

**Opening Remarks by the Secretary for Transport and Logistics
at the Special Meeting of the Finance Committee of
the Legislative Council on 14 April 2023**

Honourable Chairperson,

To meet the transport and logistics demand arising from long-term development of Hong Kong, the current-term Government takes forward transport infrastructure projects through the infrastructure-led and capacity-creating planning approach, with a view to unleashing the development potentials of areas along transport corridors; while at the same time presses ahead with the development of aviation and logistics, in order to continuously consolidate and enhance Hong Kong's status as an international aviation centre as well as logistics hub.

2. We are taking forward various railway and road projects that are under planning or construction in full speed. For railway, the construction works of four local railway projects including Tung Chung Line Extension, Oyster Bay Station, Tuen Mun South Extension and Northern Link (“NOL”) Kwu Tung Station will commence within this year, and are expected to complete progressively from 2027.

3. For cross-boundary infrastructure, the Government will continue to pursue cross-boundary railways projects through the “Task Force for Hong Kong-Shenzhen Co-operation on Cross-Boundary Railway Infrastructure”. Among others, the second stage study on the Hong Kong-Shenzhen Western Rail Link (Hung Hui Kiu – Qianhai) covering areas such as preliminary technical feasibility, alignment, etc., has commenced for target completion in mid-2024. We are also actively following up the work relating to the NOL Spur Line, which connects to the new Huanggang Port in Shenzhen via Hong Kong-Shenzhen Innovation and Technology Park in Lok Ma Chau Loop.

4. In respect of road infrastructure, Tseung Kwan O-Lam Tin Tunnel which is the eastern section of the Route 6, together with the Cross Bay Link, Tseung Kwan O was commissioned in December 2022 to relieve the traffic pressure of Tseung Kwan O district and Tseung Kwan O Tunnel. Construction works of the remaining sections of the Route 6 are also underway. Upon its full commissioning in 2026, the journey time

between Tseung Kwan O town centre and Yau Ma Tei Interchange is estimated to be reduced by more than 50 minutes. In addition, the Government is taking forward a series of Northwest New Territories road infrastructure projects, including Route 11, Tsing Yi–Lantau Link, Widening of Yuen Long Highway and Tuen Mun Bypass, etc., which are expected to commission progressively in or before 2033 to cater for the traffic need arising from the future developments in the Northwest New Territories.

5. Furthermore, the public consultation on the three strategic railways and three major roads recommended in the “Strategic Studies on Railways and Major Roads beyond 2030” has been completed. We will carefully consider the public views and conduct preliminary technical assessment, with a view to refining the recommended projects and formulating a Major Transport Infrastructure Development Blueprint for Hong Kong in the fourth quarter of this year.

6. For public transportation, considering that the local economy is still recovering, the Government has decided to extend the temporary special measures under the Public Transport Fare Subsidy Scheme for a period of six months till the end of October this year to provide commuters with a subsidy amounting to one third of their actual monthly public transport expenses in excess of \$200, subject to a maximum of \$500 per month. We estimate that the Scheme will benefit about 3.5 million commuters per month during this period.

7. The Government has been actively promoting the development of electric taxis (“e-taxis”) through various measures. To further promote the adoption of e-taxis, the Financial Secretary proposed in the 2023-24 Budget (“Budget”) to put in place a loan scheme with 100% guarantee for the taxi trade so as to encourage taxi owners to replace their taxis with battery e-taxis. Meanwhile, following the full resumption of normal travel between the Mainland and Hong Kong starting from 6 February this year, in order to support the expeditious business resumption of cross-boundary passenger transport trade, the Budget also announced that a new scheme would be launched to offer fully guaranteed loans for eligible passenger transport operators for the purpose of vehicle/ferry repair and maintenance, buying insurance, etc., with a view to resuming services as soon as possible. We consulted the Legislative Council (“LegCo”) Panel

on Transport in March this year on the two loan schemes and members in general supported the schemes. We will seek funding approval from the LegCo Finance Committee within this month.

8. The Government completed the review of the MTR Fare Adjustment Mechanism at the end of last month. The enhanced package links MTR fares directly with MTR Corporation Limited's Hong Kong property development profits to respond to ongoing calls from the public. The various measures under the review package will lower the fare adjustment rate this year by 60% to 2.3%, significantly reducing the burden of fares on the public.

9. As far as aviation is concerned, since Hong Kong's gradual removal of the inbound control measures and resumption of normal travel, passenger throughput at Hong Kong International Airport ("HKIA") has been steadily recovering, with HKIA retaining its position as the world's busiest cargo airport in 2022. As for the priority task this year, it is to support the sustained recovery of air traffic. Apart from the fee waivers and concessions and measures for stimulating demand rolled out by the Airport Authority Hong Kong ("AAHK"), the Government, in association with the AAHK, is also studying the issue of manpower shortage in the aviation industry and identifying solutions. In terms of airport development, to cater for the long-term air traffic demand and increase the passenger and cargo handling capacities of HKIA, the AAHK is actively implementing the Three-Runway System ("3RS") project as planned. The AAHK completed and commissioned the Third Runway in 2022 as scheduled and targets to complete the 3RS in 2024. In addition, the Government will continue to support the AAHK in proactively taking forward other projects under the "Airport City" vision. In particular, the works for SkyPier Terminal were completed in end 2022. The AAHK is also planning to develop an aviation business park on the Airport Island to complement the development of the aviation industrial park in Zhuhai proposed to be developed jointly with the Zhuhai authorities. To establish Hong Kong as an aircraft leasing and services hub, the Government has conducted a trade consultation on the proposed enhancement measures to the aircraft leasing preferential tax regime. We will introduce the legislative amendments into LegCo in the fourth quarter of this year.

10. On maritime development, with Hong Kong's position as a prominent international maritime centre, we have been committed to raising the industry's competitiveness. Measures include attracting more maritime enterprises to establish a presence in Hong Kong through tax concessions, as well as promoting the development of smart port with a view to enhancing the efficiency of Hong Kong's port and reducing its operation cost. We will proactively implement a host of new measures as mentioned in the Budget, with a view to further promoting the development of Hong Kong as an international maritime centre. We will set up a task force in collaboration with the Hong Kong Maritime and Port Board and representatives of the high-end maritime services industry, with the aim of putting forward an action plan by the end of this year. We will expedite studies on strategies for promoting the high-end maritime service industry and enhance exchanges among industries in the international arena and the Greater Bay Area. The scale of the annual flagship event Hong Kong Maritime Week will also be expanded.

11. Meanwhile, we will inject \$200 million to the Maritime and Aviation Training Fund to enhance the existing training schemes relating to the aviation and maritime industries as well as to strengthen the manpower training and promotion of the logistics industry.

12. To further promote modern logistics development, so as to enhance the role of Hong Kong as an international logistics hub, we have started to formulate an action plan on modern logistics development to accelerate the development of Hong Kong into a modern, high value-added smart logistics hub. Our target is to formulate the comprehensive modern logistics development strategies within this year.

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

Transport and Logistics Bureau
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