

2002.10.23

Speech by the Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP Motion Debate on Reducing Transport Fares, 23 October 2002

Selina Chow:

Madam President, a sustained deflation has been recorded in Hong Kong in recent years. While the fares charged by various public transport operators have basically remained unchanged, transport expenses have accounted for a considerable proportion of the people's living expenses. In October last year, the then eight-party coalition, that is, the seven-party joint conference now, reached a consensus on transport fares and urged the Chief Executive to ask public transport operators to ride out the storm with the people together.

I remember that in November last year, Mr LAU Kong-wah also proposed a motion on reducing fares of public transport services. But after the eight-party coalition had reached a consensus, Mr Jasper TSANG proposed an amendment to Mr LAU Kong-wah's original motion on the basis of the consensus of the eight parties by adding "encourage them (public transport operators) to take account of their respective operating conditions and reduce their fares or offer concessions to passengers", which was widely supported by Honourable Members at the time.

Over the last six months or so since the passage of that motion, many public transport operators have introduced various kinds of fare concessions. This shows that the public transport operators have responded positively to the appeal made by the eight parties and the Government. As to the question of whether these concessions are adequate and whether the participating companies are wide-ranging enough or whether the fares should be directly reduced, it is purely a matter of opinion.

But today, the original motion, the amendment to it or the amendment to amendment all demand public transport operators to reduce their fares, carrying a strong tone of an across-the-board and mandatory fare reduction. This has precisely left out the essence of the consensus reached by the eight parties, that is, "to take account of their respective operating conditions and reduce their fares or offer concessions to passengers".

Madam President, I wish to point out that compelling public transport operators to adjust their fares downward or to further provide concessions is tantamount to interfering with the freedom of these companies in their operation. This might cause very serious consequences, because these transport operators are mostly listed

companies and must, therefore, be responsible to local and international investors. If the freedom of commercial operation is interfered by administrative orders, the good international reputation of Hong Kong's free economy would be tarnished.

As for the two amendments which both demand the Kowloon-Canton Railway Corporation (KCRC) and MTR Corporation Limited (MTRCL) to take the lead in reducing fares, we must not forget that although the Government is the principal shareholder of the MTRCL, the MTRCL is, after all, a listed company. So, it must be accountable to its many shareholders, big or small, including those retail investors who have bought the shares of the MTRCL. If its operational objective is wantonly interfered by administrative measures, this would not only dampen investment sentiments, but also undermine the confidence of investors in the investment environment of Hong Kong.

As we all know, Hong Kong has a huge fiscal deficit. Selling the shares of the MTRCL, the listing of the KCRC, and even a merger of the two railway corporations to boost the corporate market value have become the Government's major considerations in respect of its financial revenue. Once the bad precedent of interfering with commercial operation by administrative means is set, will there be investors who dare to invest in the shares of the two corporations? In the case, I really do not know whether this would be helpful or more of a hindrance to the people.

Indeed, to achieve the effect of a fare reduction, we do not necessarily have to order or compel the transport operators to reduce their fares. If the Government can create a suitable environment for competition, it could also achieve the effect of a fare reduction and the objective of alleviating the plights of the people. The most obvious example is that after the commissioning of the MTR Tseung Kwan O Line, buses and minibuses in the area have immediately reduced their fares. The cross-harbour tunnel bus fare is also one good example. The fares of cross-harbour tunnel buses have come down from \$15 in the past to about \$12 at present. This has directly benefited the public and certainly saved the Government from bearing the bad name of interfering with the market. If the Government insists a fare reduction by transport operators, some companies that were originally making a profit might consequently have to operate in the red. As nobody is willing to do business with little profitability, it might eventually affect the transport services provided to the public.

Madam President, the Liberal Party appreciates that transport expenses are putting a very heavy pressure on the public under deflation. So, we certainly welcome the provision of more concessions by transport operators and we very much hope that the various transport operators can live up to the spirit of going through the thick and thin with the people, by endeavouring to provide concessions; and particularly, co-operation among the operators should be encouraged. In the final

analysis, no consumer would have reasons to object a fare reduction. Nevertheless, there are two principles that cannot be brushed aside. First, the form and rate of reduction should ultimately be decided by the transport operators. Second, since the Government and the transport operators have reached agreements on the criteria for regulating their operation, these criteria must not be altered arbitrarily, or else the Government would breach the rules of the game. So doing would not only interfere with the order of the free economy, but also undermine the confidence of investors. In that case, could the overall interest of Hong Kong be genuinely protected?