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Opening Remarks by the Secretary for Transport and Housing at the LegCo Special Finance Committee Meeting (Transport) on 11 April 2013

Honourable Chairperson,

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

2. Regarding major transport infrastructure projects, the construction works of the West Island Line, the South Island Line (East), the Kwun Tong Line Extension, Shatin to Central Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link are in progress. We expect them to be completed progressively from 2014 to 2020. With these new lines, areas inhabited by more than 70% of the population in Hong Kong will be brought into the railway catchment area.

3. As for the long-term railway development of Hong Kong, we are conducting the Stage 2 public engagement exercise for the Review and Update of the Railway Development Strategy 2000 to discuss the proposals of seven local enhancement schemes. Upon completion of the public engagement exercise, the consultants will consolidate the views collected at both stages of the exercise and carry out a comprehensive analysis. The entire study is expected to be completed within this year.

4. We are also pressing ahead with the related projects within Hong Kong of the Hong Kong-Zhuhai-Macao Bridge (HZMB), including the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road projects, and various local road infrastructure projects.

5. In accordance with the Operating Agreement signed in 2007, the Government is conducting a five-yearly review of the Fare Adjustment Mechanism with the MTRCL. The Government's objective is to enhance the coverage, with a view to incorporating service performance and profitability of the MTRCL, as well as public affordability as factors for consideration in the Fare Adjustment Mechanism. The review has come to the final stage.

6. On 8 February 2013, the Administration proceeded with a public consultation on proposed measures to improve the traffic distribution among the road harbour crossings. All three toll adjustment options aim to divert some traffic from the Cross Harbour Tunnel (CHT) to the Eastern Harbour Crossing (EHC). Overall speaking, the three

DRAFT

options are forecast to bring about 30% to 40% queue reduction at CHT during rush hours, economic benefits ranging from \$520 million to \$560 million and improvement to air quality on the road.

7. On civil aviation, to cater for the increasing air traffic demand, the Government has given in-principle approval to adopt the three-runway system. The Airport Authority (AA) is carrying out the relevant planning work, including the Environmental Impact Assessment and scheme designs. The Government will make a final decision on whether to proceed with the three-runway system in due course. In the meantime, AA will continue to implement the midfield expansion project and conduct Scheme Design study on building another 10 remote aircraft parking stands to cope with air traffic demand in the medium term.

8. The Chief Executive has announced in the Policy Address to further develop Hong Kong as an international maritime centre, moving towards high value added maritime services. To meet this policy goal, the Financial Secretary proposes to designate \$100 million to establish a training fund for maritime and aviation transport, so as to sustain and expand various schemes and scholarships, and to implement other new initiatives, thus providing more talents for the industry. We will consult the industry and will submit funding application to the Finance Committee of the Legislative Council. The Administration is conducting the Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, and the Study on the Strategic Development Plan for Hong Kong Port 2030 to update the port cargo forecasts and recommend how to make more efficient use of the existing port facilities. We are also undertaking the Preliminary Feasibility Study for developing Container Terminal 10 (CT10) at Southwest Tsing Yi. We will take into account the study results, the then global and local economic situation, the performance of the port sector, and the views of stakeholders to decide on the need for developing CT10.

9. On the logistics front, we just released the third logistics site in Tsing Yi for open tendering on 28 March. Besides, we have reserved 10 hectares of land in Tuen Mun West for the provision of high value added logistics services. We will conduct detailed traffic impact assessment on this development proposal to ascertain its feasibility. We will also carry out district consultation on the assessment results.

10. Chairman, I would like to respond to the recent strike at the Kwai Chung Container Terminal. First of all, the Administration is deeply concerned about the incident. The Secretary for Labour and

DRAFT

Welfare is actively conducting mediation to facilitate dialogue and communication between the employers and employees, with a view to resolving the dispute as soon as possible through consensus. During this period, the Transport and Housing Bureau has been closely in touch with port operators and the industry to maintain an overview of container terminal and port operations. In the short term, there have been shipping companies having to adjust their ship schedule to Hong Kong, and some freight has been delayed. But I believe, so long as our container terminals resume normal operation as soon as possible, the impact on Hong Kong's economy should be minimal in the long run. Our port has competitive advantages in a number of areas, including our free port status, efficient customs, as well as a multi-modal transportation system connecting Hong Kong with the Mainland and the rest of world.

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

Transport and Housing Bureau
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