

**Presentation by Secretary for Transport
at the Special Meeting of the Finance Committee
on Wednesday, 21 March 2001**

Mr Chairman,

I will first brief members on the expenditure on transport as spelt out in the Draft Estimates of Expenditure 2001-02. Then I will be joined by the Commissioner for Transport and the Director of Highways to answer questions from members concerning this part of the Draft Estimates of Expenditure.

2. The allocation for the Transport Policy area in 2001-02 is \$6.49 billion, representing an increase of 2.9% over the revised estimate for 2000-01. Of the \$6.49 billion, \$3.5 billion is for capital expenditure, which is 0.9% higher than last year. The remaining \$3 billion is for recurrent expenditure, which represents a 5.5% increase.

Non-recurrent Expenditure

3. There are two points worth noting concerning the capital expenditure. Firstly, there is a decrease of some \$51 million in the allocation for road projects. Secondly, there is an increase of some \$86 million in the provision for plant, equipment and computerisation projects. The decrease in the provisions for the construction of roads by no means reflects a diminished commitment on the part of the Government in the development of infrastructure. It is mainly due to the fact that many of the major road projects are still in the design stage and the payment of substantial construction costs is not yet due. Hence provisions in this area have seen a decrease of 1.6%. The decrease also reflects to a certain extent the lowering of construction costs. The allocations for individual projects are shown in the Draft Estimates. Funds have been earmarked for the purchase of equipment and computerization projects this year. These items include the development of a sophisticated intelligent transport system and the replacement of various systems in tunnels and the Transport Department's computerized licensing system.

4. The aim of developing an intelligent transport system is to achieve better use of existing transport infrastructure, greater efficiency in traffic management and to enable road users to have access to real-time traffic information. Before developing a sophisticated system, the following three basic components are required to be in place. First is a comprehensive central database on transport information. Second is an extension of the Area Traffic Control system and traffic control and surveillance facilities to cover all new towns and major roads so that we could have real-time traffic information of our road network. Third is the setting up of a central "Traffic Management and Information Centre" to effectively coordinate and manage traffic in Hong Kong as well as to manage traffic incident and emergency situation.

5. In 2001-02, \$15 million will be spent in the development of a Transport Information System which will provide the necessary database on transport information and connect to the future Traffic Management and Information Centre. The System will collect, process, analyze and disseminate comprehensive transport information. The whole project will involve some \$64 million and will be completed in 2003-04.

6. Moreover, we will spend \$25 million in the coming year to extend the Area Control System to Tai Po and the North District in phases. The whole project will involve about \$100 million and will be completed by the end of 2003. The next step is to further extend the system to the new towns in Tuen Mun, Yuen Long and Tseung Kwan O and the total costs are estimated to be \$500 million.

7. We will also set up a "Traffic Management and Information Centre" to replace existing area traffic and expressway control centres and exercise direct control on all existing area traffic control systems as well as traffic control and surveillance facilities. The whole project will cost about \$210 million and some \$70 million have been earmarked in the coming year to develop the Centre which is scheduled to come into operation in 2006.

Recurrent Expenditure

8. The recurrent expenditure mainly covers the following:

- Implementation of the core railway projects embodied in the Railway Development Strategy 2000;
- Implementation of a series of environment-related initiatives such as the implementation of pedestrian schemes and development of strategies for reducing vehicle emission;
- Appointment of non-civil service contract staff for the overall project management of major highway projects; and
- Increase in provision for existing and newly completed roads and daily maintenance etc.

9. The total number of additional posts to be created in the Transport Department and Highways Department to take forward the above initiatives is 26. I am not going to repeat details of the provisions for recurrent expenditure which have been spelt out in the Draft Estimates. However, I would like to take this opportunity to brief Members on the latest position of our railway development. We are moving ahead with the \$100 billion programme of the six railways to be completed in the next four years. The MTR Tseung Kwan O Extension will come into service by the end of 2002 as scheduled, while the West Rail will start operation by the end of 2003.

The Ma On Shan Rail and Tsim Sha Tsui Extension will be completed in 2004. The Penny's Bay Rail Link, it will be completed around 2005 to coincide with the opening of the Disney Theme Park. As for the Sheung Shui to Lok Ma Chau Spur Line, the statutory procedures are in progress. Meanwhile, we are also in full gear with the Railway Development Strategy 2000 promulgated last May, which recommends another six railway projects with a total investment of \$100 billion. Earlier in January, we invited the two railway corporations to submit proposals by July for the Shatin to Central Link, Island Line Extensions and Kowloon Southern Link. We estimate that the total investment for these three projects will amount to \$55 billion. Regarding the Northern Link, Regional Express Line and Port Rail Line, we will closely monitor the traffic growth and complete the preparatory works to enable early implementation of the projects.