

\$100m loss by motor centres

By IRENE SO

THE Transport Department's failure to review the fees charged for examining vehicles had caused a cumulative deficit of at least \$100 million over the past 10 years, the report said.

According to Mr Jenney, all vehicle-examination centres have been operating at a loss since 1982. The deficit in the 1992/93 financial year was \$33 million.

Although the department had noted the centres operated at an average annual loss of \$11 million, it had not adjusted the fees until 1990, and these still applied. Previously, fees had been reviewed in 1982 and 1985.

"The longer the time span between increases, the greater the next increase would need to be and so the more difficult it would be to justify the proposed increase," Mr Jenney said.

This vicious circle had been responsible for two proposals to boost fees being deferred in recent years.

Mr Jenney suggested the

Government make smaller, more frequent fee increases until full cost recovery was achieved.

An efficiency review should be conducted of the new Kowloon Bay Vehicle Examination Centre to see if it could generate a surplus as had been expected.

The cumulative deficit also was rooted in the mistakes of underestimating the full cost of the vehicle-examination service in 1982, the report said.

The Executive Council had approved raising fees a drastic 35 per cent in each of three consecutive years from 1985, but for unknown reasons had failed to implement the rises in 1986 and 1987.

The Commissioner for Transport, Rafael Hui Si-yan, hinted that the rises had not been implemented because of negative factors, such as the "social, economic and political climate".

He said the Kowloon Bay centre had lived up to expectations.

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