



The Hong Kong General Chamber of Commerce

香 港 總 商 會

Our Ref: IAC/043
23 January 1995

Mr H Barma, ISO, JP
Secretary for Transport
Transport Branch
Central Government Offices
Lower Albert Road
Hong Kong

Dear Secretary,

HONG KONG GENERAL CHAMBER OF COMMERCE AND HONG KONG COALITION OF SERVICE INDUSTRIES JOINT RESPONSE TO THE REPORT OF THE WORKING PARTY ON MEASURES TO ADDRESS TRAFFIC CONGESTION

General

1. The Chamber and the Coalition welcome the opportunity to respond to the Government's proposals to address traffic congestion.
2. In sharing the concern of the community over this problem and the need to take effective measures to counteract traffic congestion, we recognise that whatever decisions have to be taken are likely to be unpopular with some sections of the community.

Principles

3. To deal with this problem, we believe it is important to establish a rationale which will be understood and accepted by the majority. Hong Kong lives by the principles of free market forces. Thus, measures to limit vehicle ownership will be alien, whilst those in keeping with "the user pays" principle will be understood and are likely to be more acceptable.

4. The best and most logical long term solution based on road usage would be the development of electronic road pricing, or ERP. In fully supporting this long term solution, we urge the Government to expedite the development and introduction of ERP as quickly as possible. In order to achieve this, we suggest the introduction of a simple, no frills system initially, perhaps based on a standard charge per kilometre travelled, leaving the development of varying charges according to traffic density, area and time of day, until later.
5. In the short term, pending the introduction of ERP, as far as possible measures should also be consistent with "the user pays" principle. They should be compatible also with Hong Kong's policy of low and simple taxation. If punitive, restrictive measures have to be taken, they should be of a temporary, stop-gap nature only.
6. Although we are against hypothecation in principle, we would not oppose the proposal to use the extra revenue derived from the recommended traffic control measures to improve transport facilities, rather than to contribute to general revenue.

Private Cars

7. Because they restrict car ownership and not car usage, we are against imposing, temporarily, punitive fiscal measures for both a considerable increase in first registration tax and annual licence fees. Any increase in first registration tax higher than inflation indexation would run contrary to the Chamber's budget recommendations. Moreover, of the two, we observe that an increase in annual licensing fee would be the lesser of the two evils because it would not discourage fleet turnover and, hence, the creation of a more modern and more environmentally friendly transport fleet. However, any increases in first registration tax should be linked to continuing exemption for electric vehicles and used to encourage other low emission vehicles.
8. Other proposed measures which are, in our view, neither practicable nor desirable, are the arrangement for odd/even licence numbers on alternate days, or the imposition of quantitative quota restrictions. Artificial constraints to free market forces should be avoided, and hence we do not support these proposals.
9. In place of increases in first registration tax and annual licence fees, we recommend significant increases in cross harbour tunnel tolls and the imposition of a new, temporary levy on parking in congested urban areas.

If the cost of using the cross harbour tunnel were to be adjusted for inflation since the introduction of the \$5 toll (including the \$5 tax subsequently added), the cost of crossing the harbour would now be \$90. In peak hours, a further premium could be added to cars carrying one person, who could be barred, until the introduction of ERP, from using automatic toll lanes. A new, temporary levy on parking could be applied to all car parking bays (except residential bays) in designated, congested urban areas.

Both of these measures would encourage car pooling or the use of public transport.

10. We are against reducing or eliminating tax benefits on company cars because we consider this would also be an attack on ownership rather than usage. Company cars are legitimate business expenses.
11. In order to reduce the number of cars parked on the road, we recommend that the Government should encourage property developers to build more car parks.

Public Transport

12. The development of quality public transport, including railways, buses, mini-buses and taxis, must be given high priority. An attractive public transport system with acceptable comfort will provide incentive for the business sector to switch from private executive cars to public transport. Effective coordination of systems and speed of transport will be essential factors in changing vehicle use patterns.
13. We fully support the building of new rail lines to reduce the pressure on Hong Kong's road network. The mass carrying capability of railways is ideal for Hong Kong where availability of land is at a premium.
14. To take advantage of the working of the market in improving efficiency of the public transport system, we believe more competition should be introduced into the operation of franchised bus services.

Freight Transport

15. On freight transport, we refer to the HKCSI's earlier response to the government consultation on the freight transport study (29 November 1994 - copy attached). In particular, we would highlight the need to legislate for more flexible working hours for the operation of goods and deliveries vehicles. Night delivery should be mandatory in some areas, whilst other exclusion zones for deliveries in peak transport hours could also be introduced.

Transport Planning

16. In terms of day-to-day operations on a street level, many of today's problems in traffic congestion can be attributed to poor planning in land use and in access to and from buildings; for example, lack of provision for vehicle marshalling areas, off-street parking, and loading and unloading of goods in and around multi-user facilities such as the Hong Kong Convention and Exhibition Centre. To avoid this, coordination between the transport and planning authorities should be further strengthened.

Traffic Management

17. We support the proposed measures to improve road management, including district improvement schemes, and especially more stringent controls and coordination of road openings, as well as enforcement of penalties for illegal parking, stopping or waiting.

Conclusion

18. We thank you for the opportunity to express our views. We shall be pleased to discuss further with you any of our comments and suggestions should you wish to. Finally, you can be assured of our support for measures in keeping with "the user pays" principle.

Yours sincerely,

Ian Christie

I A Christie
Director

Response to the Report of the Freight Transport Study
Hong Kong Coalition of Service Industries

November 1994

1. The Hong Kong Coalition of Service Industries welcomes the report of the Freight Transport Study (FTS) as a major step towards formulating a freight transport strategy. Freight transport is both an important aspect of Hong Kong's economy, and a major factor affecting the everyday environment and quality of life of many Hong Kong residents, and it merits serious consideration.

2. The Coalition is, however, not convinced by the report's claim that the FTS "has now completed [the] task" of devising "appropriate measures to improve the efficiency of the freight transport industry without significant adverse effects on the economy". It is our view that while many of the findings and proposals are highly commendable, some of the major issues have not yet been adequately addressed.

Parking and loading/unloading

3. More than one-third of the recommended measures deal with parking and loading/unloading of goods vehicles (Recommendations 1-11). These consist of technical and administrative measures to reallocate parking and loading/unloading spaces, as well as proposals to build more garages. Notwithstanding our support for these proposals, we are of the view that they are not likely to be the solution to our freight transport problems.

4. First, it should be recognised that the fundamental problem with our transport system is that too many vehicles are using too few roads. According to the FTS report, the number of goods vehicles will increase almost 60% in the two decades from 1991 and 2011. If a high growth rate is assumed, the growth will be 120%. The actual vehicle usage will be even more - up to 100% for the "standard" growth rate - as movement is expected to increase more than number of vehicles. This amazing growth in the number of vehicles is a fundamental problem which is not going to be solved by reallocating parking spaces here or there, much as we support that.

5. Secondly, we are doubtful as to how the proposal to build more multistorey garages could be effectively carried out. Although garages could provide much more parking spaces than surface parking, the land scarcity in Hong Kong and the highly competitive uses of land would render it unlikely for multi-storey goods vehicle garages to be built in any large number, even with the strongest support from industry, which the Coalition is ready to endorse.

6. The practical effects of recommendations 1-11 are, therefore, likely to be only marginal. But even if a genuinely large number of parking spaces, whether on-street or off-street, can be created, they only deal with symptoms, but do not provide a cure for the problem of the ever growing number of goods vehicles.

Flexible working hours

7. From an economic point of view, the most appropriate place for vehicles should be the roads, rather than garages. Both container port and the roads are available 24 hours throughout the day, but their usage is concentrated within a

few hours, hence contributing to congestion. This suggests that there is some inefficiency in the use of our roads, and a logical solution will be to introduce more flexible hours in the operation of the freight vehicles. Indeed, more flexible hours is one of the options which has been considered, but the FTS consultants have decided to drop it from their recommendations, on the ground that flexible hours would be difficult to encourage.

8. We recognise that the usage of goods vehicles depends on customer demand, which is often to have delivery by day rather than at night. Factories might also need to adjust their internal administration if delivery hours were changed to night-time. However, we observe that the bulk of Hong Kong industries are now across the border, hence Hong Kong factories might not be affected to a great extent if delivery hours were to be changed. For non-industrial, domestic freight, night-time deliveries may be inconvenient to some, but we will not be surprised that many clients may in fact prefer off-peak hours, and in any case the volume is small.

9. In suggesting more flexible hours, we are not unaware of the difficulties that may arise. The nature of the industry, which is run predominantly by corner-operators hired on an ad hoc basis, renders it difficult to organise deliveries. Moreover, transport cost is only a small proportion of a goods delivered, hence it will be difficult to use differential charges to provide incentive for flexible hours. Despite this, flexible working hours is a key to more efficient use of both freight vehicles and our roads, and government should not give up on the attempt to encourage it. The terminal operators could also help by introducing discriminatory charging arrangements to provide added incentive. As a start, the Government Supplies Department should take a lead and adopt flexible hours.

Port efficiency

10. We note that the proposal to increase port efficiency was examined by the FTS consultant but not recommended. While recognising that the problem of empty containers is due partly to industry protective practices which are difficult to break, we do not share the view that government should give up in the face of these difficulties. Improving efficiency is a fundamental, rather than peripheral, issue, and we believe terminal operators also want to improve efficiency by reducing empty movements.

11. Although there is a recommendation (R15) to "Encourage booking system for the collection of containers", it is only a partial solution. We urge the government and the terminal operators to work together to re-examine the feasibility of a two-way booking system.

12. On the shortage of port back up land, we appreciate that it will be difficult to develop a comprehensive solution, and we endorse the position of the FTS report that port backup land should be given high priority in government's land allocation. In particular, we endorse the recommendation (R12) to use West Kowloon Reclamation as backup area.

13. We are disappointed, however, that there has not been enough consideration in the FTS on river trade. The Port Development Board has estimated that the volume of river trade will increase 4-fold between 1992 and 2011, and its proportion of total throughput will increase from 19% to 24%. A freight transport study will not be complete without adequate consideration of how such a major proportion of our throughput is handled.

Relationship with China

14. Although the importance of China is recognised in the FTS report (it will be very surprising if it is not), there does not appear to be a focus on the need for greater coordination with China. Yet this is one of the most fundamental issues that need to be addressed. If customs restriction in China and hence the consequent doubling handling of containers were removed, the volume of truck movement in Hong Kong could be reduced substantially overnight.

15. On how coordination with China could help alleviate our freight transport problems, we wish to quote from a speech by Port Development Board Chairman Mr John Gray at a seminar on freight transport in Hong Kong, organised by the Hong Kong General Chamber of Commerce in March 1994:

Perhaps a more effective way of regulating traffic would be to increase coordination in the movement and storage of containers between Hong Kong and China. This would make for more efficient land use and transport systems in the region.

..[F]ar more land is available for container storage in China than in Hong Kong. Not only that, but storage over the border is cheaper. It costs \$10 to \$15 a day to store one twenty-foot equivalent unit in Hong Kong. Storing a container in Shenzhen costs just \$5 to \$6 a day and handling costs are cheaper in China than in the territory.

The development of container back up areas across the border, coupled with the development of the ports at Shekou and Yantian, should encourage the development of an extensive container handling industry

in China especially in the long-haul field. This would enable the Hong Kong industry to concentrate on its own internal market and on moving containers from the port to border areas around Shenzhen...

16. It would appear obvious to us that the China element must be given detailed treatment in formulating any "strategy" relating to the future economy of Hong Kong. Mr Gray's suggestion is only one example of the issues that should be pursued in freight transport planning, and we suggest that there should be a fuller examination of how Hong Kong and China should work together to deal with the causes, rather than symptoms, of our freight transport problems.

(ends)