

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 6):

Honourable Chairperson,

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

For railways, Tuen Ma Line Phase 1 was commissioned on February 14 this year. The remaining works of the Shatin to Central Link is in full swing. The "Tai Wai to Hung Hom Section" and "Hung Hom to Admiralty Section" are expected to commission by the end of 2021 and the first quarter of 2022 respectively. We will continue to implement the new railway projects recommended under the Railway Development Strategy 2014, and will invite the MTR Corporation Limited to commence detailed planning and design for the Tung Chung Line Extension, Tuen Mun South Extension and Northern Link in the coming year. The Government will consult the public on the new railway schemes after confirming their details.

In respect of major road infrastructures, the construction of the TM-CLKL Northern Connection is anticipated to be completed by end 2020 at the earliest. Upon commissioning, the travelling time between Northwest New Territories and Lantau will be significantly reduced, which will not only help alleviate the traffic load of North Lantau Highway, Lantau Link and Tuen Mun Road, but also provide an alternative route to the Hong Kong International Airport.

The Route 6 will provide an important road link between West Kowloon, Kai Tak and Tseung Kwan O. The works of the Tseung Kwan O – Lam Tin Tunnel and the Central Kowloon Route under the project are in full swing. Upon commissioning of the entire Route 6, it is estimated that the journey time during peak hours between Tseung Kwan O Town Centre and Yau Ma Tei Interchange along the Route 6 will be substantially reduced from about 65 minutes now to about 12 minutes.

The Trunk Road T2 and Cha Kwo Ling Tunnel commenced construction in November 2019 for target commissioning of the entire Route 6 in 2026.

Due to unforeseen events including the novel coronavirus epidemic in recent months, the supply chain of construction materials and installations have been affected and the workforce for site works has been reduced. We will continue to closely monitor the progress of works and assess the impacts on

the overall works projects.

In the 2019 Policy Address, it was announced that a Special Scheme would be launched under the Universal Accessibility Programme for retrofitting lifts at walkways in or connecting to estates under the Tenants Purchase Scheme and Buy or Rent Option Scheme, and public rental housing estates with properties divested under the Hong Kong Housing Authority. The Highways Department will consult District Councils on the Special Scheme starting from the second quarter of this year.

In terms of public transport, the Government has enhanced the Public Transport Fare Subsidy Scheme since January 2020 to further alleviate the fare burden of commuters. We will also provide Special Helping Measures for outlying island ferry routes starting from the second quarter of this year in order to reduce the burden of fare increases. In addition, the Government continues to enhance the operation safety of franchised buses. Among the 45 recommendations put forward by the relevant Independent Review Committee, 43 have been implemented or are being implemented, with some of them becoming on-going measures.

On the use of roads, to maximise the efficiency of limited road space, the Government will progressively take forward various "Smart Mobility" initiatives, including the installation of the new generation on-street parking meters, thereby providing real-time information on vacant on-street metered parking spaces and supporting the remote payment of parking meter fees; the preparation for implementing Free-flow Tolling System at government tolled tunnels and the Tsing Sha Control Area, thereby enabling motorists to use toll tags (in-vehicle units) to pay tolls; the development of a Traffic Data Analytics System for more accurate assessment of traffic conditions and provision of real-time suggestions, etc.

To encourage enterprises or organisations to conduct research and applications on vehicle-related innovation and technology, we have earmarked around \$1 billion for setting up a Smart Traffic Fund which is expected to commence operation in 2020-21.

Separately, to reduce the cost of using government tolled tunnels and Control Areas incurred by the public, public transport operators and transport trades, we plan to introduce amendments to the relevant subsidiary legislation in the second quarter this year so as to implement the initiative in respect of the toll-free arrangement for the subsea tunnel connecting Tuen Mun and Chek Lap Kok and the Tseung Kwan O – Lam Tin Tunnel upon commissioning, as well as the toll waiver for the Lantau Link and the Tseung Kwan O Tunnel when the two new tunnels are commissioned respectively.

We are taking forward the legislative amendment work to abolish the embarkation fee for cross-boundary ferry passengers, with a view to bringing it into effect in 2020.

In respect of marine transport, the Transport Department completed the open tender assessment of the "Central – Hung Hom" and "water taxi" ferry

services in March this year. The selected operator has started gearing up for the services, which are expected to commence operation in the second and fourth quarter of this year respectively. In addition, we plan to submit the legislative amendments on enhancing the regulatory regime on pleasure vessels to the Legislative Council later with a view to strengthening their safety requirements.

As for the maritime industry, the Government will continue to bolster the development of high value-added maritime services. We have introduced the relevant Amendment Bills to provide a tax exemption for qualifying ship lessors, and offer a 50 per cent profits tax concession to qualifying ship leasing managers and eligible marine insurance businesses.

The Government also plans to introduce tax concessionary measures for maritime commercial principals such as ship managers, ship brokers and ship agents, to encourage them to establish a presence in Hong Kong.

As for the logistics industry, the Government will introduce a pilot subsidy scheme this year for providing a subsidy to qualified third party logistics service providers on a matching basis by injecting \$345 million; each enterprise may be granted subsidies up to \$1 million; it is expected that around 300 enterprises can benefit from it. In addition, the Government will release by phases two port back-up sites at Kwai Chung and Tsing Yi respectively through public tender for developing multi-storey port back-up and modern logistics facilities.

As far as aviation is concerned. Despite that cargo traffic was relatively weak in the first two months of the year due to the impact of the epidemic, we remain committed to maintaining its leadership status as an international aviation and cargo hub. We will continue to support Airport Authority Hong Kong in enhancing its long-term competitiveness, including the ongoing development on intermodal connectivity, taking forward the SKYCITY, the expansion of the express air cargo terminal, the development of the premium logistics centre at Kwo Lo Wan, and its continued efforts in achieving various international accreditations, etc.

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