

**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 2016–17 **\$278.8m**

Establishment ceiling 2016–17 (notional annual mid-point salary value) representing an estimated 166 non-directorate posts as at 31 March 2016 rising by eight posts to 174 posts as at 31 March 2017..... **\$100.4m**

In addition, there will be an estimated 25 directorate posts as at 31 March 2016 and as at 31 March 2017.

Commitment balance..... **\$277.3m**

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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	14.0	13.8	14.0 (+1.4%)	14.0 (—)
				(or +1.4% on 2015–16 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	78.9	89.0	88.1 (–1.0%)	97.9 (+11.1%)
				(or +10.0% on 2015–16 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 2015–16, the Branch:

- oversaw the implementation of the South Island Line (East) (SIL(E)), the Kwun Tong Line Extension (KTE) and the Shatin to Central Link (SCL);
- oversaw the construction and operational arrangements of the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL);
- commenced detailed planning work for the first batch of projects 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 Island Eastern Corridor Link and 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 Central Kowloon Route, the Cross Bay Link, the Tseung Kwan O-Lam Tin Tunnel, the Trunk Road T2, as well as the widening of Castle Peak Road – Castle Peak Bay;
- obtained funding approval for the dualling of Hiram's Highway between Clear Water Bay Road and Marina Cove and improvement to local access to Ho Chung;
- obtained funding approval for 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;
- oversaw the technical feasibility studies, planning and design for the higher-ranking proposals on the provision of hillside escalator links and elevator systems;
- oversaw the implementation of the "Universal Accessibility" policy for the retrofitting of barrier-free access facilities at public footbridges, elevated walkways and subways;
- 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;
- launched a public engagement exercise for an Electronic Road Pricing (ERP) pilot scheme in Central and its adjacent areas;
- introduced legislative amendments to raise the fixed penalty levels for traffic congestion related offences so as to restore their deterrent effect;
- introduced legislative amendments to enable the continual operation and management of the Eastern Harbour Crossing (EHC) as a government tunnel after the expiry of its Build-Operate-Transfer franchise on 7 August 2016;

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- introduced legislative amendments for the long-term arrangements for the operation of the peak tramway on expiry of its interim operating right in end 2015;
- 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 new franchises commencing on expiry of the existing ones in 2016–17 for the bus networks of Citybus Limited (Franchise for Hong Kong Island and Cross Harbour Network) and New Lantao Bus Company (1973) 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 against the background of the continued expansion of the railway network; and
- oversaw the implementation of special helping measures for the six major outlying island ferry routes in the current licence period from 2014 to 2017.

Matters Requiring Special Attention in 2016–17

7 During 2016–17, the Branch will:

- continue to oversee the implementation of the SIL(E), the KTE and 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 first batch of projects recommended in the RDS 2014, i.e. Tuen Mun South Extension, the Northern Link (and Kwu Tung Station) and the East Kowloon Line;
- in conjunction with the governments of Guangdong and the Macao Special Administrative Region, continue to oversee the works for the HZMB Main Bridge and formulate related cross-boundary transport arrangements;
- continue to oversee the works of the HKBCF, HKLR and TM-CLKL under the HZMB project;
- continue to oversee the works for the Central-Wan Chai Bypass and 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;
- continue to take forward the Central Kowloon Route for its early implementation;
- seek funding approval and 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);
- 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 hillside escalator links and elevator systems;
- seek funding approval for and oversee the implementation of three hillside escalator links and elevator systems which are at a relatively advanced planning stage;
- seek funding approval for and 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 inviting the 18 District Councils to further nominate not more than three walkways in each district for implementation in the next phase of the Programme;
- continue to introduce practicable measures 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;

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- continue to engage the public on a proposed ERP pilot scheme in Central and its adjacent areas;
- oversee the takeover of the EHC upon the expiry of its Build-Operate-Transfer franchise on 7 August 2016;
- continue to review the fare adjustment arrangement for franchised bus service;
- oversee the handling of matters related to the franchise for the bus network of the Kowloon Motor Bus Co. (1933) Limited on expiry of its existing franchise in 2017;
- continue 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 against the background of the continued expansion of the railway network; and
- continue to oversee the implementation of special helping measures for the six major outlying island ferry routes and a mid-term review of these measures.

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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	102.2	120.5	108.2 (–10.2%)	166.9 (+54.3%)
				(or +38.5% on 2015–16 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.

10 In 2015–16, the Branch:

- negotiated and initialled new air services agreements with three new aviation partners, namely Spain, Malta and Serbia, and expanded air services arrangements with 17 aviation partners up to October 2015, as its 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, relevant statutory procedures, financing arrangements, environmental mitigation and enhancement measures, and stakeholder engagement;
- oversaw the replacement of the air traffic control systems;
- 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;
- oversaw the conduct of a consultancy study by the CAD on the feasibility of establishing a civil aviation training institute;

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- 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 logistics development and examine their feasibility and 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;
- worked with the Hong Kong Trade Development Council to organise the Fifth Asian Logistics and Maritime Conference from 17 to 18 November 2015 to highlight Hong Kong's status as a regional distribution centre, a logistics hub as well as an international maritime centre, and provided a high-level platform for regional discussion and networking;
- followed 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;
- followed 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 (MD); and
- supported the Hong Kong Maritime Industry Council in taking forward recommendations put forth in the "Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre" including the proposal to set up a new institutional body for maritime development.

Matters Requiring Special Attention in 2016–17

11 During 2016–17, the Branch will:

- 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 ensure that the legal framework for regulating civil aviation is in line with international standards;
- continue to work with the AA on initiatives to enhance airport capacity, airport services, and the airport's connectivity and competitiveness, for example, the midfield expansion project;
- continue to work with the AA in taking forward the 3RS at the HKIA, including detailed design, relevant statutory procedures, financing arrangements, environmental mitigation and enhancement measures, and stakeholder engagement;
- oversee the commissioning of the new air traffic control systems;
- continue to draw up and implement manpower development and promotion initiatives under the MATF with advice from the tripartite taskforces;
- take forward the implementation work for establishing a civil aviation academy as endorsed by the Economic Development Commission to provide aviation-related training for the industry;
- set up a new maritime body to drive further development in Hong Kong's maritime and port services with a view to enhancing Hong Kong's position as an International Maritime Centre;
- 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 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;

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- continue to take forward measures, including following up on recommendations of the Study on the Strategic Development Plan for Hong Kong Port 2030, in particular on making better use of port back-up land, to improve the operational efficiency of the Hong Kong Port;
- continue to oversee the progress of the dredging works for the Kwai Tsing Container Basin and its approach channels; and
- continue to follow up on the range of issues arising from the collision of vessels near Lamma Island on 1 October 2012, including working with the MD to follow up on the recommendations of the Commission of Inquiry.

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ANALYSIS OF FINANCIAL PROVISION

	2014–15 (Actual) (\$m)	2015–16 (Original) (\$m)	2015–16 (Revised) (\$m)	2016–17 (Estimate) (\$m)
Programme				
(1) Director of Bureau’s Office	14.0	13.8	14.0	14.0
(2) Land and Waterborne Transport	78.9	89.0	88.1	97.9
(3) Air and Sea Communications and Logistics Development.....	102.2	120.5	108.2	166.9
	<hr/> 195.1	<hr/> 223.3	<hr/> 210.3 (–5.8%)	<hr/> 278.8 (+32.6%)
				(or +24.9% on 2015–16 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2016–17 is the same as the revised estimate for 2015–16.

Programme (2)

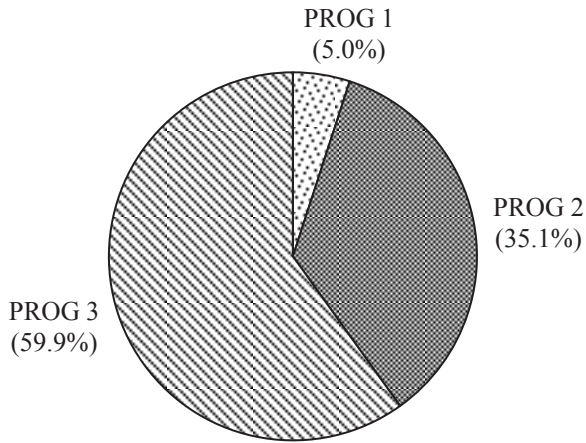
Provision for 2016–17 is \$9.8 million (11.1%) higher than the revised estimate for 2015–16. This is mainly due to the net increase of one post in 2016–17, the filling of vacancies, and the increased cash flow for the non-recurrent item for Public Transport Strategy Study, partly offset by the reduced requirement in operating expenses.

Programme (3)

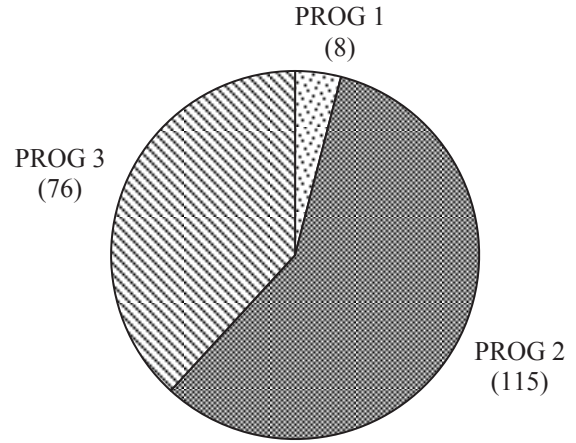
Provision for 2016–17 is \$58.7 million (54.3%) higher than the revised estimate for 2015–16. This is mainly due to the net increase of seven posts in 2016–17, the increase in other operating expenses, the increased cash flow for the non-recurrent item for MATF, and the inclusion of a new non-recurrent item for Monitoring and Verification Services Consultancy for the detailed design and construction stages of the 3RS Project in 2016–17.

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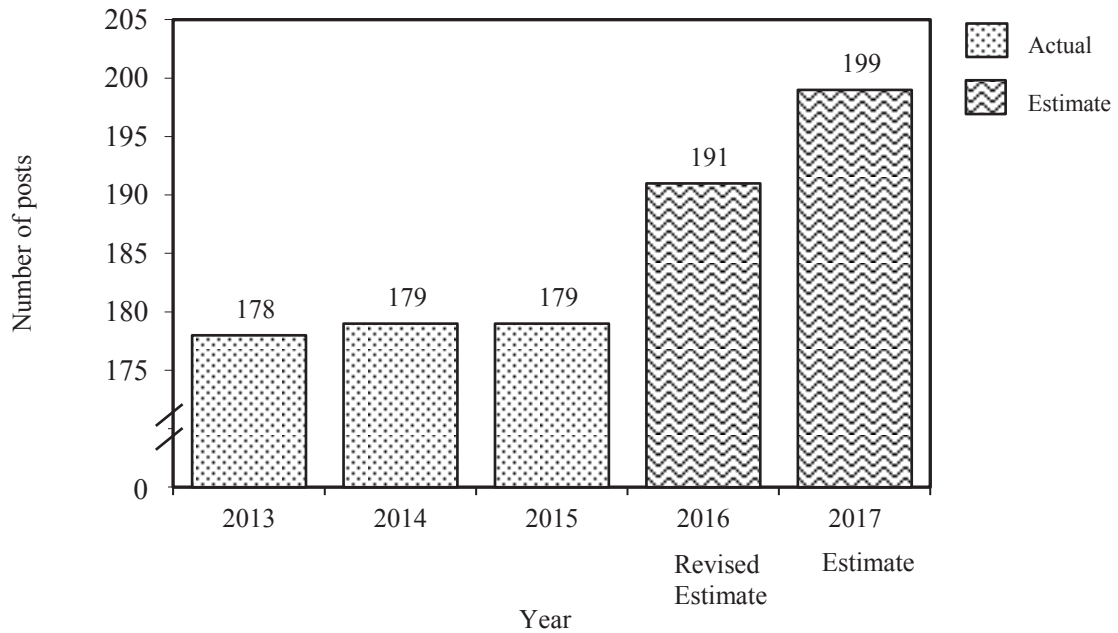
*Allocation of provision
to programmes
(2016-17)*



*Staff by programme
(as at 31 March 2017)*



*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 2014–15	Approved estimate 2015–16	Revised estimate 2015–16	Estimate 2016–17	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	188,637	202,253	198,641	218,194
	Total, Recurrent.....	<u>188,637</u>	<u>202,253</u>	<u>198,641</u>	<u>218,194</u>
Non-Recurrent					
700	General non-recurrent	6,456	21,074	11,636	60,630
	Total, Non-Recurrent.....	<u>6,456</u>	<u>21,074</u>	<u>11,636</u>	<u>60,630</u>
	Total, Operating Account	195,093	223,327	210,277	278,824
	Total Expenditure	<u><u>195,093</u></u>	<u><u>223,327</u></u>	<u><u>210,277</u></u>	<u><u>278,824</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2016–17 for the salaries and expenses of the Transport Branch is \$278,824,000. This represents an increase of \$68,547,000 over the revised estimate for 2015–16 and \$83,731,000 over the actual expenditure in 2014–15.

Operating Account

Recurrent

2 Provision of \$218,194,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Transport Branch. The increase of \$19,553,000 (9.8%) over the revised estimate for 2015–16 is mainly due to the increase in operating expenses arising from supporting the new maritime body.

3 The establishment as at 31 March 2016 will be 191 posts including five supernumerary posts. It is expected that there will be a net increase of eight permanent posts in 2016–17. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2016–17, but the notional annual mid-point salary value of all such posts must not exceed \$100,375,000.

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

	2014–15 (Actual) (\$'000)	2015–16 (Original) (\$'000)	2015–16 (Revised) (\$'000)	2016–17 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	129,608	144,520	142,846	147,816
- Allowances.....	4,742	3,820	4,674	4,767
- Job-related allowances.....	—	3	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	406	272	398	394
- Civil Service Provident Fund contribution.....	4,120	5,915	5,591	6,626
Departmental Expenses				
- General departmental expenses	49,761	47,723	45,129	58,588
	<hr/>	<hr/>	<hr/>	<hr/>
	188,637	202,253	198,641	218,194
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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2015 \$'000	Revised estimated expenditure for 2015–16 \$'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	182	147	271
	807	Maritime and Aviation Training Fund	100,000	5,582	11,281	83,137
	864	Public Transport Strategy Study	9,500	—	—	9,500
	884	Monitoring and Verification Services Consultancy for the detailed design and construction stages of the Three-Runway System Project#	184,400#	—	—	184,400
		Total	294,500	5,764	11,428	277,308

This is a new item, funding for which is sought in the context of the Appropriation Bill 2016.