

Opening remarks by STH on transport at LegCo Finance Committee special meeting

Following is the opening remarks (English translation) by the Secretary for Transport and Housing, Mr Frank Chan Fan, on transport at the special meeting of the Legislative Council Finance Committee today (April 11):

Honourable Chairperson,

The Government takes forward transport infrastructure projects under the infrastructure-led and capacity creating planning approach, with a view to unleashing the development potential of new development areas along the alignment of major transport infrastructure, as well as accommodating the transport demand arising from population intake, employment and economic activities of the new development areas. The Government would adopt the various implementation strategies and enhanced contractual arrangements, including early contractor involvement, with a view to expediting the progress of transport infrastructure projects.

The railway system has been the backbone of Hong Kong's public transport. The remaining works of the Shatin to Central Link are in full swing, with the East Rail Line cross-harbour extension expected to be commissioned in the middle of this year. On the other hand, the environmental impact assessment of the Northern Link (NOL) and Hung Shui Kiu Station has commenced. Following the gazettal of the railway schemes for the Tung Chung Line Extension and the Tuen Mun South Extension in end-2021 and early this year respectively, the railway scheme of Kwu Tung Station under NOL Phase 1 will also be gazetted later this month. We will continue the planning of other new railway projects recommended under the Railway Development Strategy 2014 and announce the way forward of the projects in due course.

The Policy Address unveiled the Northern Metropolis Development Strategy, which proposed to implement five new railway projects. Among these projects, the three cross-boundary railway projects will be pursued through the Task Force for Hong Kong-Shenzhen Cooperation on Cross-Boundary Railway Infrastructure jointly established by the governments of Hong Kong and Shenzhen. The HKSAR Government has requested the MTR Corporation Limited to submit the technical and financial proposals of the NOL Spur Line within this year, while the Task Force has embarked on the study on the Hong Kong-Shenzhen Western Rail Link connecting Hung Shui Kiu and Qianhai, with a view to completing the first-stage study within this year.

In respect of road infrastructure, the construction works of Route 6 are in full swing. Upon its commissioning in 2026, the journey time between Tseung Kwan O Town Centre and the Yau Ma Tei Interchange is estimated to be substantially reduced from about 65 minutes now to about 12 minutes. The Civil Engineering and Development Department is taking forward the

construction of the Tseung Kwan O – Lam Tin Tunnel as well as the connecting Cross Bay Link, Tseung Kwan O at full steam with a view to commissioning the two projects in tandem this year. In response to the progressive development in the Northwest New Territories, the Government plans to complete a series of road infrastructure projects in stages from 2031 to 2036, so as to enhance the internal and external connectivity of the area. Amongst them, the investigation study for Route 11 (section between Yuen Long and North Lantau) commenced in September 2021, and the engineering studies for the Tuen Mun Bypass, the Tsing Yi – Lantau Link and the Widening of Yuen Long Highway (section between Lam Tei and Tong Yan San Tsuen) are being conducted in parallel through block allocation, with a target of commissioning the entire group of major roads progressively as early as possible. On the other hand, the Government has also been closely monitoring the traffic needs in New Territories East. We gazetted the scheme of the Trunk Road T4 project in November 2021 and will take forward the project expeditiously to help relieve the traffic in Sha Tin District. In addition to implementing planned road projects in a timely manner, we will proactively explore the feasibility of expanding new road development.

We are conducting the Strategic Studies on Railways and Major Roads beyond 2030 to explore the layout of territory-wide railway and major road infrastructure and conduct preliminary engineering and technical assessments for the alignments and supporting facilities, so as to ensure that the related planning will complement or even reserve capacity to meet the overall long-term development needs of Hong Kong, including the Northern Metropolis Development Strategy and more. We plan to consolidate the preliminary study findings and commence consultation in the second half of this year. Separately, the Transport Department has commenced the Traffic and Transport Strategy Study in December 2021, with a view to mapping out traffic and transport visions for Hong Kong and compiling a relevant strategy blueprint with a planning horizon up to 2050. The Strategy Study is anticipated to be completed within 2025, so as to establish for Hong Kong in the future a more people-centric, safe and reliable, environmentally friendly and efficient traffic and transport system, in order to support the sustainable development of Hong Kong and facilitate seamless transport linkage within the Guangdong-Hong Kong-Macao Greater Bay Area.

To maximise the efficiency of road space, we have been taking forward the smart mobility initiatives with a view to enhancing traffic management as well as efficiency in road and transport facilities utilisation via the application of technology. Since the \$1 billion Smart Traffic Fund has commenced the invitation of applications on March 31, 2021, it has been well received by the industry and research institutions. As of now, we have approved a total of 14 applications, involving a total funding of about \$80 million. Other smart mobility initiatives, including the completion of replacement of new-generation on-street parking meters and the implementation of seven automated parking systems, have been taken forward as planned.

In addition, to facilitate the gradual roll-out of the Free Flow Tolling System (FFTS) at government tolled tunnels from end-2022, the Transport Department plans to issue toll tags to vehicle owners starting from mid-2022.

Implementing the FFTS will provide the essential infrastructure for congestion charging, so that the Government can charge different tolls at different time periods based on the prevailing traffic conditions. We will consult the Legislative Council and the public on the preliminary proposal of congestion charging this year.

With regard to public transport, in view of the impact of the fifth wave of the epidemic on the local economy, from May to October this year we will temporarily lower the threshold for the Public Transport Fare Subsidy Scheme from \$400 to \$200, and increase the monthly subsidy cap from \$400 to \$500. It is estimated that the Scheme will benefit about 3.8 million commuters per month during this period.

The Government continues to consolidate and enhance Hong Kong's position as a regional logistics hub. The Pilot Subsidy Scheme for Third-party Logistics Service Providers, which amounts to \$300 million and has been set up for encouraging the logistics industry to enhance efficiency and productivity through technology application, has been operated smoothly since its launch in October 2020. As of now, we have approved a total of about \$86 million for 136 projects. The Government is also actively identifying sites for supporting modern logistics development, with a logistics site in Kwai Chung already put up for sale through public tender on March 25 this year, and the tender invitation will close in mid-July.

The Task Force formed under the Hong Kong Maritime and Port Board (HKMPB) has completed its study of further tax concession proposals, and recommended to provide half-rate tax concession for specific shipping commercial principals (namely ship managers, ship agents and ship brokers), with a view to attracting these businesses to be based in Hong Kong. The Government is now working on the legislative amendment exercise, with the target of introducing the relevant amendment bill to the Legislative Council in the first half this year.

Moreover, through the Task Force on Smart Port Development formed under the HKMPB, we are working with the trade on the concrete proposal to drive the development of the smart port. The proposal is conducted with a view to further enhancing port efficiency and reducing cargo handling time and costs through streamlining and optimising the multi-party co-ordinated processes electronically.

As far as aviation is concerned, the Central Government supports Hong Kong in enhancing its role as an international aviation hub under the National 14th Five-Year Plan. As such, the Government will continue to support the Airport Authority Hong Kong (AA) in proactively taking forward projects that will transform Hong Kong International Airport into an Airport City, including the Three-Runway System project which is currently proceeding in full swing, the automated car parks for use by self-driving visitors from Guangdong and Macao, and the Airport City Link connecting the Airport Island and the Hong Kong Boundary Crossing Facilities Island with an airport autonomous transport system, and more. In preparation for the commissioning the third runway this year, the flight check for the third runway has commenced in March 2022, marking another important milestone for the Three-

Runway System project. In addition, the Government will continue to support the AA in developing sea-air intermodal cargo transshipment service between Hong Kong and Dongguan, and to liaise with the relevant Mainland authorities on the AA's equity injection into the Zhuhai airport in accordance with market principles, as well as co-operating with Guangdong Province over the development of a high-end aviation industrial cluster in Zhuhai in order to achieve greater synergy between the two airports and complementary development between Hong Kong and Zhuhai, as well as to consolidate Hong Kong International Airport's status as an international aviation hub and integrate into the overall development of our country.

Honourable Chairperson, we are grateful to Members for their interest in transport and logistics affairs. My team and I would be pleased to answer questions from Members. Thank you.