

**Head 158 — GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING
BUREAU (TRANSPORT BRANCH)**

Controlling officer: the Permanent Secretary for Transport and Housing (Transport) will account for expenditure under this Head.

Estimate 2017–18 **\$280.4m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 174 non-directorate posts as at 31 March 2017 rising by nine posts to 183 posts as at 31 March 2018..... **\$112.8m**

In addition, there will be an estimated 25 directorate posts as at 31 March 2017 and as at 31 March 2018.

Commitment balance..... **\$247.3m**

Controlling Officer's Report

Programmes

- | | |
|---|--|
| Programme (1) Director of Bureau's Office | This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Transport and Housing). |
| Programme (2) Land and Waterborne Transport | This programme contributes to Policy Area 21: Land and Waterborne Transport (Secretary for Transport and Housing). |
| Programme (3) Air and Sea Communications and Logistics Development | This programme contributes to Policy Area 3: Air and Sea Communications and Logistics Development (Secretary for Transport and Housing). |

Detail

Programme (1): Director of Bureau's Office

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	14.7	14.0	14.7 (+5.0%)	14.7 (—)
				(or +5.0% on 2016–17 Original)

Aim

- 2 The aim is to ensure the smooth operation of the Office of the Secretary for Transport and Housing.

Brief Description

3 The Office of the Secretary for Transport and Housing is responsible for providing support to the Secretary for Transport and Housing in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The Office is also responsible for providing administrative support to the Secretary for Transport and Housing in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

Programme (2): Land and Waterborne Transport

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	92.0	97.9	103.4 (+5.6%)	102.8 (–0.6%)
				(or +5.0% on 2016–17 Original)

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Aim

4 The aims are to plan for and implement the construction and improvement of Hong Kong's transport infrastructure, promote the usage of public transport services by improving their quality and co-ordination; improve cross-boundary rail and road linkages; manage road use, alleviate road traffic congestion and promote road safety; and support environmental improvement measures in transport-related areas.

Brief Description

5 The Branch's main responsibility under this programme is to formulate policies on the development of transport infrastructure, the provision of transport services, the management of traffic, and the support of environmental improvement measures in transport-related areas.

6 In 2016–17, the Branch:

- oversaw the implementation of the South Island Line (East), the Kwun Tong Line Extension and the Shatin to Central Link (SCL), including the successful commissioning of the first two projects;
- oversaw the construction and operational arrangements of the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL);
- continued to take forward the detailed planning work for the Northern Link (and Kwun Tong Station), the Tuen Mun South Extension and the East Kowloon Line, as well as commenced the detailed planning work for the Tung Chung West Extension recommended in the Railway Development Strategy (RDS) 2014;
- in conjunction with the governments of Guangdong and the Macao Special Administrative Region, oversaw the works for the Hong Kong-Zhuhai-Macao Bridge (HZMB) Main Bridge and formulated related cross-boundary transport arrangements;
- oversaw the works for the Hong Kong Boundary Crossing Facilities (HKBCF), Hong Kong Link Road (HKLR) and Tuen Mun-Chek Lap Kok Link (TM-CLKL) under the HZMB project;
- oversaw the works for the Central-Wan Chai Bypass and the Island Eastern Corridor Link, as well as the widening of Tolo Highway/Fanling Highway between Island House Interchange and Fanling – Stage 2;
- oversaw the planning and design for the Tuen Mun Western Bypass, the Cross Bay Link, the Trunk Road T2, as well as the widening of Castle Peak Road – Castle Peak Bay;
- obtained funding approval for the construction of the Tseung Kwan O – Lam Tin Tunnel;
- oversaw the works for the dualling of Hiram's Highway between Clear Water Bay Road and Marina Cove and improvement to local access to Ho Chung;
- oversaw the detailed design and site investigation work for the widening of Tai Po Road (Sha Tin Section);
- oversaw the proposed pedestrian environment improvement schemes in Yuen Long Town, Mong Kok and Causeway Bay;
- continued to take forward the Central Kowloon Route (CKR) for its early implementation;
- oversaw the technical feasibility studies, planning and design for the higher-ranking proposals on the provision of hillside escalator links and elevator systems (HEL);
- obtained funding approval for the construction of three HEL in Tsing Yi, Kwai Chung and Kowloon City respectively;
- obtained funding approval for the construction of the elevated walkway between Tong Ming Street and Tong Tak Street, Tseung Kwan O and the footbridge connecting Tsuen Wan Plaza, Skyline Plaza and the adjacent landscaping area;
- oversaw the implementation of the "Universal Accessibility" Programme for the retrofitting of barrier-free access facilities at public footbridges, elevated walkways and subways including the preparation for the next phase of the programme;
- oversaw the review of highway roadworks safety requirements;
- continued to jointly administer with the relevant Guangdong authorities the regulatory regime for cross-boundary vehicles;
- oversaw the development and application of advanced technologies for traffic management;
- completed the first phase of a public engagement exercise for an Electronic Road Pricing (ERP) pilot scheme in Central and its adjacent areas;
- proposed raising the fixed penalty levels for traffic congestion related offences so as to restore their deterrent effect;
- took over the Eastern Harbour Crossing as a government tunnel;

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- commenced a study on the overall strategy and feasible options for the rationalisation of traffic distribution among the three road harbour crossings and the three land tunnels between Sha Tin and Kowloon, with a view to putting toll adjustment proposals to the Legislative Council Panel on Transport for discussion within the 2017/18 legislative year;
- introduced legislative amendments to provide the legal basis for the New Parking Meter System Trial Scheme for accepting three new electronic payment means other than Octopus at parking meters;
- continued to work jointly with franchised bus companies on the deployment of environment-friendly buses along busy corridors;
- continued to oversee the pursuit of bus service rationalisation;
- continued to review the fare adjustment arrangement for franchised bus service;
- oversaw the granting of a new franchise commencing on expiry of the existing one in July 2017 for the bus networks of the Kowloon Motor Bus Co. (1933) Limited;
- continued to carry out the Public Transport Strategy Study to look into important issues relating to various public transport modes to ensure that they would continue to complement each other amidst the continued expansion of the railway network, in particular in relation to seating capacity of public light buses and personalised and point-to-point transport services;
- oversaw the implementation of special helping measures (SHM) for the six major outlying island ferry routes and made proposals for the continuation of the measures (with appropriate enhancement) for the 2017–2020 licence period; and
- reviewed the fare adjustment mechanism of the MTR Corporation Limited.

Matters Requiring Special Attention in 2017–18

7 During 2017–18, the Branch will:

- continue to oversee the implementation of the SCL;
- continue to oversee the construction and the operational arrangements of the Hong Kong section of the XRL;
- continue to take forward the detailed planning work for the Northern Link (and Kwu Tung Station), the Tuen Mun South Extension, the East Kowloon Line and the Tung Chung West Extension recommended in the RDS 2014;
- seek funding approval for and oversee the Feasibility Study on Route 11;
- seek funding approval for and oversee the Strategic Studies on Railways and Major Roads beyond 2030;
- in conjunction with the governments of Guangdong and the Macao Special Administrative Region, continue to oversee the works for the HZMB Main Bridge and put in place related cross-boundary transport arrangements;
- continue to oversee the works for the HKBCF, HKLR and TM-CLKL under the HZMB project;
- continue to oversee the works for the Central-Wan Chai Bypass and the Island Eastern Corridor Link, the widening of Tolo Highway/Fanling Highway between Island House Interchange and Fanling – Stage 2, the dualling of Hiram’s Highway between Clear Water Bay Road and Marina Cove and improvement to local access to Ho Chung; and the planning and design for the Tuen Mun Western Bypass, the Cross Bay Link, the Trunk Road T2 and the widening of Castle Peak Road – Castle Peak Bay;
- seek funding approval for the construction of CKR;
- continue to oversee the works for the Tseung Kwan O – Lam Tin Tunnel;
- continue to oversee the detailed design and site investigation work for the widening of Tai Po Road (Sha Tin Section);
- further promote walkability under the theme of “Walk in HK” to: (i) “Make it smart”, by providing user-friendly information on walking routes; (ii) “Make it connected”, by enhancing our pedestrian networks; (iii) “Make it enjoyable”, by making walking a pleasant experience; and (iv) “Make it safe”, by providing a safe and quality pedestrian environment;
- continue to take forward the proposed pedestrian environment improvement schemes in Yuen Long Town, Mong Kok and Causeway Bay;
- continue to oversee the technical feasibility studies, planning and design for the higher-ranking proposals on the provision of HEL;
- oversee the study to review and improve the assessment mechanism established by the Government in 2009 for proposals for HEL, and on this basis carry out screening, traffic assessments and preliminary technical feasibility assessments for the HEL proposals received in the past years in order to formulate a timetable for implementing HEL proposals in future;

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- oversee the implementation of three HEL in Tsing Yi, Kwai Chung and Kowloon City respectively, and seek funding approval for the construction of the proposed lift and pedestrian walkway system between Tai Wo Hau Road and Wo Tong Tsui Street, Kwai Chung;
- oversee the construction of the elevated walkway between Tong Ming Street and Tong Tak Street, Tseung Kwan O and the footbridge connecting Tsuen Wan Plaza, Skyline Plaza and the adjacent landscaping area;
- continue to oversee the implementation of the “Universal Accessibility” Programme, including the next phase of the programme;
- continue to oversee the review of highway roadworks safety requirements;
- commence a parking policy review with priority accorded to considering and meeting the parking need of commercial vehicles;
- commence an in-depth feasibility study for the proposed ERP pilot scheme in Central and its adjacent areas and formulate detailed options for further public engagement;
- continue to introduce practicable measures to enhance traffic management and to alleviate road traffic congestion, including taking forward in phases the recommendations made by the Transport Advisory Committee in its Study on Road Traffic Congestion;
- introduce legislative amendments to enable the continual operation and management of the Tate’s Cairn Tunnel as a government tunnel after the expiry of its Build-Operate-Transfer franchise on 11 July 2018;
- provide “stop-and-go” electronic payment facilities at seven government tolled tunnels and roads in phases;
- continue to review the fare adjustment arrangement for franchised bus service;
- oversee the handling of matters relating to the commencement of a new franchise for the bus network of the Kowloon Motor Bus Co. (1933) Limited in July 2017;
- complete the Public Transport Strategy Study to look into important issues relating to various public transport modes and recommend measures to ensure that they would continue to complement each other amidst the continued expansion of the railway network; and
- oversee the implementation of SHM for the six major outlying island ferry routes for the 2017–2020 licence period, and make preparation for the review due for completion in 2019 on the merits and demerits of the provision of SHM on the existing basis as the long-term operational arrangement for these routes (vis-à-vis other possible arrangements including lengthening of the licence duration with fine-tuning of SHM provision and Government owning the vessel fleet and outsourcing the operation) as well as on whether the SHM or other arrangement should apply to any of the other outlying island ferry routes.

Programme (3): Air and Sea Communications and Logistics Development

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	99.5	166.9	130.4 (–21.9%)	162.9 (+24.9%)
				(or –2.4% on 2016–17 Original)

Aim

8 The aims are to maintain and further develop Hong Kong’s position as a centre of international and regional aviation by ensuring continued compliance with relevant international obligations and standards, providing sufficient airport capacity to meet the demands and high standard of civil aviation management, and facilitating the continued development of safe and reasonably-priced air links to a wide range of destinations to meet the needs of the travelling public and shippers; maintain and further develop Hong Kong as an international shipping and maritime centre; promote shipping safety and ensure continued compliance with relevant international standards of ships registered in Hong Kong or registered elsewhere which visit our port; ensure that the port of Hong Kong is able to expand continuously so as to sustain Hong Kong’s economic growth and meet the demands of trade; and strengthen the role of Hong Kong as the preferred international transportation and logistics hub in Asia.

Brief Description

9 The Branch’s main responsibility under this programme is to formulate and implement policies on all aspects of civil aviation, maritime and port development, and logistics development.

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10 In 2016–17, the Branch:

- signed new air services agreements with two new aviation partners, namely Malta and Serbia; negotiated and initialled new air services agreements with three aviation partners, namely Angola, South Africa and Greece; reviewed air services arrangements with 11 aviation partners and also expanded air services arrangements with seven aviation partners up to December 2016, as part of the continuous efforts to expand Hong Kong's air services network;
- oversaw the operation of the regulatory regime for air transport licensing for our local airlines;
- worked with the Airport Authority Hong Kong (AA) and the Civil Aviation Department (CAD) in enhancing the capacity of the existing runways and other airport facilities, such as implementing the midfield expansion project;
- worked with the AA in taking forward the Three-Runway System (3RS) at the Hong Kong International Airport (HKIA), including detailed design and construction, relevant statutory procedures, financing arrangements, environmental mitigation and enhancement measures, and stakeholder engagement;
- oversaw the full commissioning of the new air traffic control systems;
- prepared for the establishment of an air accident investigation authority under the Branch, which would be independent from the CAD, in order to comply with the new standard of the International Civil Aviation Organization with a view to enhancing the impartiality of civil aviation accident/serious incident investigations;
- worked with the CAD to review the regulation of unmanned aircraft systems in Hong Kong;
- worked with the maritime and aviation industries and relevant education institutions to implement various incentive and scholarship schemes under the Maritime and Aviation Training Fund (MATF) to support manpower training and development initiatives;
- worked with the AA and the CAD on the establishment of the Hong Kong International Aviation Academy;
- organised visits to the Mainland and overseas jurisdictions to promote the awareness of the strengths of Hong Kong as an international maritime centre and a regional logistics hub;
- worked with relevant departments to identify suitable sites for modern logistics development and examine their feasibility;
- reviewed the provision of land for port and related uses in the Kwai Tsing area;
- took forward legislative proposals to enable the implementation of new and revised international maritime standards in Hong Kong;
- worked with industry associations to develop and implement initiatives to support the development of the logistics sector;
- organised the first-ever Hong Kong Maritime Industry Week from 20 to 27 November 2016 to promote Hong Kong as a preferred base for operating maritime business and an international maritime centre, with the Sixth Asian Logistics and Maritime Conference (22 to 23 November 2016) as its anchor event highlighting Hong Kong's status as a logistics hub and a regional distribution centre;
- continued to follow up on the findings and recommendations of the Study on the Strategic Development Plan for Hong Kong Port 2030 for port enhancement and oversaw the dredging works for the Kwai Tsing Container Basin and its approach channel;
- continued to follow up on the range of issues arising from the collision of vessels near Lamma Island on 1 October 2012, including the recommendations of the Commission of Inquiry, with a view to enhancing marine safety and governance of the Marine Department; and
- established the Hong Kong Maritime and Port Board (HKMPB) to drive the further development of Hong Kong's maritime and port industries with a view to enhancing Hong Kong's status as an international maritime centre.

Matters Requiring Special Attention in 2017–18

11 During 2017–18, the Branch will:

- continue to further liberalise its air services regime with aviation partners to strengthen Hong Kong's status as an international and regional aviation centre;
- continue to seek to rationalise and optimise the efficient use of the airspace in the Pearl River Delta region in partnership with the civil aviation authorities of the Mainland and Macao;
- continue to maintain an effective civil aviation management system and take forward legislative work to update the legal framework for regulating civil aviation with reference to international standards;
- continue to work with the AA on initiatives to enhance airport capacity, airport services, and the airport's connectivity and competitiveness;

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- continue to work with the AA in taking forward the 3RS at the HKIA, including detailed design and construction, financing arrangements, environmental mitigation and enhancement measures, and stakeholder engagement;
- set up an independent air accident investigation authority under the Branch so as to enhance the independence of investigations of civil aviation accident/serious incident in accordance with the international standard;
- continue to work with the CAD in taking forward the review of the regulation of unmanned aircraft systems, following the Department's consultancy study on the subject to be completed in 2017–18;
- continue to draw up and implement manpower development and promotion initiatives under the MATF with advice from the Manpower Development Committee of the HKMPB and the Tripartite Taskforce on Manpower Training (Aviation);
- continue to work with the AA on the Hong Kong International Aviation Academy to provide aviation-related training for the industry in Hong Kong and the region;
- continue to work closely with HKMPB and the maritime and port industries to spur the growth of Hong Kong's maritime cluster and maintain the competitiveness of the Hong Kong Port;
- continue to take forward legislative proposals to enable the implementation of new and revised international maritime standards in Hong Kong;
- continue to work closely with the Hong Kong Logistics Development Council and the logistics industry to promote e-logistics;
- continue to identify suitable sites and examine their feasibility for modern logistics development in collaboration with relevant departments;
- continue to collaborate with the Chartered Institute of Logistics and Transport in Hong Kong and the Hong Kong Association of Freight Forwarding and Logistics Limited to ensure the smooth implementation of the training programme for the freight logistics sector;
- continue to provide port back-up land to enhance the operational efficiency of the Hong Kong Port;
- continue to oversee the progress of the residual dredging works for the Kwai Tsing Container Basin and its approach channels; and
- take forward initiatives to enhance marine safety in light of the recommendations of the Commission of Inquiry into the Collision of Vessels near Lamma Island.

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ANALYSIS OF FINANCIAL PROVISION

	2015-16 (Actual) (\$m)	2016-17 (Original) (\$m)	2016-17 (Revised) (\$m)	2017-18 (Estimate) (\$m)
Programme				
(1) Director of Bureau's Office	14.7	14.0	14.7	14.7
(2) Land and Waterborne Transport	92.0	97.9	103.4	102.8
(3) Air and Sea Communications and Logistics Development.....	99.5	166.9	130.4	162.9
	<hr/> 206.2	<hr/> 278.8	<hr/> 248.5 (-10.9%)	<hr/> 280.4 (+12.8%)
				(or +0.6% on 2016-17 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2017-18 is the same as the revised estimate for 2016-17.

Programme (2)

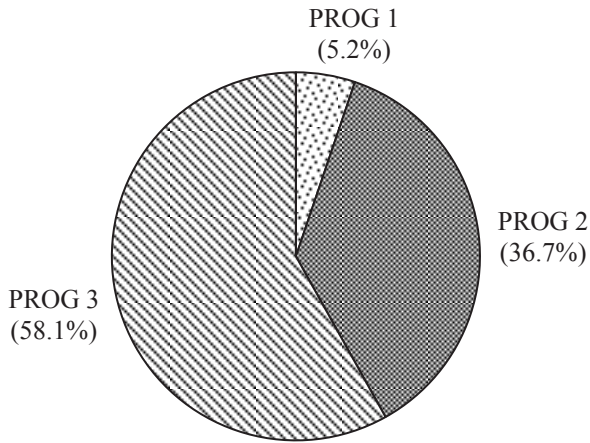
Provision for 2017-18 is \$0.6 million (0.6%) lower than the revised estimate for 2016-17. This is mainly due to decreased cash flow for the non-recurrent item for Public Transport Strategy Study, partly offset by the increased requirement in operating expenses including the additional provision for the net increase of two posts in 2017-18.

Programme (3)

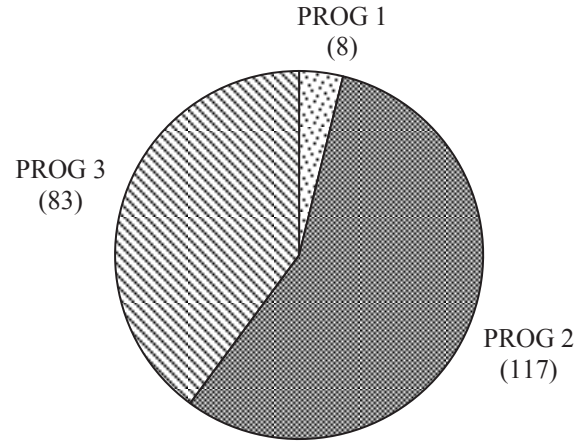
Provision for 2017-18 is \$32.5 million (24.9%) higher than the revised estimate for 2016-17. This is mainly due to increased cash flow for the non-recurrent items for MATF and Monitoring and Verification Services Consultancy for the detailed design and construction stages of the 3RS Project, and the increased requirement in operating expenses mainly for the net increase of seven posts in 2017-18.

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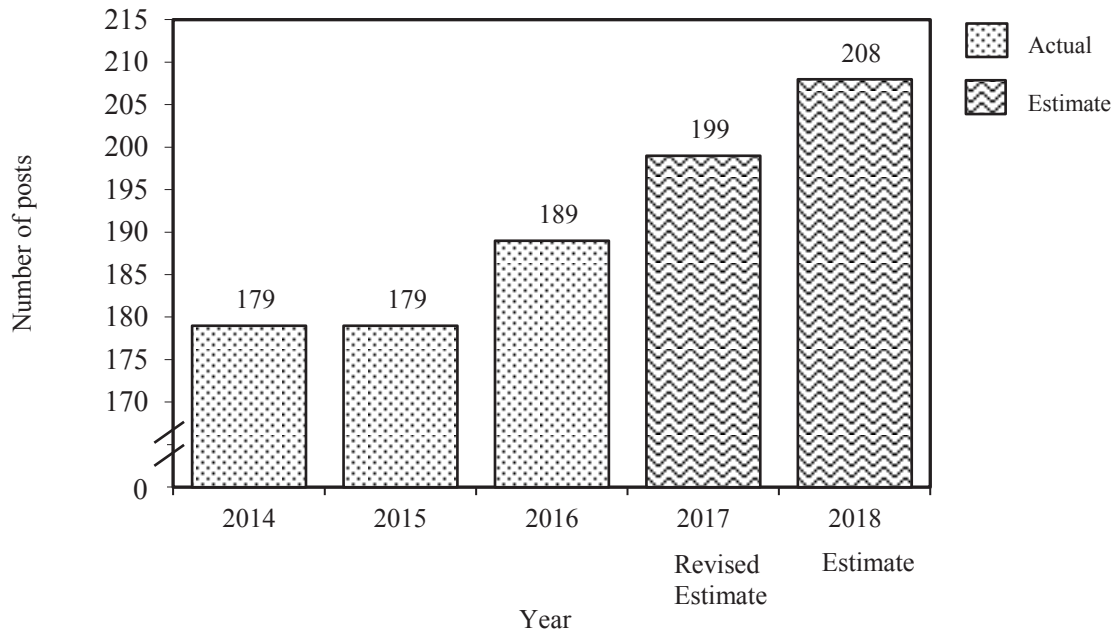
*Allocation of provision
to programmes
(2017-18)*



*Staff by programme
(as at 31 March 2018)*



*Changes in the size of the establishment
(as at 31 March)*



**Head 158 — GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING
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Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	197,200	218,194	215,835	231,409
	Total, Recurrent.....	<u>197,200</u>	<u>218,194</u>	<u>215,835</u>	<u>231,409</u>
Non-Recurrent					
700	General non-recurrent	8,969	60,630	32,688	49,024
	Total, Non-Recurrent.....	<u>8,969</u>	<u>60,630</u>	<u>32,688</u>	<u>49,024</u>
	Total, Operating Account	<u>206,169</u>	<u>278,824</u>	<u>248,523</u>	<u>280,433</u>
<hr/>					
	Total Expenditure	<u><u>206,169</u></u>	<u><u>278,824</u></u>	<u><u>248,523</u></u>	<u><u>280,433</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the Transport Branch is \$280,433,000. This represents an increase of \$31,910,000 over the revised estimate for 2016–17 and \$74,264,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$231,409,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Transport Branch.

3 The establishment as at 31 March 2017 will be 199 posts including five supernumerary posts. It is expected that there will be a net increase of nine permanent posts in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$112,824,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	142,199	147,816	144,960	164,265
- Allowances.....	5,038	4,767	6,942	6,493
- Job-related allowances.....	1	3	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	407	394	355	279
- Civil Service Provident Fund contribution.....	5,417	6,626	7,365	8,691
Departmental Expenses				
- General departmental expenses	44,138	58,588	56,210	51,678
	<hr/> 197,200	<hr/> 218,194	<hr/> 215,835	<hr/> 231,409 <hr/>

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2016 \$'000	Revised estimated expenditure for 2016–17 \$'000	Balance \$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
023	Promotion of Hong Kong's logistics advantages under the Mainland/Hong Kong Closer Economic Partnership Arrangement		600	328	163	109
807	Maritime and Aviation Training Fund		100,000	14,196	13,230	72,574
864	Public Transport Strategy Study		9,500	—	7,295	2,205
884	Monitoring and Verification Services Consultancy for the detailed design and construction stages of the Three-Runway System Project		184,400	—	12,000	172,400
	Total		<u>294,500</u>	<u>14,524</u>	<u>32,688</u>	<u>247,288</u>