the Police strictly observed the requirements under the Government Information Technology ("IT") Security Policies and Guidelines and the Personal Data (Privacy) Ordinance (Cap. 486)

in the deployment of operational equipment. He assured members that assessment of information security and privacy impact in respect of the equipment deployed would be performed by the Police.

- 16. <u>Mr Wilson OR</u> enquired about the reasons for the phased implementation of the proposed System. Noting that a citizen-centric Traffic e-Enforcement thematic portal would be developed under the proposed System, <u>Mr OR</u> called on the Administration to consider streamlining or consolidating different government websites or applications with a view to bringing more convenience to the public.
- 17. <u>CSM(ISW)/HKPF</u> responded that the public could access the thematic portal via the one-stop "iAM Smart" mobile application recently launched by the Administration for the convenience of the public. The Police targeted to roll out the basic thematic web portal in the first quarter of 2023 so as to allow the public to view e-FPNs online. Since lead time was required to go through the requisite legislative amendment exercise and to deliver as well as install the necessary hardware and software, the Police proposed to implement the System in two phases. The concerned vehicle owners or drivers could view the traffic offence photos and/or videos through the thematic portal upon full implementation of the proposed System.
- 18. On the Chairman's enquiry about the "Notice requiring Identification of Driver" ("Notice"), <u>CSP(TBH)/HKPF</u> responded that upon implementation of the proposed System, the registered vehicle owner could submit the Notice through the thematic portal. However, the existing requirement that the registered vehicle owner had to complete and return the Notice to the Police within 21 days of the date of the Notice would remain unchanged.
- 19. Mr KWOK Wai-keung relayed the worries of some vehicle owners/drivers of commercial vehicles that the traffic enforcement actions after implementation of the Traffic e-Enforcement System would be more stringent and that e-FPNs would be issued without prior warnings. Also, he enquired when the vehicle owners/drivers concerned would be notified after the issuance of e-FPNs and whether the e-FPNs could be viewed online by using mobile phones.
- 20. <u>CSP(TBH)/HKPF</u> advised that the frontline law enforcement officers could exercise discretion when discharging duties under the relevant traffic related legislation. The implementation of the proposed System would have no impact on such discretion. <u>CSM(ISW)/HKPF</u> added that notifications of the issuance of e-FPNs would be issued to the concerned

vehicle owners or drivers via two channels, i.e. SMS of mobile phone or email. In general, the concerned vehicle owners or drivers would be able to receive the e-FPNs sent via SMS instantly. As for the e-FPNs sent via email, the delivery time would be varied subject to individual email service providers. With the full implementation of the proposed System in phase two, the concerned vehicle owners or drivers would be able to view the e-FPNs, as well as the traffic offence photos and/or videos through the thematic portal which would support browsing on mobile phones.

21. While expressing support to the digitalization of the existing manual traffic enforcement, Mr LEUNG Che-cheung was concerned about the slow progress of the implementation of the proposed Traffic e-Enforcement System. USTH responded that the Administration would review the relevant workflow and strive to compress the implementation schedule with a view to meeting the public's expectation.

#### Security and privacy issues

- 22. <u>Dr CHENG Chung-tai</u> expressed concern about system security and enquired about the measures to be taken to ensure no leakage of vehicle owners/drivers' personal data which would be stored in the Government Cloud or the existing database upon implementation of the proposed System.
- 23. <u>CSM(ISW)/HKPF</u> reiterated that the specifications of the computer systems of the Police were in strict compliance with the Government IT security related regulations and guidelines recently updated by the Office of the Government Chief Information Officer, including the Baseline IT Security Policy and IT Security Guidelines. Besides, information security risk assessments and audits would be performed as necessary before and after the implementation of the proposed System. In response to Dr CHENG Chung-tai's further enquiry, CSM(ISW)/HKPF advised that the frontline law enforcement officers could utilize the designated handheld devices provided by the Police to take pictures and/or videos to record the The photos and/or videos captured at the scene would be uploaded to the Police's backend system in real-time using mobile Such evidence would be kept for a maximum of two years should there be no dispute arising out of the case.

Application of technology on traffic management and enforcement

24. <u>Ir Dr LO Wai-kwok</u> considered that the Administration should give long-term consideration to the future development of Traffic e-Enforcement System. In his view, the proposed System should be more than just an

electronic system facilitating the processing of FPNs for traffic contraventions. <u>Ir Dr LO</u> asked if the Administration would make use of the traffic enforcement data collected for big data analytics purpose to achieve the objectives like alleviating road traffic congestion, reducing the occurrences of traffic accidents and making efficient use of road space. <u>Mr Wilson OR</u> opined that the proposed System could barely dovetail with the policy to develop Hong Kong into a smart city and cast doubt on its worthiness. He asked how the Administration would further streamline the proposed System in order to respond to the public's call for the promotion of smart mobility.

- 25. <u>USTH</u> responded that the Transport and Housing Bureau had been pursuing smart mobility on various fronts. The Transport Advisory Committee in its Report on Study of Road Traffic Congestion in Hong Kong also recommended to make further use of information technology to combat illegal parking and strengthen enforcement on traffic offences. Given that the proposed System would help enhance the enforcement accuracy and strengthen the deterrent effect, thereby optimizing the use of manpower resources, the Administration held that the expected benefits to be brought by the proposed System should be measured from different perspectives, instead of only from the angle of the cost that the establishment of the System would incur. <u>CSP(TBH)/HKPF</u> supplemented that the Police had all along been studying with various departments to leverage on technology to perform police duties.
- 26. Mr LAU Kwok-fan enquired whether the traffic offence data related to illegal parking collected through the proposed Traffic e-Enforcement System would be shared to TD or other relevant government departments for analysis, with a view to finding out the crux of the problem and formulating corresponding policies to combat illegal parking. For instance, the Administration should consider increasing the supply of car parking spaces in the districts where large number of FPNs were issued against illegal parking to address the shortage of car parking spaces.
- 27. <u>USTH</u> responded that the problem of illegal parking was attributable to a host of factors, and the shortage of car parking spaces was only one of them. The Administration would continue to make use of information technology for traffic and transport management and to review the problem concerned, in order to further improve the public transport system and enhance traffic enforcement efficiency.
- 28. In view of the experience in the Mainland, <u>Mr LAU Kwok-fan</u> asked whether members of the public could report alleged traffic

contraventions through the thematic portal upon full implementation of the Traffic e-Enforcement System. The Deputy Chairman was also concerned about how the Police would verify the authenticity of the photos/videos taken and submitted by members of the public for reporting suspected traffic offences.

- 29. <u>CSP(TBH)/HKPF</u> responded that under the existing legislation, the Police received reports relating to alleged moving traffic offences from members of the public. After the passage of relevant legislative amendments which enable the issue of FPNs for illegal parking afterward, members of the public could report alleged illegal parking offences to the Police, such that the Police could prioritize its traffic management enforcement actions. On the use of technology in traffic enforcement, CSP(TBH)/HKPF advised that at present, the serving of FPNs on illegal parking offences and moving traffic offences were stipulated under the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) and the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240) respectively. Indeed, the Police could explore different enforcement approaches after passage of As for the photos/videos taken and relevant legislative amendments. submitted by members of the public for reporting suspected traffic offences, CSP(TBH)/HKPF advised that the Police would contact the complainant concerned for investigation purpose. The complainant would breach the law if the evidence submitted to the Police was fabricated.
- 30. <u>Mr YIU Si-wing</u> enquired whether the Administration would explore the feasibility of collecting traffic offence evidences and details by installing video cameras at traffic black spots.
- 31. <u>CSP(TBH)/HKPF</u> advised that the Police had been exploring with relevant departments on the application of technology to enhance the law enforcement capabilities. For instance, the Police had been collaborating with the Energizing Kowloon East Office of the Development Bureau to conduct the Proof-of-concept trials on the use of closed-circuit television cameras and video analytics technology to detect illegal parking and improper use of loading and unloading bays in Kwun Tong.
- 32. Mr Tony TSE and the Chairman opined that the Administration should consider in the long run whether to propose necessary legislative amendments in one go with a view to providing legal backing for wider application of technology on traffic enforcement in the future.

#### Conclusion

33. The Chairman concluded that members in general were supportive to the Administration's proposal to take forward the e-Traffic Enforcement System, albeit concerns on the realizable savings. He called on the Administration to pay due regard to the views raised by members at the meeting.

#### IV. MTR Fare Adjustment for 2021

LC Paper No. CB(4)776/20-21(03) - Paper provided by the Administration

LC Paper No. CB(4)776/20-21(04)

- Paper prepared by the Legislative Council Secretariat (Updated background brief)

#### Briefing by the Administration

34. At the invitation of the Chairman, <u>Deputy Secretary for Transport and Housing (Transport) 2</u> ("DS/T2") briefed members on the fare adjustment of the MTR Corporation Limited ("MTRCL") in 2021 and fare concessions to be offered to passengers. Details of the briefing were set out in the Administration's paper. According to the MTR fare adjustment mechanism ("FAM") formula, MTRCL would reduce fare by 1.7% in 2021. The total fare adjustment rate of +1.58% from 2019 and 2020 to be recouped in 2021 would be carried forward according to the mechanism. MTRCL would introduce various fare concessions, including topping up the committed rebate under FAM so that passengers can continue to save around 5% on actual fares till 1 January 2022. MTRCL would also continue to offer other on-going fare concessions.

(*Post-meeting note:* the Census and Statistics Department announced on 28 May 2021 that the year-on-year change in the Composite Consumer Price Index for December 2020 was revised from -0.7% to -1.0%. Accordingly, MTRCL revised the 2021 overall fare adjustment rate to -1.85% according to the FAM formula. The Administration's paper "MTR Fare Adjustment for 2021 and Tuen Ma Line Fares" was issued to members vide LC Paper No. CB(4)1036/20-21(01) on 28 May 2021)

35. With the aid of a powerpoint presentation, <u>Commercial Director of MTRCL</u> ("CD/MTRCL") briefed members on details of the fare adjustment and fare concessions.

(*Post-meeting note*: the powerpoint presentation materials were issued to members on 21 April 2020 vide LC Paper No. CB(4)853/20-21(02))

#### **Discussion**

Fare adjustment of MTRCL

- 36. Although MTRCL would reduce fare by 1.7% with effect from 27 June 2021, Mr Michael TIEN, Ir Dr LO Wai-kwok, Mr YIU Si-wing, Mr Tony TSE and the Deputy Chairman expressed disappointment on the cessation of the "20% rebate for every Octopus Trip" ("20% rebate") starting from 1 April 2021. They opined that the fare reduction of 1.7% would bring about, in effect, an increase in fare without the 20% rebate offer. Ir Dr LO Wai-kwok said that Hong Kong was still facing tough times amidst the COVID-19 pandemic, and a large number of different trades such as the tourism industry had not revived. He opined that it was not the right time to withdraw the 20% rebate concession. Noting that the Administration would bear half of the actual revenue forgone by MTRCL from the 20% rebate concession at a cap of \$0.8 billion, he called upon the Administration to provide the necessary funding for continuing the offer of the concession.
- 37. Mr Michael TIEN said that MTRCL had been earning huge profits in previous years from railway operations and property development under the "Rail plus Property Model". Given that a number of railway development projects were under the pipelines, he opined that MTRCL could afford to allocate more resources to continue providing the 20% rebate concession to passengers for another six months.
- 38. On provision of subsidy to commuters to alleviate their fare burden, <u>DS/T2</u> explained that the Administration had implemented a special measure under the Public Transport Fare Subsidy Scheme ("PTFSS") to temporarily relax the monthly public transport expenses threshold from \$400 to \$200 during the period from 1 July 2020 to 31 December 2021, and to temporarily increase the monthly subsidy cap from \$400 to \$500 during the period from 1 April to 31 December 2021. <u>DS/T2</u> said that commuters travelling by other transport modes in addition to MTR would be able to benefit from the measures.

- 39. Concurring that it was not an opportune time to cease the 20% rebate concession, Mr YIU Si-wing enquired about the possibility of withdrawing the 20% rebate by phases, instead of in one-go, by deploying resources under the "Profit Sharing Mechanism" to support the continued provision of the 20% rebate concession. In addition, he asked whether any review had been conducted in comparing MTR fare with that of other major cities such as Singapore.
- 40. <u>CD/MTRCL</u> responded that the funds set aside under "Profit Sharing Mechanism" for the provision of fare concessions would be determined by the level of underlying business profits earned by MTRCL in a particular year. Whilst MTRCL had recorded an operating loss in 2021, MTRCL decided to offer on its own resources a special "5% Rebate for Every Trip" to passengers from 1 April to 26 June 2021. In addition, MTRCL would top up the 3% rebate for every trip committed under FAM from 27 June 2021 until 1 January 2022, which, together with the fare reduction of -1.7%, would allow passengers to keep savings of around 5% on actual fares. As regards fare level benchmarking with other cities, MTR fare was assessed to be in the lower quartile and considered competitive to the fares of other neighbouring cities like Singapore.
- 41. In reply to Mr Tony TSE's enquiry about the amount of subsidy to be borne by the Administration under the 20% rebate concession, <u>DS/T2</u> said the MTRCL was still auditing relevant figures. Actual amount borne by the Administration could only be confirmed later.
- 42. The Deputy Chairman noted that because of the "affordability cap" under FAM, fare adjustment rate of +1.58% carried forward from 2019 and 2020 would be recouped in future years. He envisaged that when the economy slightly turned around, the magnitude of fare increase would be very significant that it might be beyond the affordability of the general public. He strongly urged MTRCL to cancel the +1.58% fare adjustment, and suggested introducing a "circuit breaker" in FAM formula so that when the economic situation worsened, any fare adjustment carried forward from previous years would be dropped automatically.
- 43. <u>CD/MTRCL</u> took note of the Deputy Chairman's suggestion and said that pursuant to the Operating Agreement signed between the Government and MTRCL, FAM was to be reviewed every five years. The next review would be due for completion by 2023. MTRCL would prudently consider the arrangement for handling the fare adjustment rates rolled over from previous years during the review.

#### FAM review

- 44. The Deputy Chairman said that in the past ten years, MTR had raised fare in nine years and kept its fare frozen in one year. Total fare had increased by 27% in ten years' time according to FAM. He said that members of the public were deeply disappointed that MTRCL raised fare every year despite the hefty profits earned. He strongly suggested that the FAM formula should take into account profits of MTRCL as well as the economic situation of Hong Kong when determining the fare adjustment level.
- 45. Mr Michael TIEN opined that the FAM formula was ineffective in deriving a suitable level of fare adjustment. He suggested simplifying the formula by directly linking fare adjustment to inflation. Fare adjustment would be 50% of the inflation rate of a particular year, so that MTR fare burden would be lower than the overall inflation level. In addition, a profit factor would be incorporated into the formula such that when the profits of MTRCL reached a certain level, fare level would be frozen. He added that as most of the profits of MTRCL were derived from property development rights granted by the Government in the course of undertaking railway projects, there was a need to take into account public interests when The Chairman added that the public was considering MTR fare adjustment. very concerned about the huge income generated from the granting of land resources to MTRCL for property development, and called upon the Administration to seriously review the relevant policy in response.
- 46. <u>CD/MTRCL</u> said that the FAM formula was a direct-drive formula which had taken into account objective economic figures released by the Government every year. MTRCL would thoroughly consider members' views when conducting the next FAM review.
- 47. Mr Tony TSE commented that even though MTRCL would reduce fare by 1.7% this year, the public was still disappointed on the fare adjustment level. It reflected that the public was dissatisfied with the services provided by MTRCL due to the occurrence of service disruption incidents and project mismanagement relating to the construction of the Shatin to Central Link. He urged MTRCL to consider means to restore Hong Kong people's confidence in the company. CD/MTRCL took note of the suggestion.

#### Other issue

48. <u>Dr CHENG Chung-tai</u> expressed concern about a recent incident happened at Heng Fa Chuen Station regarding a man being stopped by several MTRCL staff for ticket checking. <u>Corporate Affairs Director of MTRCL</u> said that the incident was under investigation at the moment. She added that mechanism had been in place to facilitate frontline staff to provide proper assistance to passengers as well as to effectively discharge duties stipulated under the MTR by-laws. Appropriate training would also be provided for frontline staff to respond to different scenarios. MTRCL would continue to review relevant arrangements.

#### Conclusion

49. <u>The Chairman</u> concluded that MTRCL and the Administration should listen to views of the members and the public when conducting the next FAM review.

### V. Any other business

50. There being no other business, the meeting ended at 6:26 pm.

Council Business Division 4
<u>Legislative Council Secretariat</u>
16 July 2021