

# **Sustainable Transport in Hong Kong The Dynamics of the Transport Related Decision-Making Process**

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*This Report was done as an intern background research paper for Civic Exchange over the summer of 2001. Civic Exchange expects to publish a major study on sustainable transport policy for Hong Kong in mid-2002.*

This Report aims to provide insight into the decision-making process and the dynamics that surround the decisions and actions regarding transport issues and the transport system in the Hong Kong Special Administrative Region.

This information was gathered through the HKSAR Government (HKSARG) web site, associated web sites and discussions with knowledgeable individuals.

## **Existing System**

The current system is rather complex. There is no one bureau or department in the HKSARG that has oversight of the whole transport decision-making process. A number of different bureaux and departments are responsible for various roles.<sup>1</sup> The major problem is that it is vertically organized and that there is inadequate coordination of horizontal links. There appears to be no substantial or significant co-ordination between the individual departments. The department with the implementation power appears to make the final decision, and the scope of impact other departments have on the final decision is not clear, and possibly negligible.

There appears to be no consistent application of sustainable criteria throughout the system even though some bureau and departments have Environmental Statements, and the Transport Bureau (TB), Transport Department (TD) and Highways Department (TD) have a joint environmental statement.<sup>2</sup> This reflects that the HKSARG as a whole is still unsure about how sustainable development and transport policy should relate.

There is little scope for the involvement of the public in the process other than by the objection process when projects are gazetted.

## ***Transport Planning***

Transport planning, as supposed to infrastructure construction, is done primarily by the TB and TD. They also brief the Executive Council and Legislative Council on transport related matters. They look at overall transport requirements. For example, two recent studies, which are supposed to inform transport policy planning, include the Comprehensive Transport Study 3 (CTS3) and Railway Development Strategy (RDS).

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<sup>1</sup> An organizational chart is available at [www.info.gov.hk/govcht\\_e.htm](http://www.info.gov.hk/govcht_e.htm)

<sup>2</sup> See [www.info.gov.hk/tb/press/environ7.htm](http://www.info.gov.hk/tb/press/environ7.htm)

The CTS3 projected the long-term requirements for transport in Hong Kong. Some of the assumptions were based on continued growth in transport demand and not on how to minimize growth of transport. The study was done by consultant transport planners, who seemed to have done their work in a vacuum with little input on economics and environmental concerns, illustrating the lack of co-ordination or combined approach from all relevant departments.

The Planning and Lands Bureau (PLB) and Planning Department (PD) are responsible for strategic planning.<sup>3</sup> The PLB seems to accept the transport study results carried out by the TB without really critically reassessing them. Therefore, the PLB may take on information from the TB and TD as given assumptions and government commitments without really assessing the information. The TB's studies may even conflict with the PLB's own criteria and objectives, such as accommodating projected road traffic growth.

The Territory Development Department (TDD) and PD are responsible for undertaking other studies. The TDD studies are smaller studies that are generally district and sub-regional wide studies, and for example, include the Kai Tak Redevelopment and the Central Water Front development.

These smaller scale studies bring design into the process and make relevant road and rail decisions. In the Kai Tak Redevelopment example, 40% of the area was originally proposed for roads because the study was engineering-led and focused on engineering aspects. Furthermore, as a part of these studies, an environmental assessment is undertaken considering the different road/rail alignments. The results of these assessments may actually exceed the environmental guidelines; nevertheless the projects are still planned and implemented. No attention is given to sustainability and little emphasis is given to the total urban design and character of the area. The process is a continuation of practices of the 1970's and 1980's and many of the projects such as Route 7, Route 10, and various harbour reclamations were products of this engineering dominated approach. The whole process of design and implementation at this level seems in need of a major overhaul to meet current public expectations.

The Secretary of Planning and Lands (SPL), has a committee called the Committee for Planning and Land Development (CPLD) and is the coordinating committee for all of the studies done by TDD, PD, PLB. However the TB and TD do not come within this group of departments and are not necessarily bound by the decisions of CPLD.

### ***Transport Bureau and Transport Department***

The TD have a wide range of responsibilities ranging from licensing of vehicles, testing vehicles, managing tunnels, managing public transport franchises for ferries, trams, buses, managing, preparing transport design manuals, and licencing mini-buses and taxis. The level of responsibility flows right down to the district level where they are managing the local traffic situation, which itself involves the decisions on the location of bus routes, bus stops and the traffic light operations.

The TB and TD also have direct roles with the railways (KCRC and MTRC) and the bus companies. The TB or TD are Government Representatives on the respective Boards of the Railways and Bus Companies, so the TD not only controls the operation of routes, but is also

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<sup>3</sup> For example, Planning Department is embarking on a study called Hong Kong 2030 to examine long-term strategic development issues.

actively involved in its management. The TB and TD also have a control function on some public transport fares.

### ***Public Involvement : The Transport Advisory Committee and the Town Planning Board***

There is the Transport Advisory Committee (TAC), which has a function to advise the Chief Executive in Council on broad issues of transport policy with a view to improving the movement of both people and freight. The TAC is an advisory committee that has some appointed non-government people, and advises on a variety of areas, for example, information regarding transport fare increase.<sup>4</sup>

The TAC may provide advice, for example its comments regarding the pricing of charge for the cross-harbour tunnels, but the limitations of its terms of reference may not include environmental factors. For example, the impact of different tolls on tunnels could help to redirect traffic in an attempt to reduce traffic congestion and thus air pollution. The TAC has no significant responsibility in terms of transport planning decisions.

Many transport decisions are made without public involvement of any kind. For example, a study within the last 12 months was done regarding electronic road pricing and its feasibility of being introduced into Hong Kong. The study was not made public, and the end result was that an announcement was made that electronic road pricing would not be introduced. The issue was not discussed, there was no public forum, and the issue did not go to the Legislative Council for any in depth discussion. The process was not reflective of a very open government, and it is not clear what the basis was for the decision not to have electronic road pricing.

The Town Planning Board (TPB), which produces statutory plans covering most of Hong Kong, has no authority over the planning of roads and railways. The relationship between the Town Planning Ordinance, the Roads Ordinance and the Railways Ordinance requires the TPB to take on board any road or rail project approved under the other Ordinances without right of comment or consideration of public objections. This situation results in the strange situation where roads, railways and land use are considered in isolation. Individual TPB members have voiced out publicly that the TPB should be able to deal with roads and rail as well as a part of their job.

### ***Pricing, Funding, Construction and Implementation***

There appears to be little connection between the planning and implementation of transport decisions and pricing and funding of transport. Taxation, toll fees, parking charges, fare levels, etc. all affect the demand and use of various transport modes. Funding of roads is from public funds while funding of railways is by borrowing and property development. An integrated approach towards funding and the costs of transport would seem desirable.

For the Finance Bureau (FB), pricing of transport is primarily a means for increasing revenue. However, it is also a factor that increases or decrease different demand for transport, and by doing so affects its viability.

For car owners, the initial licensing fee, the annual fee, the cost of drivers license's and tax on fuel all affect the demand for private car ownership, and this has a flow-on effect for the public

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<sup>4</sup> [www.info.gov.hk/tb/committee/tacm.htm](http://www.info.gov.hk/tb/committee/tacm.htm)

transport. If measures are put in place to increase the cost of cars, the numbers of cars will be reduced.

Financial factors are all controlled independently to transport policy, and all other departments are controlled independently, which reflects the inadequate horizontal communication in government. Another relevant consideration is possibly that there is no tax on bus fuel, effectively subsidizing bus companies, and probably contrary to the stated planning goal that the future of transport should be rail-led.

The Financial Secretary has no consistent approach on pricing to achieve different aims on road usage. The ripple effect of changing the price, and the related benefits or increasing costs, are not seen on a broad spectrum. It seems that only the amount of income generated is considered. For example, the full effect of increasing car costs, resulting in less car demand, less cars, less use of road, less road demand, ending in a reduction of pollution generation may not be fully appreciated by those responsible for Hong Kong's public finance.

Some franchises require Legislative Council approval for fare increase and some don't. The MTR does not have to, but they notified Legco primarily for public relations. There is inconsistency in the way the public is involved in fare setting.

The introduction of LPG taxis was introduced for environmental reasons. There was a lot of discussion internally within the Government. The delay in implementation was primarily a financial argument relating to the amount of subsidy each taxi owner would get. The full environmental benefits of encouraging the change were perhaps not taken into account in establishing the amount of financial encouragement to be given. The legislature eventually accepted the need, and once approved the scheme has been implemented effectively and quickly and with public acceptance.

The building of roads and railways go through different processes. The Public Works Programme goes through the Works Branch (WB); and they are responsible for the actual construction and funding. Highways Department (which is responsible to TB) or TDD build the roads (See Appendix 4 and Works Web Site). The financing is obtained from FB and monitored by the Public Works Sub-Committee of LegCo. Railways however are implemented by the MTR or KCRC who are overseen by the TB.

### ***What is the current transport policy?***

Looking at the TB, there is a stated policy from CTS3 that transport is going to become more rail reliant. There is a network of rails proposed in Hong Kong. But there seems to be no real discussion on how to make it happen. There is a massive road construction schedule as well. Indeed, more money has been allocated to building roads than rail.

For building roads, funding comes from government revenue. Railway is funded by the rail operators finding their own way to raise the money. They do so by borrowing and also property developers on top of rail stations. This is why the KCRC and MTR have become big property developers. This way of rail financing has meant that it makes financial sense to build a rail line only when the operator can be assured of high usage. Thus, it took years before a rail line could be built to new towns, such as Tseung Kwan O. The rail operator had to effectively wait for population to get up to above 250,000. This way of financing rail has caused delay in building rail to population centers.

Why not change funding so that capital cost of railways is funded by the Government, like the roads? It would then be more viable to build more railways, with an advantage to sell land straight to developers.

Pricing, financing and taxation are all significant factors affecting viability and sustainability. It is unclear where these issues are considered within the current government set-up.

### ***Overseas Examples***

Looking at overseas government websites, it is clear that there are varying degrees of development towards the awareness and success of implementing policies that are focused towards sustainable development.<sup>5</sup>

Taking the sustainable development focus towards individual cities, the Procedures for Recommending Optimal Sustainable Planning of European City Transport Systems (PROSPECTS) web site provided very comprehensive information. This website, along with other similar websites, provides various examples of how cities can structure their decision making process to satisfy sustainable requirements.<sup>6</sup>

### **The Future**

The establishment of the Sustainable Development Unit (SDU) may eventually provide scope for the introduction of a powerful body with responsibility for strong cross-government coordination and a consistent approach for auditing projects on sustainability criteria although it is unclear what role the SDU will play and what powers it will have. There is an apparent need to reassess projects already in the pipeline against sustainability criteria and against the recently established policies and environmental statements made by the TB and TD. The establishment of the Sustainable Development Commission, which has been on the cards now for more than 2 years, may provide a basis for ensuring public monitoring of the process. Changes within the system are required and this opportunity should not be missed.

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<sup>5</sup> See [www.tc.gc.ca/envattairs/english/sustain.htm](http://www.tc.gc.ca/envattairs/english/sustain.htm) for the Canadian example.

<sup>6</sup> [www.ivv.tuwein.ac.at/projects/prospects.html](http://www.ivv.tuwein.ac.at/projects/prospects.html)

## **Summary of Department/Bureau Responsibilities**

### **Transport Department**

The **Transport Department** administers the Road Traffic Ordinance and other legislation regulating public transport operations other than railways. Its responsibilities cover: Strategic transport planning Road traffic management Government road tunnels Carparks and metered parking spaces Regulation of internal roads and waterborne public transport Licensing and inspection of vehicles

#### ***Related Government Organisations***

Transport Bureau, Highways Department, Police Traffic Branch Headquarters

### **Hong Kong Police Traffic Branch Headquarters**

Traffic Branch Headquarters is responsible for the formulation and dissemination of traffic enforcement policies, the collation of related resource requirements, the processing of traffic summons and fixed penalty tickets, the monitoring of changes in traffic legislation, the development and evaluation of traffic management schemes, and the co-ordination of the Force's road safety efforts. It is also responsible for the administration of the Traffic Warden Corps, who assist the Police in the control of traffic and enforcement of parking offences. It comprises

1. Traffic Management Bureau,
2. Central Traffic Prosecutions Bureau, and
3. Administration Bureau.

### **Transport Bureau**

Our Policy objective is to provide a safe, efficient and reliable transport system, which meets the economic, social and economic needs of the community, and is capable of supporting sustainability and the future development of Hong Kong.

#### ***Related Government Organisations***

Transport Advisory Committee (TAC) and Transport Tribunal

### **Highways Department**

The Highways Department evolved from the Highways Office of the former Engineering Development Department was established on 1 June 1986. It is responsible for planning, design, construction and maintenance of the public road system. The department is also responsible for planning and facilitating the implementation of the railway networks. The department's annual expenditure for the financial year 2000/01 was HK\$4,529 million, of which HK\$822 million was for road and public lighting maintenance and HK\$2,670 million for major highway construction. The budget for the 2001/2002 financial year is \$4,400 million.

The Highways Department has a staff establishment of 400 professionals and 1,590 staff in other grades. The department consists of the Headquarters; three Regional Offices, namely Hong Kong,

Kowloon and the New Territories Regions; and a Major Works Project Management Office; a Railway Development Office.

***Government Organisations Related to Highways Department***

Police, Transport Department, Territory Development Department, Drainage Services Department, Civil Engineering Department, Buildings Department.