

## LCQ21: Railway fare adjustments

Following is a question by the Hon Andrew Lam and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 18):

Question:

Under the Operating Agreement entered into between the Government and the MTR Corporation Limited (MTRCL), the next Fare Adjustment Mechanism (FAM) review will be completed by 2023. There are comments pointing out that as fare adjustments are made through a direct-drive formula under the FAM, there have been occasions where the MTRCL, despite recording a huge surplus, can still increase its fares, and this is not in line with the expectations of members of the public. In this connection, will the Government inform this Council:

(1) whether it knows the fare revenue of the MTRCL and its expenses directly relating to transport operations (including repair and maintenance, depreciation, as well as the amounts payable to the Kowloon-Canton Railway Corporation) in each financial year since the implementation of the FAM (set out in a table);

(2) how it ensures that Members of this Council can participate in the FAM review as early as possible in a substantive and meaningful way, such that the views on the FAM expressed by members of the public can be reflected in a timely manner; and

(3) whether it will take the opportunity of the FAM review to comprehensively examine the financial position and operation model of the MTRCL, with a view to improving the service performance of railways which constitute the backbone of the traffic system, and enabling railways to better tie in with the comprehensive traffic and transport development strategy; if not, of the reasons for that?

Reply:

President,

My reply to the question raised by the Hon Andrew Lam is as follows:

(1) and (2) The current Fare Adjustment Mechanism (FAM) of the MTR Corporation Limited (MTRCL) has been adopted since the rail merger in 2007, replacing the fare autonomy the MTRCL then enjoyed. During the legislative process of the rail merger, the FAM was extensively discussed at the Legislative Council and approved at the MTRCL shareholders meeting as one of the conditions of the rail merger. The FAM adopts a direct-drive formula and uses figures published by the Census and Statistics Department to reflect local economic conditions; it is an open, objective and transparent mechanism. From implementation of the FAM in 2008 up to 2021, the average

annual increase in MTR fares according to the FAM was 2.1 per cent. The average year-on-year inflation in Hong Kong was 2.6 per cent and average annual increase in payroll index was 3.9 per cent over the same period.

The construction and operation of railways, as well as long-term maintenance and asset renewal involve substantial resources. As the railway network enters a mature stage, the amount of investment in maintaining, upgrading and renewing railway assets has been ever increasing. Relevant figures since the implementation of the FAM are as follows:

| MTRCL Hong Kong Transport Operations |                 |   |                           |
|--------------------------------------|-----------------|---|---------------------------|
|                                      | Total Revenue   | Total Expenses (Note 1)<br>(including operating expenses, relevant depreciation and amortisation cost, variable annual payment to Kowloon-Canton Railway Corporation(Note 2)) | Profit/(Loss)<br>(Note 3) |
| Year                                 | (\$million)     |   |                           |
| 2021                                 | 13,177          | (17,439)  | (4,262)                   |
| 2020                                 | 11,896          | (17,304)  | (5,408)                   |
| 2019                                 | 19,938          | (20,529)  | (591)                     |
| 2018                                 | 19,490          | (17,505)  | 1,985                     |
| 2017                                 | 18,201          | (16,545)  | 1,656                     |
| 2016                                 | 17,655          | (15,083)  | 2,572                     |
| 2015                                 | 16,916          | (14,423)  | 2,493                     |
| 2014                                 | 16,223          | (13,513)  | 2,710                     |
| 2013                                 | 15,166          | (12,450)  | 2,716                     |
| 2012 (Note 4)                        | 14,523          | (11,642)  | 2,881                     |
| 2011                                 | 13,509          | (10,808)  | 2,701                     |
| 2010 (Note 4)                        | 12,635          | (9,758)   | 2,877                     |
| 2009                                 | 11,530 (Note 5) | (9,407)   | 2,123                     |
| 2008 (Note 4)                        | 11,504 (Note 5) | (9,321)   | 2,183                     |

Note 1: According to the Service Concession Agreement, the MTRCL shall pay the fixed annual payment of \$750 million each financial year for the right to use and operate the concession property for the operation of the service concession. Part of the payment is reflected as depreciation and amortisation cost in the above table.

Note 2: According to the Service Concession Agreement, the MTRCL is not required to pay the variable annual payment in the first 36 months after the

rail merger.

Note 3: Before interest, finance charges and taxation.

Note 4: Figures of relevant years are restated figures found in the 2013, 2011 and 2009 MTR Annual Reports respectively.

Note 5: Relevant figures were recorded as "Hong Kong railway operations" business in the 2008 and 2009 MTR Annual Reports.

The FAM shall be reviewed every five years. The next review will begin in the second half of this year as scheduled and is expected to conclude in the first half of 2023. The Government understands the public concerns on MTR fares, and will pay close attention to different views during the FAM review. We expect to start public consultation in the third quarter of this year and will also consult the Legislative Council Panel on Transport, with a view to formulating a pragmatic and balanced proposal.

(3) Hong Kong is a densely-populated city with limited road space. To provide efficient and reliable public transport services for millions of passenger trips every day is therefore of paramount importance. Railway provides high capacity, expeditious and convenient services; and is an environmental friendly and efficient mass transit. Thus, the Government uses railway as the backbone of the public transport system, while at the same time facilitates the complementarity among different public transport services, in order to provide passengers with diversified commuting choices. The MTRCL, as the railway operator of Hong Kong, is tasked with great responsibilities. The Government will continue to monitor the planning, construction, operation and maintenance of railway projects by the MTRCL. We will also call on the Corporation to keep in view its governance structure, operating arrangement, financial situation and service performance, with a view to maintaining quality local railway services and carrying out construction works of new railway projects satisfactorily to provide safe, reliable and efficient railway services to the public.

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## **LCQ 16: Installation of countdown timers on pedestrian crossing lights**

Following is a question by Professor the Hon Lau Chi-pang and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 18):

Question:

Some members of the public have pointed out that countdown timers (timers) have been installed on pedestrian crossing lights in quite a number of cities on the Mainland and in the Taiwan region as well as in the United States, Japan, etc. to help pedestrians decide if there is enough time for

them to cross the road, and to help drivers who have stopped their vehicles and waited at a pedestrian crossing make early preparation for starting up their vehicles, thereby enhancing pedestrian safety and efficiency in road utilisation. In this connection, will the Government inform this Council:

(1) of the number of traffic accidents involving pedestrian casualty that happened at signalised pedestrian crossings in each of the past three years;

(2) as the Government installed, in 2018, timers on pedestrian crossing lights at a number of locations in the territory for trial purpose, but it is learnt that it subsequently decided not to install such timers across the territory, of the reasons for that; and

(3) whether it will consider relaunching the test scheme for timers, and put such timers on trial use at more locations, so as to collect more data to assess if such timers should be installed across the territory; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government has been striving to provide a safe, reliable and efficient transport system, and has implemented a number of measures at signal-controlled pedestrian crossings, such as the installation of electronic audio traffic signals at each pedestrian crossing and extending the pedestrian green time at crossings with special needs (e.g. in the vicinity of residential care homes for the elderly) to enhance the safety of pedestrians crossing the road. The traffic light control system currently adopted in Hong Kong complies with international standards with the aim of ensuring road safety. The Transport Department (TD) has also been closely monitoring the development of traffic light countdown device used around the world and studying the feasibility of their application in Hong Kong.

Having consulted the TD, my reply to the various parts of Professor the Hon Lau Chi-pang's question is as follows:

(1) From 2019 to 2021, the annual numbers of accidents involving pedestrian casualties at signalised pedestrian crossings were 601, 386 and 427 respectively.

(2) The TD has studied the use of the "pedestrian traffic light countdown device" as an auxiliary traffic management facility. The original intention of the countdown device is to inform pedestrians in advance of the changes of traffic light and to make appropriate judgments, thereby enhancing pedestrian safety.

In 2006 and 2018, the TD commissioned the City University of Hong Kong and the University of Hong Kong respectively to conduct on-site observation and research on the trial of "pedestrian traffic light countdown device" in Hong Kong to explore the effectiveness of the countdown device. The device installed next to a pedestrian traffic light displayed the remaining time by

means of decrementing number or inverted triangles from the time when a pedestrian "Green man" light began to flash, until the signal turned into a "Red man". The results of the studies revealed that after the installation of the "pedestrian traffic light countdown device", more pedestrians are still crossing the road when the flashing "Green man" light ended. In general, the studies concluded that the devices brought no material improvement and benefit to pedestrian safety. In view of this, the TD did not further apply the "pedestrian traffic light countdown device" more extensively at that time.

(3) The TD has been paying attention to the use of the "pedestrian traffic light countdown device" and the development of related technologies. The department is currently optimising the operation of the device for trial (for example, the countdown will start to display when the "Green man" light is on, rather than upon flashing of the "Green man" light), and will integrate the operation with pedestrian sensors as well as application of artificial intelligence. The department will conduct trials at suitable pedestrian crossing(s). The design of the system and procurement of components are currently underway and detailed trial is expected to begin in 2023.

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## **Government announces latest situation of fresh food supply from Mainland**

A Government spokesman announced today (May 18) that the supply of fresh food from the Mainland yesterday (May 17) was sufficient and stable.

According to the latest information, the quantity of vegetables supplied from the Mainland to Hong Kong yesterday (as of midnight) by land and water transportation was about 2 600 tonnes, comparable to the average daily supply from the Mainland on a normal day. The volume of vegetables sold through the wholesale markets of the Agriculture, Fisheries and Conservation Department (AFCD) and the Vegetable Marketing Organization was about 865 tonnes. The average wholesale prices of choi sum and pak choi stood at \$6.20 and \$6.50 per catty respectively yesterday, largely comparable to the levels of a normal day. The supply of eggs to the wholesale market was normal, with the average daily supply standing at over 2.7 million for the past week.

The total supply of chilled meat from the Mainland yesterday was about 44 tonnes. The supply of live pigs was plentiful.

The supply of chilled poultry from the Mainland was about 150 000 head yesterday, and over 7 000 live chickens were slaughtered locally. The supply was abundant.

Regarding the rice supply, in compliance with the requirement by the Government, stockholders of rice have to maintain the reserve stock of rice

at a level sufficient for consumption by the local population for 15 days. The trade generally stocks double the required amount, which is sufficient for one month's consumption by Hong Kong citizens. In recent years, the import and consumption of rice in Hong Kong has stood at a steady level of around 320 000 to 330 000 tonnes per year. The import quantity (including reserve stock) as of end-March 2022 was 27 300 tonnes. Suppliers also maintain a reserve for food that can be stored, such as frozen meat, for around three months' stock generally.

The Government will continue to maintain close liaison with the Mainland authorities and major food suppliers to ensure a stable food supply.

The AFCD updates and publishes the fresh food supply information daily. Members of the public may visit the AFCD website for updates on daily supplies and wholesale prices of fresh food ([www.afcd.gov.hk/english/agriculture/agr\\_fresh/agr\\_fresh.html](http://www.afcd.gov.hk/english/agriculture/agr_fresh/agr_fresh.html)).

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## **Thirty-four groups of waivers/concessions of government fees and charges to be extended for another year to benefit wide range of sectors**

The Government will publish in the Gazette on May 20 the extension of 34 groups of existing waivers/concessions of government fees and charges for one more year to give effect to the measure announced in the 2022-23 Budget. The waivers/concessions will be implemented progressively from October this year, benefiting a wide range of sectors from aviation, maritime, logistics, agriculture and fisheries, retail, catering, construction to tourism and entertainment. The extension is estimated to reduce government revenue by about \$1.7 billion.

The 34 groups of waivers/concessions of government fees and charges were introduced by the Government progressively from October 2019 for one year to ease the operating pressure of businesses in the face of economic downturn and then the epidemic, in particular small and medium-sized enterprises. In view of the ongoing impact of the epidemic, the measure had twice been extended for one year. Among the waivers/concessions and beneficiaries of this round for 2022-23 are:

- (1) extending the waivers of licence and examination fees of commercial vehicles until December 29, 2023, benefiting more than 170 000 commercial vehicle owners;
- (2) extending the waivers of closed road permit fees until December 29, 2023,

benefiting operators of around 13 000 cross-boundary goods vehicles, buses and hire cars;

(3) extending the waivers of licence fees of hawkers, restaurants, fresh provision shops, food factories, factory canteens, bakeries, and more, until September 30, 2023, benefiting around 39 000 licensees;

(4) extending the waivers of trade effluent surcharges until December 31, 2023, benefiting around 34 000 businesses, mainly those from the food manufacturing and catering sectors;

(5) extending the waivers and reduction of registration fees of minor works contractors and electrical contractors/workers until October 20, 2023, and September 30, 2023, respectively, benefiting around 19 000 minor works contractors and 101 000 electrical contractors/workers; and

(6) extending the waivers of port facilities and light dues until September 30, 2023, and permit to remain fees until October 31, 2023, benefiting operators of around 180 000 arrivals of ocean-going vessels, high speed crafts and river-trade vessels.

Furthermore, the Construction Industry Council (CIC) will further extend the waiving of registration and renewal fees of construction workers for a year until September 30, 2023. This will benefit around 120 000 construction workers. The estimated revenue forgone to the CIC is about \$9 million.

Details of the waivers/concessions of fees and charges are summarised at the Annex.

The Government will submit the related subsidiary legislation to the Legislative Council on May 25 for negative vetting.

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## **Closure of Kai Tak East Playground**

The Leisure and Cultural Services Department announced today (May 18) that Kai Tak East Playground in Wong Tai Sin District will be closed from May 31 for the works of district open space, sports centre cum public vehicle park at Sze Mei Street. The public may use the 7-a-side soccer pitches at Muk Lun Street Playground, Tsz Wan Shan Estate Central Playground, Tsz Wan Shan Estate Service Reservoir Playground, Wong Tai Sin Service Reservoir Playground or Morse Park (Park No.3); and the basketball courts at Muk Lun Street Playground, Tsz Wan Shan Estate Central Playground, Lok Wah Street Playground, Choi Hung Road Playground, Ngau Chi Wan Park (East Side Platform) or Morse Park (Park No.3).

For the most up-to-date closure schedules of the above leisure and sports facilities, the public may refer to the notices at the venue or

contact venue staff directly.