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Opening Remarks by the Secretary for Transport and Housing at the LegCo Special Finance Committee Meeting (Transport) on 22 March 2011

Honourable Chairperson,

Today, I would like to brief Members on the part of the Estimates and our priority areas under the Transport portfolio in the new financial year.

2. The allocation for the transport portfolio in the new financial year is \$27.9 billion, of which it includes the provision required for the implementation of a number of cross-boundary and domestic transport infrastructure projects this year.

3. Firstly, let me first introduce our works on **railway development**. We will soon commence the review and update of the Railway Development Strategy 2000, which plans for the long term development of railway network, so as to meet the needs for railway transport up to 2031. The funding application was approved by the Finance Committee in January 2011.

4. As for individual railway projects, the construction of the West Island Line started in 2009, with a view to commissioning in 2014. In addition, the Chief Executive in Council authorised the South Island Line (East) and the Kwun Tong Line Extension in November 2010. We aim to start the construction works of the two railway projects in mid-2011. At the same time, the Shatin to Central Link was gazetted in November 2010 and it is now undergoing the statutory consultation process. We will continue the consultation and the detailed design, with a view to commencing construction in 2012.

5. As regards **cross-boundary railway project**, the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link proceeds smoothly. We expect it to be completed in 2015.

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6. Hong Kong-Zhuhai-Macao Bridge (HZMB) is another important **cross-boundary transport infrastructure**. Works in respect of the Main Bridge commenced in mid December 2009; and the Immersed Tube Tunnel and Two Artificial Islands for the Main Bridge also commenced works in end 2010. The works of the project have been progressing well. On project financing, the detailed arrangement for the syndicated loan was finalised in January 2011.

7. We are also pressing ahead with our **local road infrastructure projects**. Projects including Stage 1 of the Tolo Highway and Fanling Highway widening works, Central-Wan Chai Bypass and Island Eastern Corridor Link and widening of Tuen Mun Road are progressing full steam. We are also pushing ahead the planning and design of a number of projects including Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central Kowloon Route, Tseung Kwan O-Lam Tin Tunnel and Stage 2 of the Tolo Highway and Fanling Highway widening works, with a view to facilitating their timely implementation.

8. At the same time, we will also speed up the works for the retrofitting of barrier-free access facilities at public footbridges and subways. We will seek approval for over \$280 million this legislative year to take forward the design works at about 180 public footbridges and subways, as well as the first phase of the retrofitting works. If funding is approved, the first phase of the works will commence in late 2011. We hope to complete the bulk of the retrofitting works by 2016-17.

9. On **civil aviation**, we will strengthen Hong Kong's position as an international and regional aviation centre on various fronts. We will continue to proactively pursue expansion in the bilateral air services arrangements with our aviation partners in support of the development of the aviation industry. Regarding the proposals arising from the review of the Air Transport Licensing Authority's regulatory regime, we plan to table the relevant legislative amendments at the Legislative Council this year. Moreover, we will continue to work with the Airport Authority Hong Kong (AAHK) in implementing a midfield expansion project to increase the airport's handling capacity, thereby coping with air traffic demand up to 2020. The AAHK is expected to consult the public on the

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findings of its Hong Kong International Airport Master Plan 2030 Study in the first half of this year.

10. On **maritime and logistics development**, we will continue to assist the industry to take advantage of opportunities arising from more vibrant shipping and logistics activities in Asia through overseas and local promotional activities and measures to support manpower training. This would help strengthen the local maritime cluster and logistics capability, thereby reinforcing Hong Kong's leading role as a premier maritime service centre and a professional logistics service provider in the Asia-Pacific region. To ensure sustainable development of Hong Kong port, as well as strengthening its competitiveness, we commissioned a consultancy study in March 2009 to look into the preliminary feasibility of constructing Container Terminal 10 at Southwest Tsing Yi. The study is expected to complete in end 2011. Moreover, we are taking forward a project to deepen the Kwai Tsing container terminal basin and its approaches to 17 m to meet the needs of the new generation of ultra-large container ships.

11. To support the logistics industry's switch to high-value goods and services, as well as to attract the anchoring of professional third party logistics service providers in Hong Kong, we are gradually making available long-term sites for the development of a logistics cluster in Kwai Tsing. The first of such sites in Tsing Yi was successfully granted through open tender last December. We plan to release the second logistics site in Tsing Yi in the second half of 2011 provided that there is no substantial change of the market situation and the proposed development would not adversely affect the local traffic condition. Separately, we shall continue to work with the industry to promote e-logistics, as well as to implement measures which would help enhance the operating efficiency of the sector. In the mean time, we shall continue to work closely with the Mainland authorities so as to strengthen Hong Kong's leading position in the global supply chain.

12. On **road safety**, we will continue to enhance road safety through legislation, enforcement, as well as publicity and education. We introduced a number of measures to combat drink driving last year.

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This year, our top priority is to combat drug driving. We are now working full steam on the relevant Bill, which seeks to introduce a package of measures including the creation of a zero-tolerance offence and providing the police with the necessary enforcement powers to enable them to effectively combat drug driving. We plan to introduce the Bill into the Legislative Council in the second quarter of 2011.

13. We also plan to introduce a Bill in the current legislative session to further enhance the safe operations of public light buses. The proposed measures would include imposing a maximum speed limit for public light buses, mandating all public light buses to install speed limiters, mandating electronic data recording device as a basic equipment of newly registered public light buses, and requiring applicants of public light bus driving licence to attend a mandatory pre-service training course.

14. On **traffic management**, the Government has recently completed a three-month public consultation on the findings and recommendations of a consultancy study on how to improve the distribution of traffic among the three road harbour crossings. We are considering carefully the feedback received during the public consultation period, and would consider the way forward taking into account the views from various quarters of the community.

15. In 2010, the total number of licensed private cars reached 415,000, representing a year-on-year growth rate of 5.4%, a record high since 1997. The number of private cars first registered in 2010 surged to more than 41,000, again the highest since 1997. It represents an increase of 45 per cent and 20 per cent when compared with 2009 and 2008 respectively. As for last year, the net growth rate of private cars was around 20,000.

16. It is obvious that the continuous growth in the number of private cars has adversely affected the traffic conditions on our roads. Average car journey speeds on all strategic roads of Hong Kong Island, Kowloon and the New Territories decreased by over 5 per cent in 2010, which is exceptional in recent years. We must take early measures to curb the

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growth of private cars.

17. We propose to increase the rate of each tax band for the First Registration Tax for private cars by about 15 per cent to contain the growth in private cars and ease traffic congestion. We will introduce the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 into the Legislative Council later. For revenue protection and prior to the enactment of the Bill, the proposed increase in First Registration Tax for private cars has been put into effect starting from 11 am on 23 February 2011 by virtue of the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011.

18. The First Registration Tax for other types of vehicles and the existing concession for electric vehicles and environment-friendly petrol private cars, that is the concession mechanism with concession cap, will remain unchanged.

19. Chairperson, in conclusion, we have a clear way forward. We will continue to press ahead with our strategic domestic and cross-boundary transport infrastructure projects. We will also reinforce Hong Kong's status as an international and regional aviation, maritime and logistics hub. My colleagues and I will maintain close communication with the LegCo with a view to winning Members' support to our works.

20. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

Transport and Housing Bureau
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