

立法會 *Legislative Council*

LC Paper No. CB(4)1044/2022

Ref : CB4/PL/TP

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

Purpose

This report which is made in accordance with Rule 77(14) of the Rules of Procedure of the Legislative Council (“LegCo”), gives an account of the work of the Panel on Transport (“the Panel”) during the 2022 legislative session.

The Panel

2. The Panel was formed by a resolution passed by the LegCo on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining government policies and issues of public concern relating to transport matters. The terms of reference of the Panel are at **Appendix 1**.

3. For the 2022 session, the Panel comprises 20 members, with Hon Frankie YICK Chi-ming and Ir Hon CHAN Siu-hung elected as the Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is at **Appendix 2**.

Meetings

4. During the period from January to December 2022, the Panel held a total of 11 meetings, including a joint meeting with the Panel on Environmental Affairs. Another regular meeting has been scheduled for 16 December 2022.

Major Work

Public transport services

MTR fare adjustment for 2022 and Review of the MTR Fare Adjustment Mechanism

5. On 22 April 2022, the Panel was briefed by the Administration on the MTR fare adjustment for 2022 under the Fare Adjustment Mechanism (“FAM”) of the MTR Corporation Limited (“MTRCL”). Members noted that there would be no adjustment of MTR fares in 2022 and the overall adjustment rate of +0.5% for 2022 would be rolled over to 2023. The fare adjustment rates of +0.3% & +2.55% to be recouped in 2022 under the simplified “Affordability Cap” arrangement in 2019 and 2020 respectively would be carried forward again.

6. Members generally welcomed MTRCL’s decision to freeze MTR fares this year. However, they considered that the calculation result under FAM was not effective to reflect the prevalent socio-economic situation, as the figures did not reflect the impact of the fifth wave of the COVID-19 pandemic. They called on MTRCL to either offer more fare concessions to alleviate the fare burden of the commuters or consider adjusting the fares downwards so that all passengers could benefit. The Administration responded that to alleviate the fare burden of commuters, the threshold of the Public Transport Fare Subsidy Scheme would be lowered from \$400 to \$200, and the monthly subsidy cap would be raised from \$400 to \$500 between May and October 2022. This measure was further extended for another six months until 30 April 2023.

7. Noting that there would be an accumulated increase of 2.85% to be carried forward under the “Affordability Cap” arrangement and +0.5% fare adjustment rate for 2022 to be rolled over to 2023, members expressed grave concern that the magnitude of the increase in MTR fares in the coming year might go beyond the affordability of the public in case of a slight economic recovery.

8. Regarding the impact of the accumulated increase in future years, the Administration explained that under the current “Affordability Cap” arrangement, any fare increase of a year should not be higher than the year-on-year change in the Median Monthly Household Income for the fourth quarter of the previous year. The Administration further advised that the arrangements for the fare increase to be recouped would be looked into under the next FAM review, the public consultation of which commenced in September 2022 with a view to completing the review in the first quarter of 2023 and putting it into effect in 2023.

9. With regard to the FAM review, the Panel passed a motion in April 2022 urging the Administration to directly add elements such as “profit-link deduction” and “train service performance” to FAM and that the Executive Council should act as the final gatekeeper to determine the final rate of fare

adjustment. It was also proposed that the Administration should establish a “public transport fare stabilization fund” with the dividends from MTRCL to be used to moderate the fare increases of public transport services in Hong Kong, and that arrangements on fare rebates, interchange concessions and monthly passes, etc. under the “Service Performance Arrangement” of MTRCL should be enhanced to make the future FAM more reasonable and transparent.

10. The Panel was consulted on 25 November 2022 on the Review of FAM. Members raised a number of factors to be considered and incorporated into the formula under the FAM. The Administration advised that the factors would be actively considered.

New Bus Franchises of Citybus Limited (Franchise for Airport and North Lantau Bus Network) (“CTB(F2)”), *Long Win Bus Company Limited (“LW”)*, *Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour bus network) (“CTB(F1)”)* and *New World First Bus Services Limited (“NWFB”)*

11. The current franchises of LW and CTB(F2) would expire in mid-2023. In addition, the holding company of NWFB and CTB has applied for merging the NWFB and CTB(F1) franchises under a new ten-year franchise (“CTB(merged)”) to be effective from 1 July 2023. The Panel was briefed at the meeting on 15 July 2022 on the granting of new bus franchises.

12. Members were supportive of the merging of NWFB and CTB(F1) CTB(merged) because the two said franchises were operating largely overlapping bus networks on the Hong Kong Island. The merger provided room for bus route consolidation to enable more efficient use of resources and improve service provision. However, with a declining population on the Hong Kong Island and increasing competition from the commissioning of new railway lines, some members were concerned about the long-term sustainability of CTB(merged). There were also concerns about possible fare rise and layoffs after the merger.

13. The Administration advised that the Transport Department (“TD”) has been discussing with CTB ways to enhance its long-term sustainability. Facilitating measures to assist their operations, such as granting short-term tenancy sites for use as bus depot and building charging facilities for energy-saving buses, would be considered by the Administration where appropriate. Regarding bus fare, CTB has reassured that the merger would not bring about any changes in actual fares of all existing routes. Also, there would be no worse-off in the employment terms and conditions after the merger.

The Administration stressed that CTB has demonstrated a strong commitment for CTB(merged) and pledged to further invest \$3.5 billion in the coming ten years for service enhancement and improvement.

Enhancing personalized and point-to-point transport services

14. At the meeting held in April 2022, the Administration consulted the Panel on the taxi fare increase application submitted by the trade in 2018, as well as measures to improve the quality of taxi service. Members held diverse views on the proposed fare increase. Some members considered that the current fare level of taxis was lagging behind inflation and the rising operating costs. The upsurge in insurance premiums in recent years had adversely impacted the operating environment and income of frontline drivers had dropped. Members who opposed to the fare increase considered the magnitude of the proposed fare increase too high and was beyond public affordability. There were also views that the wider application of electric vehicles by the trade would lower the impact of fuel cost increase and alleviate the pressure of a fare increase.

15. The Administration responded that it would review a basket of factors holistically, including public acceptability, financial viability of taxi operation, the latest economic situation and so forth when assessing the fare increase application. Based on previous experience, the demand for taxi service remained relatively stable after taxi fare was increased. On members' concern that the fare increase would lead to an increase in taxi rental, the Administration explained that taxi rental was a commercial arrangement to be determined between owners and drivers. If the rental was set too high, taxi owners would have difficulty in renting out their taxis.

16. The Panel also discussed the Administration's proposal to enhance taxi service quality, including the introduction of a taxi fleet management regime. Members were skeptical of the regime in bringing about fundamental improvement of taxi service quality, based on two reasons. Firstly, the regime only served as a means for taxi owners or operators who were committed to and capable of forming a professional fleet to offer better quality services through a regulated platform on voluntary basis. Secondly, the fare schedule of fleet taxis was proposed to be the same as other non-fleet taxis. Fleet taxis could only charge a booking fee on top of the metered fare, thus lacking financial incentive for taxi operators to apply for the Fleet Licence.

17. The Administration explained that the objective of introducing a taxi fleet management regime was to promote professional image of the trade and

enhance service quality through taxi fleet management. Enhancing the professional image of the trade would also help attract more young drivers to join the trade, which was conducive to modernising the industry and promoting the sustainable development of the taxi trade. As regards details of the taxi fleet management regime such as the number of fleet taxis, vehicle types, fares and so forth, the Administration would continue to listen to the views of various stakeholders.

18. The Panel also noted the Administration's intention to introduce taxi-drivers-offence points system and two-tier penalty system to increase the deterrent effect against taxi-driver-related offences. Members in general supported raising the penalty level on offences of a more serious nature, but were concerned about the difficulties in substantiating certain offences. In this regard, members urged the Administration to consider how TD would ensure impartiality in the whole process in case of disputes.

Fare increase application from Hong Kong Tramways Limited

19. On 20 May 2022, the Panel was consulted on the fare increase application from Hong Kong Tramways Limited ("HKT"). Members in general supported the fare increase application from HKT to enhance the financial sustainability of tramway operation.

20. Some members expressed concern that the rate of increase sought by HKT, i.e. from \$2.6 to \$3.0 for adults, was higher than the average inflation rate since the fare was last increased in 2018, while other members opined that the increase in absolute amount was minimal. The Administration advised that although the fare increase rate was slightly more than 15%, the fare of tramway was still less than the lowest fare of bus routes plying the Hong Kong Island by 30%.

21. Members opined that the tramway was a collective memory of the people of Hong Kong and should not be regarded as merely a transport mode, but also a cultural heritage worth preserving. Members called on the Administration to collaborate with the Hong Kong Tourism Board as well as the Culture, Sports and Tourism Bureau to further enhance promotion of the tramway.

E-licensing initiatives of the Transport Department

22. The Panel was briefed on the e-licensing and enhancement initiatives of TD on 20 May 2022. The initiatives aimed to enhance the licensing process and to tie in with the policy objective of wider use of technology in

the provision of public services. Members noted that relevant legislative proposals would be introduced into the LegCo by phases.

23. Members were supportive of the e-licensing initiatives, but commented that the proposed enhancements still involved many manual procedures. They called for full automation to enhance efficiency and reduce costs.

24. The Administration advised that the ultimate goal of e-licensing initiatives was full automation of the processing procedures. To achieve this, relevant legislative amendments would be required and enhancements to TD's computer system was necessary. It was therefore necessary to implement the e-licensing initiatives by phases for upgrading relevant computer systems as well as for the public to accommodate to the new changes. Relevant legislation for implementing part of the e-licensing initiatives were gazetted on 21 October 2022 and would come into operation on 16 December 2022.

25. Members also welcomed the Administration's proposal to improve vehicle registration and licensing system. At present, a vehicle might be deregistered if it was not licensed for over two years, thus allowing irresponsible vehicle owners to make use of the loophole by abandoning their unwanted vehicles on the street/ public space. Members noted that TD would propose to amend existing legislation such that a registered owner would commit an offence if he/she took no action to renew or cancel the vehicle license, or obtain an exemption from TD if the vehicle concerned was found unlicensed for two years. Also, the proposed penalty would be set high to achieve a strong deterrent effect.

Transport infrastructure

Tolling Principles of Congestion Charging for Road Harbour Crossings ("RHCs") and Takeover Arrangements of Western Harbour Crossing ("WHC")

26. The Panel was briefed on 17 June 2022 on the principles of the proposed "Congestion Charging" at the three RHCs and the takeover arrangements of WHC which will be taken over by the Government on 2 August 2023 upon the expiry of its build-operate-transfer franchise. According to the Administration, the takeover of the WHC and Free Flow Tolling System ("FFTS") expected to be implemented from end-2022 would present an opportunity for the Government to holistically consider the tolls

of all RHCs having regard to the entire cross-harbour traffic situation.

27. Members generally supported the principles of charging different tolls at different time periods to suppress excessive traffic of RHCs during peak hours. Some of them however expressed doubt about the feasibility of changing commuters' travelling pattern since most people travel for school and work during peak hours in the morning and evening. Some members pointed out that the capacity of WHC had nearly reached its full capacity during peak hours despite its high toll, hence charging a high toll might not be effective in suppressing traffic demand of the RHCs. Some members called for constructing the fourth cross-harbour tunnel in addressing the congestion problems in the long-run. There were also suggestions of promoting share-riding and restricting some vehicles from entering busy districts during peak hours.

28. The Administration advised that varying toll levels at different times with additional charge during peak hours was considered an effective tool to manage traffic by encouraging motorists to advance or defer their travel or switch to public transport. To tackle the congestion problem holistically, it was necessary to adopt a multi-pronged strategy in the long term, including developing new transport infrastructure. In the interim, it would be opportune to review the toll difference among the three RHCs as well as addressing the problem of cross-harbour congestion through "Congestion Charging".

29. To encourage commuters to switch to public transport, some members considered it imperative for the Administration to provide sufficient park-and-ride facilities near major transport interchanges and RHCs so that motorists could park their vehicles at these facilities and continue their journey by taking public transport. The Administration advised that TD was planning new generation transport interchange hubs with park-and-ride facilities at strategic locations. The Administration would continue to locate suitable sites for building such facilities and welcome members' suggestions in this regard.

30. Regarding members' request for relevant data and statistics on commuters' travelling pattern and price sensitivity towards different toll levels, the Administration advised that a consultant was engaged to develop a traffic model for forecasting the traffic conditions under different toll plans, and would consolidate the latest traffic data for assessing the impact of various toll plans. In this connection, a panel meeting was scheduled for 6 December 2022 at which the Administration would consult the Panel on the proposed toll plan for the three RHCs upon the Government's takeover of

WHC.

“Universal Accessibility” Programme (“the UA Programme”) and Hillside Escalator Links and Elevator Systems (“HEL”)

31. On 15 February 2022, the Panel was briefed by the Administration on the details of the latest progress of the “Universal Accessibility Programme” (“the UA Programme”) and Hillside Escalator Links and Elevator Systems (“HEL”) and the funding proposal of \$590 million for the financial year 2022-2023. Besides, the Panel was further consulted in October 2022 on the funding proposal of \$717 million for the financial year 2023-2024.

32. Members generally supported the funding applications under the UA Programme but were concerned about the progress of individual UA items. Whilst members welcomed the adoption of Modular Integrated Construction, they urged the Administration to further explore other means to save construction time and to ensure timely completion of the projects.

33. The Administration explained that during the construction stage, delay might happen due to technical issues, such as the complicated underground utilities, relocation of trees being affected and handling of diverse local views. Apart from imposing penalty to deal with unjustified delay in construction, the Administration had also introduced financial incentives to encourage early completion of construction works.

34. Members expressed concern on the slow progress of implementation of HEL projects and enquired about the screening criteria of those projects. The Administration explained that the assessment mechanism for HEL projects had been revised with a view to expediting project delivery. Among the 114 HEL proposals received in the past, about half of the proposals which were out of scope had been screened out after initial screening. The remaining proposals were prioritized in accordance with the assessment based on their social benefits and cost-effectiveness.

Lift and Pedestrian Walkway System between Saddle Ridge Garden and Sai Sha Road

35. The Administration consulted the Panel on upgrading the funding application of the lift and pedestrian walkway system between Saddle Ridge Garden and Sai Sha Road (“the lift and pedestrian walkway system”) to Category A on 20 May 2022. The project would involve the construction of a lift tower at Sai Sha Road and a covered elevated pedestrian link connecting the lift tower and the areas near Saddle Ridge Garden.

36. Members supported the funding proposal to improve the accessibility of the uphill areas near Saddle Ridge Garden, but considered that the construction period of three years too long. Suggestions on ways to expedite the progress were made, such as adopting prefabrication and Modular Integrated Construction method. Issues including the traffic impact of the construction works, mitigation measures and the capacity of the lift and pedestrian walkway system were also raised.

37. The Administration advised that it would explore ways to compress the timeline of the construction works and discuss with relevant stakeholders on the mitigation measures to be adopted. The funding proposal was approved at the Finance Committee of the Legislative Council at an estimated cost of \$141.1 million in money-of-the-day prices on 15 July 2022.

Other consultations

Legislative Proposal for implementing Traffic e-Enforcement System

38. The Panel was consulted on 17 June 2022 on the proposed Traffic e-Enforcement System and relevant legislative proposals for providing legal backing for serving fixed penalty notices by electronic means under the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) and Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240).

39. Members in general welcomed the Administration's initiative to implement the Traffic e-Enforcement System for enhancing enforcement accuracy and efficiency of the Police, as well as providing convenience to vehicle owners. Members noted that vehicle owners would be able to make online payment to settle the penalty and obtain related information through the Traffic e-Enforcement thematic portal in the future. Some members suggested that the Administration should consider consolidating different government electronic platforms so as to bring more convenience to the public.

40. On members' concern over the slow progress in applying technology in traffic management, such as utilizing big data analytics and the latest technology to monitor and manage traffic flow in real-time, the Administration advised that TD was conducting studies on how to improve public transport mobility. With regard to traffic management, the Traffic e-Enforcement System would analyze traffic enforcement data and provide the Police with data on the specific areas at which traffic violations were more frequent and thereby improving law enforcement efficiency.

Legislative Proposal for Establishing the Regulatory Regime for Autonomous Vehicles

41. To enable wider testing and use of autonomous vehicles (“AVs”), the Administration proposed the establishment of a new regulatory framework to accommodate the development of AV technologies in Hong Kong. The Panel was consulted on 15 July 2022 on the legislative proposal to amend the Road Traffic Ordinance (“RTO”) to regulate AV trial and incorporate AVs into existing registration and licensing regime of RTO.

42. Members have been urging the expedition of AV development in Hong Kong in order to catch up with the relevant progress made overseas and in Mainland cities. They opined that the Administration should be forward-looking when spearheading the development. There was a suggestion of designating a region in Hong Kong for conducting trials on AV-related technologies including 5G technology, vehicle-related big data analysis and vehicle-to-everything technology.

43. The Administration advised that AV technology being trialed in Hong Kong was on a par with the progress of overseas and Mainland cities and that the \$1 billion Smart Traffic Fund provided funding support for conducting research and application on vehicle-related innovation and technology. The Administration would continue to facilitate AV trials and use, including the autonomous transport system “AirportCity Link” which sought to link the Airport Island, the Hong Kong-Zhuhai-Macao Artificial Island Port and Tung Chung.

Legislative Proposals for Enhancing Road Safety

44. On 15 July 2022, the Panel was consulted on four legislative proposals for enhancing road safety. Members generally supported the Administration’s legislative proposals to enhance road safety.

45. With regard to the proposal to tighten the use of mobile communication devices (“MCDs”) by drivers while driving, i.e. limit the number of MCDs to two, members had different views on the number of MCDs allowed to be placed on dashboards. The Administration explained that although it was safer to completely ban the use of MCDs while driving, it had noted that overseas jurisdictions do not do so, due to consideration of drivers’ practical needs for using MCDs, such as obtaining information on navigation and real-time traffic conditions. The Administration considered that two MCDs was the right balance between road safety and the practical needs of drivers.

46. Regarding the proposal to require child passengers aged 7 or less to use child restraining devices (“CRDs”) in private cars, members opined that it would not be practical to require drivers who might have child passengers to provide multiple CRDs for various ages and suggested allowing some flexibility or alternatives for child passengers in private cars, for example, allowing them to wear children’s seat belts instead. The Administration explained that in overseas jurisdictions, CRDs were generally required in private cars. It also had reservations on providing a statutory defence for children occasionally travelling on friends’ and relatives’ cars due to potential abuse. Nevertheless, it would take members’ suggestions into consideration.

47. On the proposal to extend the existing statutory requirements for the mandatory fitting and wearing of seat belts to cover other classes and seats of vehicles, a member enquired whether the Administration would provide subsidies to the operators of school private light buses (“PrLBs”) for the fitting of seat belts. The Administration replied that it was projected that less than 200 existing school PrLBs would be required to install seat belts by 1 January 2025. Since 90% of those vehicles would be 10 years old or above by then, the Administration would encourage operators to retire those older vehicles instead.

48. As regards the proposal to mandate helmet wearing for cyclists, members suggested the Administration to limit the helmet wearing requirement to carriageways only, consider introducing a bicycle licensing regime for cyclists riding on carriageways and improve the design of some cycle tracks. An enquiry was also made on the issue of non-compliance by children under the age of criminal liability.

49. The Administration advised that the instances and severity of accidents happening on cycle tracks were on a par with those happening on carriageways and that most overseas jurisdictions do not have a bicycle licensing regime. Nevertheless, it would step up education and publicity efforts to enhance cycling safety and encourage children to wear helmets. Over the past two to three years, the Administration had also reviewed and improved the design of around 180 cycle tracks, such as installing safety features at sharp turns, down slopes and pedestrian crossings.

Others

50. The Panel received a briefing by the Secretary for Transport and Logistics (“STL”) on 24 October 2022 on the policy initiatives relevant to land and waterborne transport in the Chief Executive’s 2022 Policy Address.

Members actively made comments on transport related issues and proposed relevant suggestions.

51. Besides, the Panel was also consulted on the following funding proposals in the session:

- (a) Widening of Fuk Hang Tsuen Road (between Castle Peak Road – Lam Tei and Fuk Hang Tsuen Lane); and
- (b) 6891TH-1 Tsing Yi-Lantau Link – Investigation and Detailed Design.

52. Another panel meeting was scheduled for 16 December 2022 at which members will be consulted on the following proposals:

- (a) Improvement of Lion Rock Tunnel – Detailed Design; and
- (b) Legislative Proposal on Updating the Construction and Maintenance of Vehicle Requirements to Improve Road Safety.

Council Business Division 4
Legislative Council Secretariat
6 December 2022

Legislative Council

Panel on Transport

Terms of Reference

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

Panel on Transport

Membership list for 2022 session

Chairman Hon Frankie YICK Chi-ming, SBS, JP

Deputy Chairman Ir Hon CHAN Siu-hung, JP

Members
Hon CHAN Hak-kan, SBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon CHAN Han-pan, BBS, JP
Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Hon LUK Chung-hung, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP
Hon Stanley LI Sai-wing, MH
Hon Dominic LEE Tsz-king
Hon CHAU Siu-chung
Hon Andrew LAM Siu-lo, SBS, JP
Hon YIU Pak-leung, MH
Hon Joephy CHAN Wing-yan
Hon CHAN Hok-fung, MH, JP
Ir Hon Gary ZHANG Xinyu
Hon YANG Wing-kit
Hon TANG Ka-piu, BBS, JP
Hon YIM Kong

(Total : 20 members)

Clerk Ms Sophie LAU

Legal Adviser Miss Evelyn LEE