

**Opening Remarks by the Secretary for Transport and Housing
at the LegCo Special Finance Committee Meeting (Transport)
on 10 April 2019**

Honourable Chairperson,

Today, I would like to brief Members on our work on land, marine and air transport in the new financial year.

2. Regarding rail transport, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) commenced operation on 23 September 2018. The XRL has been operating smoothly since its commissioning. The patronage for the XRL has been over 10 million up to end of March this year, with average daily patronage nearly 54 000. In the light of the quality of works problem and related investigations for Hung Hom Station Extension under the Shatin to Central Link, the target commissioning date for “Tai Wai to Hung Hom Section” has to be further reviewed. Meanwhile, the Government and MTRCL are actively studying the feasibility of partial commissioning of some stations and part of the “Tai Wai to Hung Hom Section”. The target commissioning date for “Hung Hom to Admiralty Section” remains to be 2021.

3. In respect of major road infrastructure, the Hong Kong – Zhuhai – Macao Bridge (“HZMB”) has been operating smoothly since its commissioning in October 2018. The Tuen Mun - Chek Lap Kok Link (“TM-CLKL”) Southern Connection was commissioned in stages in October and November 2018 to dovetail with the commissioning of HZMB. As for the TM-CLKL Northern Connection, it is anticipated to be completed in 2020 at the earliest. The Central-Wan Chai Bypass and Island Eastern Corridor Link was also fully commissioned on 24 February 2019.

4. Meanwhile, we are pressing ahead with the Route 6 projects, including the ongoing construction works for the Tseung Kwan O – Lam Tin Tunnel (“TKO-LTT”) and the Central Kowloon Route. We will also seek funding approval for the Trunk Road T2 and Cha Kwo Ling Tunnel within this legislative year with a view to commencing construction in the second half of 2019 such that the entire Route 6 may be commissioned in around 2025. After obtaining funding approval in the last legislative year, the Cross Bay Link, Tseung Kwan O and widening of Tai Po Road (Sha Tin Section) commenced construction in 2018.

5. The legislative amendments for exempting the toll for franchised buses using government tunnels and roads took effect on 17 February 2019. Since that day, the franchised bus operators have been exempted from paying the tolls for all government tunnels and roads (including Cross Harbour Tunnel and Eastern Harbour Crossing). The toll saved has been set aside in a fund account established by each operator with a view to lowering the magnitude of future fare increase to be shouldered by the public.

6. The Government attaches great importance to the provision of safe and reliable franchised bus service. In this regard, the Government has set aside \$500 million to subsidise franchised bus operators for retrofitting safety devices on appropriate existing buses, including the Electronic Stability Control, speed limiter, and the installation of seat belts on all seats in the upper deck of buses deployed for long-haul routes which are operated via expressways with relatively fewer stops. In the light of the recommendation of the Independent Review Committee on Hong Kong's Franchised Bus Service, the Transport Department ("TD") is conducting cost-benefit analyses in respect of the retrofitting of the devices to re-affirm the cost-benefit of the proposal. The analyses are expected to be completed in mid-2019.

7. The Government implemented the non-means-tested Public Transport Fare Subsidy Scheme on 1 January 2019. The operation of the Scheme has been smooth since its implementation. Based on the actual public transport expenses of commuters under the Scheme in January and February 2019, the total amount of subsidies for the two months is about \$306.7 million, involving a monthly average of around 2.15 million beneficiaries.

8. To promote the opening-up of the operating data by public transport operators to facilitate commuting and trip planning of the public, the Government will fund and develop a data collection system and a mobile application, as well as install global positioning devices on around 3 300 green minibuses in the territory. We aim to implement the initiative in phases from 2021 with a view to full implementation by 2022.

9. The Government attaches great importance to alleviating road traffic congestion. TD will consult stakeholders on the Electronic Road Pricing Pilot Scheme in Central in the first half of 2019. TD is also taking forward a consultancy study on the parking demand of commercial vehicles, which is expected to be completed in end 2019.

10. At the same time, TD is actively preparing for the commencement of the Study on “Congestion Charging” in mid-2019. The Study will adopt the principle of “Efficiency First” to examine the hierarchy and level of tolls of government tolled tunnels and the Tsing Ma and Tsing Sha Control Areas with a view to enabling efficient people carriers and vehicles that support economic activities to enjoy lower tolls, while imposing higher tolls on vehicle types with low carrying capacity. The Study will also examine the scope for charging different tolls for different time periods. TD plans to consult relevant stakeholders on the recommendations arising from the Study in 2021.

11. The Government will continue to take forward various “Smart Mobility” initiatives under the Hong Kong Smart City Blueprint. TD will continue to disseminate more walking, driving, public transport and real-time traffic information to the public through “HKeMobility” mobile application. In addition, it is expected that the Government will commence issuing in-vehicle units (“IVUs”) to vehicle owners from the third quarter of 2020 onwards. The first application of IVUs will be the Free-Flow Tolling System (“FFTS”) of TKO-LTT to be commissioned in end 2021. TD also plans to roll out the FFTS at other government tolled tunnels and roads by phases within about two to three years after the commissioning of TKO-LTT. Starting from 2020, we will also commence the gradual installation of a new generation of on-street parking meters which provide real-time information on vacant parking spaces and support remote payment through mobile application.

12. To facilitate the access to public walkways by the public, we will take forward the Third Phase of the Universal Accessibility (“UA”) Programme. A feasibility study on the lift retrofitting proposals for the remaining some 120 walkways under the current ambit of the Programme across various districts will commence in the first half of 2019. We are also reviewing whether there is any scope for further expansion of the ambit of the UA Programme. Meanwhile, the Government will continue to take forward the Hillside Escalator Links and Elevator Systems (“HEL”) projects in different districts.

13. In respect of marine transport, the Marine Department will continue to take forward various measures and reforms to enhance marine safety in Hong Kong. We plan to submit the relevant legislative amendment proposal to the Legislative Council (“LegCo”) later this year to improve the provision of lifejackets on local vessels, as well as to enhance regulatory regime over pleasure vessels. In addition, we briefed the Panel on Economic Development (“ED Panel”) on the

proposed legislative framework to regulate drink and drug boating in March this year and received ED Panel's support. We are now drafting the legislation, and will continue to maintain liaison with the sector to ensure that the implementation details are practicable.

14. As for the maritime industry, the Government will continue to bolster the development of high value-added maritime services, thereby entrenching Hong Kong's status as an international maritime centre. Hong Kong Maritime and Port Board is actively exploring tax measures for attracting ship finance companies to establish their presence in Hong Kong. The Government will also offer a 50% profits tax concession to eligible insurance businesses, including marine insurance industry. Other initiatives include injecting \$200 million to the Maritime and Aviation Training Fund and setting up of the Hong Kong Shipping Registry Regional Desks in selected overseas and Mainland Economic and Trade Offices and Liaison Units by phases.

15. The Government has been identifying suitable sites to support the development of high value-added third-party logistics services. We released a site of about 3.2 hectares in Tuen Mun Area 49 in May 2018 for modern logistics use. In addition, the Airport Authority Hong Kong ("AA") awarded the right to develop and manage a premium logistics centre at a site of 5.3 hectares at the Airport South Cargo Precinct in June 2018. We will continue to work with the relevant bureaux and departments to identify suitable sites for modern logistics facilities.

16. As far as aviation is concerned, the Hong Kong International Airport ("HKIA") is the world's busiest cargo gateway since 2010 and handled over 5 million tonnes of cargo and airmail in 2018. With the various major infrastructure projects coming into play, Lantau will become a "double-gateway" between the world and the Greater Bay Area. To support air cargo development, we support the AA reserving land on both the landside and airside in the South Cargo Precinct at the airport to enhance its capacity and efficiency in cargo handling so as to further the growth in transshipment, cross-boundary e-commerce and high value temperature-controlled goods. The Government will continue to support the AA in implementing the Three-Runway System project

17. To develop Hong Kong's aircraft leasing business, the Government provided a dedicated tax regime in 2017. The measure has been well received by the global aircraft leasing industry. A number of the world's top leasing companies from various countries have also set up their Hong Kong operation and some have already completed deals using

our leasing platform with airlines around the world. The Government will continue to encourage market players to tap the business potential using Hong Kong's leasing platform.

18. Honourable Chairperson, I will be happy to answer policy-related questions from Members. Controlling officers and other colleagues will answer questions pertaining to operation and the use of financial resources.

Transport and Housing Bureau
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