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Professor Anthony Cheung, GBS, JP
Secretary for Transport and Housing
Transport and Housing Bureau
22/F, East Wing, Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear



Electronic Road Pricing Pilot Scheme in Central and Its Adjacent Areas

The Chamber welcomes the opportunity to comment on the Government's plan to launch an Electronic Road Pricing Pilot Scheme ("ERPPS") in Central and its vicinity for the purpose of addressing the city's notorious traffic jams and improving roadside air pollution. We agree that the Government should explore the notion of electronic road pricing ("ERP") as a tool to control traffic but also feel that attention should be devoted to other issues that contribute to the chronic problem of traffic congestion in the Central District as ERP alone is not enough as to provide relief. Chief among these is insufficient parking spaces. Drivers, particularly chauffeurs, are often left with the options of either driving in circles or to find a temporary, often illegal, parking space. As pointed out by the Government, the number of illegal parking cases has increased significantly by 44% to about 1.08 Mn cases in 2014 from 750,000 cases in 2010. If building more car parks in Central is a challenge, it may be useful for Hong Kong to consider the approach adopted in other countries to develop hi-tech, three-dimensional deck-style parking systems to enhance parking capacity. The Government should also contemplate a multi-pronged approach to addressing congestion by stepping up law enforcement and raising parking fines¹.

2. There are other issues as well that contribute to congestion in Central, which also warrant the Government's attention and should be addressed in parallel with or independent of ERP implementation. These are the (1) rationalisation of routes to improve the efficient deployment of road-based public transport, namely, franchised buses; (2) regulation of hours when goods vehicles can make deliveries; and (3) mitigating knock-on effects of congestion from abutting districts. Further elaborations on the foregoing are made further in the submission.

¹ It is [proposed](#) to increase the fixed penalty charges by 50%, i.e. traffic offences currently set at \$320 and \$450 will increase to \$480 and \$680 respectively, effective from 1 January 2017.

Our comments and observations on the proposed ERP are as follows:

Charging Model and Mechanism

3. An area-based ERP system would appear less cumbersome and easier to implement but lacks flexibility when responding to actual road conditions and the need to make frequent adjustments over the course of a day. Hence, a cordon-based system would be more suitable for Hong Kong. If the latter is adopted, initial charging fees should be set at a level effective enough to alleviate traffic congestion problems and these charges should be subject to regular reviews to ensure the objectives are met. We feel that considerations relating to such issues as the drawing of boundaries, the coverage of peripheral areas (i.e. Admiralty, Wanchai² and Sheung Wan), the inclusion of Sundays and public holidays as charging periods, and the methodology for imposing charges (whether these should be made according to vehicle type, size or capacity) should all be based on the empirical results derived from traffic modelling rather than misinformed opinions and baseless speculations. We look forward to receiving more information and in-depth analysis from the Government in this regard at the later stages of the public consultation exercise.

Technology and Data Privacy

4. As data privacy has increasingly become a major concern for the public and the business community, dedicated short-range radio communication (“DSRC”) would therefore be preferable over automatic number plate recognition (“ANPR”). ANPR, which relies mainly on capturing car plate numbers for payment settlement, requires manual checking and verification of car plates. Although DSRC requires the installation of in-vehicle units (“IVUs”) in vehicles, payment is made on an anonymous basis. It is less likely to give rise to concerns about the capture and storage of car plate images, and is therefore a less costly and intrusive system to implement.

Exemption and Concession

5. We agree that adopting a user-pays principle is balanced and fair. All vehicles contributing to congestion, except emergency vehicles, should pay. Such practice would also be in line with those in other countries. The more vehicles are exempted, the less effective the system would have in reducing traffic jams. We believe that public transport such as minibuses, franchised buses and trams will not be overly affected by the additional charges as these can be easily absorbed or passed on to passengers who may be required to assume a negligible increase in fares. Nonetheless, bus operators should be encouraged to consolidate overlapping routes and streamline closely-spaced bus stops to enhance service efficiency and reduce the number of vehicles on roads. Meanwhile, taxis and trucks would most likely be affected, which may bring about an appreciable change in travel behaviour and patterns. To minimize the impacts on people living within the district, the Government could consider some concessionary measures for residents. It may also do the same for goods vehicle operators to encourage them to load and/or off-load goods during off-peak hours. The effectiveness of such concessionary measures should be closely monitored and

² Traffic congestion in Wanchai North can have a spill-over effect on road conditions in Central, which is often attributable to major events at the Hong Kong Convention and Exhibition Centre and involves the loading and/or off-loading of fitting-out materials by trucks pre and post events.

assessed after the implementation of the ERPPS. Adjustments to the ERP could be considered at a later stage on the adoption of such measures as confining loading and/or off-loading activities to specific times of the day, which are similar to practices in some western cities where congestion is a problem.

Central-Wanchai Bypass and Ancillary Developments

6. We agree with the Government that it is important for the ERPPS to be implemented after the completion of the Central-Wanchai Bypass. This is to ensure that drivers and commuters have the option of an alternative route that passes through Central and is free of charge. However, members have expressed concerns that the convenience provided by the new bypass may encourage more vehicles to enter the district. Meanwhile, members consider it useful if the Government could provide more data and information on the estimated traffic flow for the bypass and monitor, on an ongoing basis, impacts of the ERPPS on the bypass and other public transport networks such as the MTR, particularly when the South Island Line and the Shatin to Central Link come on stream.

Cost-Benefit Analysis

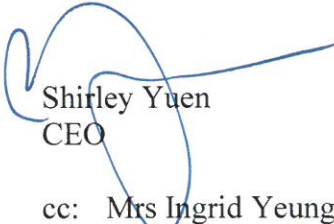
7. As an extension of the preceding point, a proper and detailed cost-benefit analysis should be carried out and the results be made available to the public to facilitate a better understanding and discussion of the merits and demerits of implementing ERP. Although the evidence as currently presented suggests that ERP offers an effective solution on traffic congestion, more empirical data should be provided to justify such an undertaking.

8. We refer, in particular, to the consultation paper's use of statistics for the three indicative cities after the first year of ERP implementation as a benchmark. Although their experience shows that ERP is effective, it would be more useful and informative to also look at ERP performance over a longer period.

9. This is of particular relevance as ERP relies fundamentally on the application of financial disincentives to modify and regulate driving behaviour. It is noteworthy that despite a high first registration tax on motor vehicles in Hong Kong, vehicle numbers have continued to grow. The Government should also be mindful of the potential resistance from the general community, which may harbour suspicions that ERP may be nothing more than another fiscal instrument for generating additional revenue.

10. The Chamber is pleased to contribute further views on the scheme as and when the Government consults the public again on ERP implementation.

Yours sincerely,



Shirley Yuen
CEO

cc: Mrs Ingrid Yeung, Commissioner for Transport, Transport Department
(comr@td.gov.hk; info@erphk.hk)