

Chapter 13

Transport

Public transport in Hong Kong is among the best in the world. It is efficient, affordable, comfortable and safe. The choices available, coupled with the route links, have few equals.

The Government is committed to providing an efficient transportation infrastructure to meet the challenges of population growth and continuous development. The undertaking is to ensure public transport is readily available above and below ground. It places particular emphasis on railways, and promotes and encourages the use of public transport by ensuring quality service. It also manages road use to reduce congestion and promote safety, and continues to support environmental improvement measures in transport-related areas.

Railway development projects progressed smoothly in 2006. The construction of the Sheung Shui to Lok Ma Chau Spur Line (the Spur Line), which will help relieve the increasing congestion at Lo Wu and cope with the growth in cross-boundary rail passenger traffic, is expected to be completed by mid-2007. The construction of the Kowloon Southern Link, which will connect the East Rail with the West Rail at the southern tip of the Kowloon Peninsula, started in 2005 and will go into operation in 2009. The construction of the Tseung Kwan O South Station started in 2006 and will go into operation in 2009.

Several other railway projects are in the planning stage. The Sha Tin to Central Link will extend the East Rail across the harbour and the West Rail to Ma On Shan. The Government is reviewing the scheme under the Kai Tak Planning Review and Wan Chai Development Phase II, as well as the proposed rail merger between the Mass Transit Railway (MTR) and Kowloon-Canton Railway (KCR) systems. For the West Island Line, the Mass Transit Railway Corporation Limited (MTRCL) has completed the preliminary design and submitted the Revised Project Proposal in August. As regards the Northern Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Kowloon-Canton Railway Corporation

(KCRC) is now conducting engineering and business studies as well as preliminary site investigations.

There was also good progress regarding the development of road networks. Construction work for the eastern section of Route 8 between Tsing Yi and Sha Tin started in 2002 and would be completed in late 2007 (Cheung Sha Wan to Sha Tin) and in stages between 2008 and 2009 (Tsing Yi to Cheung Sha Wan). The Hong Kong-Shenzhen Western Corridor is scheduled for operation in mid-2007 to tie in with the commissioning of the boundary crossing facilities (BCF) at Shekou. With this addition of a fourth cross-boundary land crossing, it is expected that Hong Kong's cross-boundary vehicle handling capacity will increase by more than two times. As regards the proposed Hong Kong-Zhuhai-Macao Bridge, which will link Hong Kong direct with Pearl River West, the governments of Guangdong Province, Hong Kong Special Administrative Region (HKSAR) and Macao Special Administrative Region are now tackling the outstanding issues of the feasibility study, including the locations of the BCF and financing arrangements.

Implementation of the Intelligent Transport Systems Strategy continued during the year. The scheme calls for deploying advanced information and telecommunication technologies to improve the safety, efficiency, reliability and environmental friendliness of the transport system in Hong Kong. It features two core projects — the Transport Information System, which is under development, and the Journey Time Indication System, the first phase of which has been put into operation on Hong Kong Island.

Administrative Framework

The Environment, Transport and Works Bureau of the Government Secretariat, headed by the Secretary for the Environment, Transport and Works, is responsible for, among other matters, the overall policy formulation, direction and coordination of land transport and ferry services. The Secretary is assisted by the Transport Advisory Committee, which advises the Chief Executive in Council on major transport policies and issues. The committee has 18 members, including the chairman and three government officials. A Transport Complaints Unit is established under the committee. In 2006, this unit received 20 248 complaints and suggestions on traffic and transport matters. On local transport matters, the Government is advised by the District Councils and their traffic and transport committees.

The bureau is supported by the Transport Department and the Highways Department. The Transport Department, headed by the Commissioner for Transport, is the authority for administering the Road Traffic Ordinance and legislation regulating public transport operations. Its responsibilities cover transport planning, road traffic and tunnel management, car parks and metered parking spaces, regulation of roads, railways and waterborne public transport, licensing of drivers and registration, and licensing and inspection of vehicles. The Highways Department, headed by the Director of Highways, is responsible for the overall design and construction of highways, and their repair and maintenance. The department also

studies new railway proposals, monitors their construction and helps to resolve any interface problems they may have with other works projects.

The Hong Kong Police Force is the principal agency for enforcing traffic legislation and prosecuting offenders. The Prosecutions Unit of the Transport Department handles prosecutions involving disqualification under the Driving Offence Points System, investigation of and enforcement against unauthorised non-franchised bus services and breaches of vehicle safety regulations, government tunnel regulations and Tsing Ma Control Area regulations.

Transport Tribunals, set up under the Road Traffic Ordinance with a chairman and members appointed from among members of the public, provide a channel of appeal against decisions made by the Commissioner for Transport in respect of the registration and licensing of vehicles, the issue of hire car permits and passenger service licences, and the designation of car-testing centres, vehicle emission testing centres, driving schools and driving improvement schools. The Transport Department also operates an Emergency Transport Coordination Centre, which handles traffic and transport incidents and provides a focal point for liaison with other government departments and public transport operators on traffic and transport arrangements.

Transport Strategy and Policy Objectives

The Government helps to provide a safe, efficient, reliable and environmentally friendly transport system that meets the economic, social and recreational needs of the community, and is capable of supporting sustainable development in Hong Kong. It does this by:

- expanding and improving the transport infrastructure in a timely manner;
- improving the quality and coordination of public transport services; and
- managing road use to reduce congestion and promote safety.

The Government also ensures these objectives are achieved in an environmentally sustainable manner by seeking and supporting environmental improvement measures in transport-related areas.

It has drawn up long-term transport strategies that ensure a safe, efficient and reliable transport system on the basis of the Third Comprehensive Transport Study. The transport objectives as promulgated in 'Hong Kong Moving Ahead: A Transport Strategy for the Future' include:

- better integration of transport and land use planning;
- better use of railways as the backbone of the passenger transport system;
- better public transport services and facilities;
- better use of advanced technologies in transport management; and
- better environmental protection.

Railway Development and Railway Development Strategy 2000

Railways are safe, efficient, reliable, comfortable and environmentally friendly mass carriers. They play a key role in Hong Kong's transport systems strategy and the Government gives high priority to railway development. The Railway Development Strategy 2000, which provides a blueprint for the next phase of railway development, includes a number of new railway schemes to meet Hong Kong's increasing transport needs in a sustainable manner over the next two decades.

The Tseung Kwan O Line, which commenced operation in August 2002, the West Rail, which commenced operation in December 2003, the East Rail Tsim Sha Tsui Extension, which commenced operation in October 2004, the East Rail Tai Wai to Ma On Shan Rail Link, which commenced operation in December 2004, and the Disneyland Resort Line, which commenced operation in August 2005, involved an investment of about \$83 billion. Construction works of three railway projects, namely the Spur Line, the Kowloon Southern Link and the Tseung Kwan O South Station, continued in 2006 at a total cost of about \$20 billion.

The Sha Tin to Central Link, the West Island Line, the Northern Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link are now in the planning stage.

Transport Infrastructure

Road Network

Hong Kong has 1 984 kilometres of roads and 1 157 road structures, three immersed-tube cross-harbour tunnels, nine road tunnels and three major cable supported bridges. These facilities provide a comprehensive road network for Hong Kong.

Major projects completed during the year included:

- The widening of Yuen Long Highway between Lam Tei and Shap Pat Heung Interchange;
- Deep Bay Link: a dual three-lane carriageway linking the Hong Kong-Shenzhen Western Corridor with the local road network; and
- widening of the section of Castle Peak Road between Ting Kau and Sham Tseng in Tsuen Wan to a dual two-lane carriageway.

Tunnels

The Cross-Harbour Tunnel, Eastern Harbour Crossing, Tate's Cairn Tunnel, Western Harbour Crossing and Tai Lam Tunnel were built by the private sector under 'Build, Operate and Transfer' franchises. The Cross-Harbour Tunnel, which was opened in 1972, was handed back to the Government on August 31, 1999, when the franchise ended.

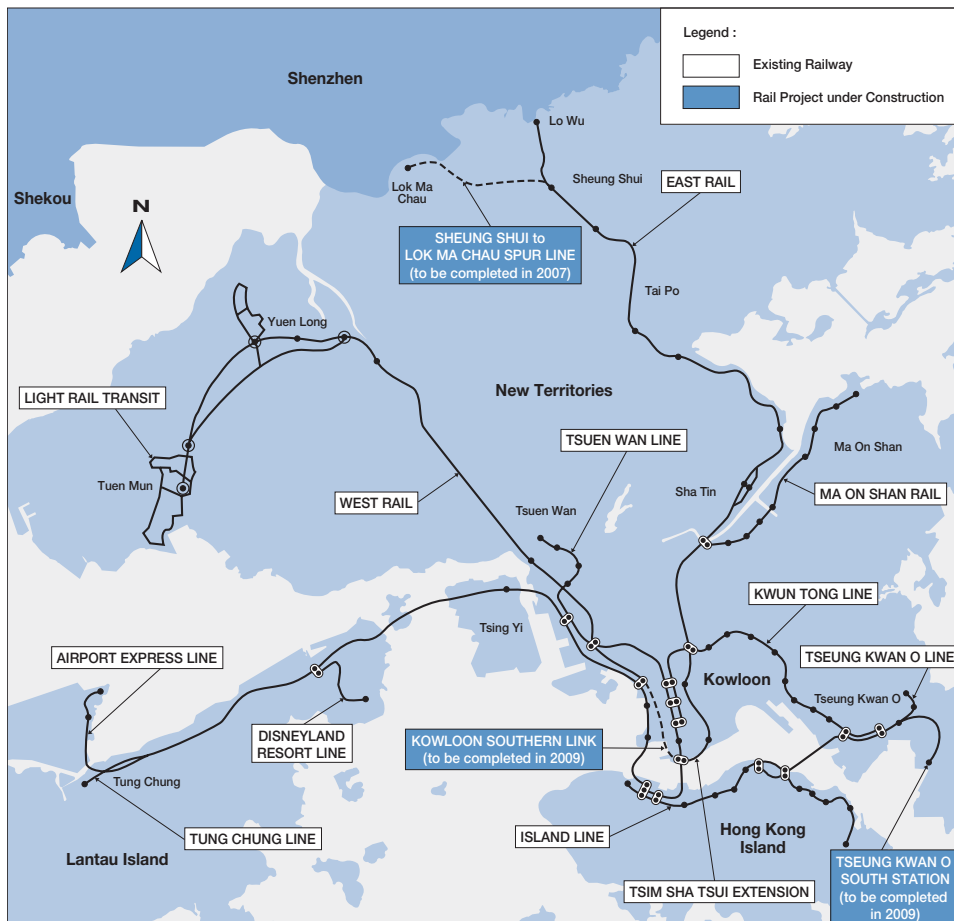
The Government owns seven of the road tunnels at: Lion Rock, Aberdeen, Kai Tak, Shing Mun, Tseung Kwan O, Cheung Tsing and Cross-Harbour, which are managed and operated by private companies under management contracts. Use of

the Kai Tak Tunnel and Cheung Tsing Tunnel is free of charge. As for the others, tolls are set and monitored by the Government.

In addition, there is a private tunnel, the Discovery Bay Tunnel Link, which was built, operated and maintained by Discovery Bay Road Tunnel Company Limited. The tunnel is only open to vehicles providing goods or services to Discovery Bay residents.

Rail Network

Railways form a vital part of the transport network of Hong Kong and are essential for continuous economic, social and land development. Railways in Hong Kong account for about 35 per cent of daily public transport passenger travel and about 65 per cent of land-based cross-boundary trips to the Mainland. In line with the Government's transport policy to use rail as the backbone of its public transport system, the rail systems are being extended to various parts of Hong Kong. The map below shows the coverage of the existing railway network in Hong Kong as well as three railway projects under construction.



Railway Projects

The 7.4-kilometre Spur Line will provide a second rail link to the Mainland to relieve congestion at Lo Wu, which handled more than 92 million passengers in 2006. The Spur Line is under construction and will commence operation in mid-2007.

The 3.8-kilometre Kowloon Southern Link under construction will connect the East Rail and the West Rail at the southern tip of the Kowloon Peninsula. On completion in 2009, passengers will be able to interchange from the East Rail to the West Rail and *vice versa* at Hung Hom.

The Tseung Kwan O South Station, an extension of the Tseung Kwan O Line, is expected to be completed in 2009.

Railway Projects at the Planning Stage

The Northern Link will connect the West Rail at Kam Sheung Road to the boundary crossing point at Lok Ma Chau, and together with the Spur Line, will form a strategic corridor connecting the West Rail and the East Rail. The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link will provide express service to link up the urban area with the boundary. The line is expected to reduce the rail travel time between Guangzhou and Hong Kong from the present 100 minutes to about 60 minutes. It will also link Hong Kong with Beijing and other major Mainland cities via the Beijing-Guangzhou Passenger Line and the Hangzhou-Fuzhou-Shenzhen Passenger Line. It will also connect Hong Kong to cities in the Pearl River Delta and Pan-Pearl River Delta via the Rapid Transit System now under development on the Mainland.

Construction of the Shibi-Longhua section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link started in December 2005 and arrangements will be made to synchronise the construction of the remaining section from Longhua to the boundary with the Hong Kong section. The KCRC is conducting engineering and business studies as well as preliminary site investigations for the Hong Kong section.

The West Island Line will be an extension of the existing MTR Island Line from Sheung Wan to Kennedy Town with two intermediate stations at Sai Ying Pun and University. The latest proposal for the South Island Line consists of two medium-capacity rail lines, one from University to Wong Chuk Hang with intermediate stations at Cyberport, Wah Fu and Aberdeen, and the other from Admiralty to South Horizons with intermediate stations at Ocean Park, Wong Chuk Hang and Lei Tung.

The Sha Tin to Central Link will form a new strategic rail corridor from Sha Tin to the Central Business District on Hong Kong Island. The latest proposal for the project comprises two sections of railway lines — the East West Line connecting Tai Wai with Hung Hom joining the Kowloon Southern Link and West Rail; and the North South Line extending the existing East Rail across the harbour through the Fourth Rail Harbour Crossing.

Road Projects under Construction

Major road projects under construction include:

- Route 8 (Cheung Sha Wan to Sha Tin): The dual three-lane carriageway will serve as an additional link between Sha Tin and Kowloon and help divert traffic from existing roads including the Lion Rock Tunnel and the Tate's Cairn Tunnel. Construction started in October 2002 and will be completed in late 2007.
- Route 8 (Tsing Yi to Cheung Sha Wan): The dual three-lane carriageway will provide an alternative route to the Route 3 Tsing Yi and Kwai Chung sections and will serve as an access to the Container Terminals 8 and 9. Construction started in April 2002 and will be completed in 2008 and 2009.
- Trunk Road T3: The dual two-lane trunk road in Tai Wai will link up Route 8 (Cheung Sha Wan to Sha Tin) with the existing Tai Po Road to help divert traffic from several congested sections of Tai Po Road. Construction started in March 2003 and will be completed by the end of 2007.
- Route 9, previously known as Route 5, between Shek Wai Kok and Chai Wan Kok: The dual two-lane carriageway will provide a direct link between the Shing Mun Tunnel and Tuen Mun Road, and will serve as a local link to the western part of Tsuen Wan. Construction started in September 2002 for completion by mid-2007.
- Widening of Castle Peak Road between Sham Tseng and Ka Loon Tsuen, Tsuen Wan. The dual two-lane carriageway will cater for the increasing traffic demand in the associated areas. Construction started in November 2001 and is due for completion in 2007.
- Upgrading Castle Peak Road between Ka Loon Tsuen and Siu Lam into dual two-lane carriageway standard. Construction started in March 2004 and is scheduled for completion in mid-2007.
- Upgrading Tung Chung Road between Lung Tseng Tau and Cheung Sha into a single two-lane road to improve Lantau Island's north-south access and to enhance the safety and capacity of the existing substandard Tung Chung Road. Construction started in June 2004 and is slated for completion in September 2008.
- Improvements to San Tin Interchange by providing traffic lanes to Lok Ma Chau Crossing from northbound San Tin Highway and westbound Fanling Highway to bypass the elevated roundabout of the interchange. Construction commenced in April 2005 and will be completed in 2007.

Road Projects at the Planning Stage

A number of road construction/improvement projects are being planned to further expand and improve the existing road network:

- Feasibility studies are being made of the possible highway options identified in the Northwest New Territories Traffic and Infrastructure Review. The options include Tuen Mun Eastern Bypass, Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass and Link Options between Tuen Mun and Lantau. Another feasibility study for Tsing Yi Lantau Link is scheduled to start in early 2007. These projects are intended to cope with increasing road use in northwest New Territories and north Lantau.
- Reconstruction and improvement of Tuen Mun Road is scheduled to start in early 2008 for phased completion by the end of 2012. The project is to upgrade the dual three-lane carriageway of the expressway section to current expressway standards, including the provision of hard shoulder lanes wherever practicable. Design and site investigation works started at the end of 2005. The widening of Tuen Mun Road Town Centre Section is scheduled to start in late 2008 for completion in 2010.
- Planning of the Central-Wan Chai Bypass is under way. It is the final stage of a strategic highway running through the northern part of the Hong Kong Island. It will connect the existing flyover near Rumsey Street in Central to the existing Island Eastern Corridor. This dual three-lane carriageway will relieve congestion along Connaught Road Central/Harcourt Road/Gloucester Road corridor, and improve the network reliability of the east-west link.
- The preliminary engineering review of the Central Kowloon Route and widening of Gascoigne Road Flyover was completed in 2006. The proposed Central Kowloon Route will connect West Kowloon reclamation and the future Kai Tak development with a 3.8 kilometre-long dual three-lane tunnel. The project on the widening of Gascoigne Road Flyover is to upgrade the existing single two-lane carriageway to dual two-lane configuration. Planning of the two projects continues.
- Trunk Road T4 is a proposed dual two-lane carriageway, which will connect Sha Tin Road with the future Trunk Road T3 and Shing Mun Tunnel Road, and will serve as a bypass to Tai Po Road (Sha Tin section) and other district distributor roads. Works is scheduled to start in 2007 for completion by 2010.

Road Opening Works

Besides serving as carriageways for vehicles and pedestrians, roads also accommodate different utility services, such as water and gas mains, sewers and electricity and telephone cables. To cope with the increasing demand for utility services and maintenance work, utility companies often have to excavate the carriageways and footpaths to lay more pipes, cables and ducts, and to carry out repair works. In order to regulate such activities, permits are issued for any excavation work on carriageways and footpaths maintained by the Highways Department. In 2006, the department issued about 38 000 excavation permits.

The Highways Department has established a three-tier communication system with management and staff of utility companies to coordinate and minimise traffic disruption arising from street excavations.

The Land (Miscellaneous Provision) Ordinance provides the Government with the legal framework to regulate street excavations so that they are carried out in an orderly manner. The Government's cost in the management of street excavations is recovered from excavation permit fees. In addition, an extra fee is charged to cover the economic cost of any delay in completion of an excavation on the carriageway without an acceptable reason. Such extra fees are currently set at \$18,000, \$7,000 and \$1,500 per day respectively for a strategic street, sensitive street and other streets. Under this system, all excavation works promoters are encouraged to carry out better planning and coordination and complete their excavations on public streets on time.

The Highways Department has a dedicated audit inspection team to ensure excavation works are properly carried out, and an enforcement team to collect evidence and initiate prosecution when the ordinance is violated.

Tsing Ma Control Area

The Tsing Ma Control Area, which opened to traffic in May 1997, is a 21-kilometre expressway network comprising the Tsing Kwai Highway, Cheung Tsing Tunnel, Cheung Tsing Highway, North West Tsing Yi Interchange, Tsing Yi North Coastal Road, Lantau Link, Ting Kau Bridge, part of the North Lantau Highway and Ma Wan Road. The control area is operated and maintained by a private management contractor.

The Lantau Link has a one-way toll collection arrangement. Vehicles travelling on the Lantau Link are charged twice the single journey toll when they return from Lantau Island or enter Ma Wan. The double toll ranges from \$20 to \$80 for different types of vehicles. A daily average of 54 182 vehicles used the Lantau Link in 2006.

Public Transport

Rail, bus, ferry and other public transport services offer Hong Kong commuters a good choice of different transport modes at reasonable fares and different levels of comfort, speed and convenience.

Railways

Rail travel accounts for about 35 per cent of the total daily public transport volume. The railways in Hong Kong are built and operated by two railway corporations, the KCRC and MTRCL. The KCRC is wholly owned by the Government. The MTRCL was formerly wholly owned by the Government but was privatised in 2000 to become a listed company with the Government remaining as a major shareholder. Both corporations operate on prudent commercial principles providing efficient, reliable and safe passenger rail services to the public.

The Kowloon-Canton Railway was commissioned in 1910 and was formerly operated by the Government until the KCRC's establishment in 1982. The KCRC now runs East Rail (including Ma On Shan Rail), West Rail and Light Rail and provides feeder bus services and inter-city rail services.

East Rail, which was extended from Hung Hom to East Tsim Sha Tsui where a new southern terminal opened on October 24, 2004, has 14 stations along the 35-kilometre route from East Tsim Sha Tsui to Lo Wu at the boundary. The railway carries an average of about 920 000 domestic and cross-boundary passengers daily.

Ma On Shan Rail, which is part of the East Rail Extensions project, opened in December 2004 to serve the Ma On Shan and Sha Tin areas. There are nine stations along the 11.4-kilometre route, which carries about 120 000 passengers daily.

West Rail runs from West Kowloon to Yuen Long and Tuen Mun. It started operation in December 2003. There are nine stations along the 30.5-kilometre route and the railway carries an average of about 200 000 passengers daily.

Light Rail, which started operation in 1988, provides local public transport in the northwestern New Territories. Light Rail carries nearly 370 000 passengers daily. There are 68 Light Rail stops with a network covering 36.15 kilometres. Passengers can interchange with West Rail at four Light Rail stops.

To allow rail passengers to enjoy better feeder service, the KCRC also runs a total of 21 bus routes providing services to East Rail, West Rail and Light Rail passengers.

The KCRC provides inter-city through train services from Hong Kong to cities in Guangdong as well as to Shanghai and Beijing. Apart from passenger services, the KCRC provides rail freight services to the Mainland.

The former Mass Transit Railway Corporation was established by statute in 1975 to operate the MTR. In February 2000, the Legislative Council passed legislation to privatise a portion of the Government's shares in the company. The MTRCL was listed on the Stock Exchange of Hong Kong in October that year. The first passenger train service on the Kwun Tong Line of the MTR began in 1979. The MTR was subsequently expanded to include Tsuen Wan Line (1982); Island Line (1985); Eastern Harbour Crossing rail tunnel, which connects the Kwun Tong Line to Quarry Bay (1989); Tung Chung Line (1998); Tseung Kwan O Line (2002) and Disneyland Resort Line (2005). The MTR carries a weekday average of 2.5 million passengers. The company also operates the Airport Express Line (1998), a dedicated rail link between the airport and the city centre. The Airport Express Line, extended to a new station at the AsiaWorld-Expo in December 2005, carries a daily average of 27 000 passengers. The railway network currently operated by MTRCL is about 91 kilometres in length.

Tramway

Electric trams have been operating on Hong Kong Island since 1904. The Hongkong Tramways Limited operates six routes on 13 kilometres of double track along the northern shore of Hong Kong Island between Kennedy Town and Shau Kei Wan, and about three kilometers of single track around Happy Valley.

The company's 163 trams, including two open-balcony trams for tourists and private hire and one special maintenance tram, make up the world's largest fleet of double-deck trams in operation. The tramway has a daily average of 230 000 passenger trips. Fares are \$2 for adults and \$1 for children aged under 12 and senior citizens aged 65 or above.

Peak Tram

Hong Kong's other tramway is a cable-hauled funicular railway operated by the Peak Tramways Company Limited from Central (Garden Road) to the Peak. The 1.4-kilometre tramway began operation in 1888 and was modernised in 1989. The Peak Tram has an average of 12 000 passenger trips a day, mostly consisting of tourists and local sightseers. One-way fares for adults, children aged under 12 and senior citizens aged 65 or above are \$22 and \$8 respectively.

Other Road-based Passenger Transport

The other road-based passenger transport modes — mainly franchised buses, public light buses, taxis and residents' services of non-franchised buses — account for 64 per cent of all public transport journeys.

Franchised Buses

Franchised buses are the largest road-based carriers and account for about 35 per cent of the total daily public transport volume. Local bus services in Kowloon and the New Territories are largely provided by the Kowloon Motor Bus Company (1933) Limited (KMB). At year-end, the company operated 384 bus routes in Kowloon and the New Territories; 23 and 29 cross-harbour routes jointly with Citybus Limited (CTB) and New World First Bus Services Limited (NWFB) respectively; and 10 cross-harbour routes on its own.

The KMB fleet comprised 4 013 licensed vehicles at year-end; 3 750 were air-conditioned and 1 800 wheelchair-accessible. KMB recorded 1.01 billion passenger trips (a daily average of 2.76 million passenger trips) which covered 336 million kilometres during the year. Its fares ranged from \$1.60 to \$38 for regular routes. Children aged under 12 and elderly passengers were offered concessionary fares on all the company's routes.

Local bus services on Hong Kong Island are provided by NWFB and CTB. At year-end NWFB was operating 53 bus routes on Hong Kong Island, eight in Kowloon and Tseung Kwan O and 33 cross-harbour routes, 29 of which were operated jointly with KMB. It had a licensed fleet of 694 buses, of which 693 were air-conditioned and 532 wheelchair-accessible.

NWFB recorded 183.1 million passenger trips — a daily average of 501 600 passenger trips — which covered 50.9 million kilometres during the year. Its fares ranged from \$3 to \$34.20 for the regular routes. Concessionary fares are offered on all routes to children aged under 12 and elderly passengers.

CTB operates two bus networks under two franchises. One of the franchises comprises 62 bus routes on Hong Kong Island and 31 cross-harbour routes, 23 of which are operated jointly with KMB. Another franchise comprises a network of 18 routes plying between the urban areas and North Lantau or the airport.

At year-end, CTB had a licensed fleet of 909 buses, all of which were air-conditioned, and 115 wheelchair-accessible. The company recorded 207.8 million passenger trips (a daily average of 569 200 passenger trips) which covered 82.4 million kilometres during the year. Its fares ranged from \$2.50 to \$48 for the regular

routes. Concessionary fares were offered to children aged under 12 and elderly passengers on Hong Kong Island routes (except recreational routes) and on cross-harbour and Lantau Island/airport routes.

The Long Win Bus Company Limited provides bus services between the New Territories and Lantau Island/the airport. The company made 26.5 million passenger trips (a daily average of 72 600 passenger trips) covering 24.5 million kilometres during the year. At year-end, 153 buses were serving a total of 18 routes; all were air-conditioned and 144 wheelchair-accessible. Fares ranged from \$3.50 to \$28 for the regular routes. The company offered concessionary fares for children aged under 12 and elderly passengers on all routes.

The New Lantao Bus Company (1973) Limited mainly provides bus services on Lantau Island. The company recorded 14.1 million passenger trips (a daily average of 38 500 passenger trips) which covered 5.1 million kilometres during the year. It ran 22 routes with a licensed fleet of 83 vehicles. Its fares ranged from \$3 to \$40 for the regular routes. Children aged under 12 and elderly passengers were offered concessionary fares on all routes.

Bus-Bus Interchange schemes are being implemented to encourage more efficient use of bus resources and limited road space, and to allow more choice for passengers. Fare discounts are offered to passengers when interchanging among designated bus routes. At year-end, a total of 216 Bus-Bus Interchange schemes were in operation, involving about 470 routes.

Non-franchised Buses

Non-franchised bus services perform a supplementary role in the public transport system. They relieve heavy demand on regular public transport services primarily during the peak hours, fill the gaps which cannot be met by regular public transport services and provide tailor-made services to specific groups of passengers. They mainly serve tourists, groups of residents, employees and students. At year-end, there were 7 086 registered non-franchised buses of which 6 901 were in operation.

Based on the recommendations of the Transport Advisory Committee's review of the licensing and regulatory framework for non-franchised bus operation completed in July 2004, the Government continued to implement measures to improve the regulation of non-franchised bus operation in 2006. The measures aim at coordinating the change in non-franchised bus services with demand; strengthening regulatory control over non-franchised bus operation; and enhancing effectiveness and efficiency of enforcement actions.

Minibuses

Hong Kong's minibuses are licensed to carry a maximum of 16 passengers. At year-end, there were 6 220 licensed minibuses. Of these, 4 349 were public light buses (PLBs), and 1 871 were private light buses. Private light buses are authorised to carry only group passengers and are not allowed to collect separate fares.

There are two types of PLBs — green and red minibuses. Green minibuses provide scheduled services with fixed routing, fares, vehicle allocation and timetables

stipulated by the Transport Department. During the year, there were 2 813 green minibuses operating 352 routes, which recorded a daily average of 1 364 000 passenger trips. Red minibuses are not required to operate on fixed routes or timetables. They may set their own fares but are subject to certain restrictions on their operating areas. There were 1 536 red minibuses in operation and they recorded a daily average of 434 500 passenger trips during the year.

The Transport Department and the Quality Public Light Bus Service Steering Committee have launched a series of schemes to improve the quality of the PLB service. To improve communication between passengers, the trade and the Government, three issues of the PLB Newsletter were published in March, July and December 2006 respectively. The department also continued to promote and facilitate the provision of on-board facilities for passengers. As regards safety, the department and the Road Safety Council held a 'PLB Safety Campaign' in January and May, in which 29 PLB drivers were commended. Five workshops were held for the operators and PLB drivers between April and November to improve the trade's management skills and to remind the drivers about the importance of driving safely. The department also continued to assist the Vocational Training Council with an 'Advanced PLB Driver Training Course' of the Skill Upgrading Scheme.

Furthermore, all PLBs had installed speed display devices by June. To encourage the trade to retrofit older PLBs with seat belts, the Transport Department provided the PLB trade with specifications and plans for retrofitting seat belts and high-back seats on some older PLB models in September.

The Government introduced incentive schemes in August 2002 to encourage the early replacement of diesel light buses with vehicles operating on Liquefied Petroleum Gas (LPG) or electricity. The schemes ended at the end of 2005 and some 2 370 applications had been processed with the grant paid. At year-end, 2 446 LPG PLBs and 162 LPG private light buses were operating on the roads. One electricity-driven private light bus was in operation.

Taxis

At year-end, there were 15 250 red urban taxis, 2 838 green New Territories taxis and 50 blue Lantau taxis in Hong Kong, and they carried about one million passengers per day.

To improve the operating environment for taxis, the Transport Department has extended the temporary arrangement, which was introduced in May 2003, to January 31, 2007 to allow all taxis to pick up and set down passengers during peak hours and 7 am-to-7 pm restricted zones on roads with speed limits of less than 70 kilometres per hour. At year-end, there were over 230 designated taxi pick-up/drop-off points and taxi drop-off points. The department will continue to provide taxi pick-up/drop-off facilities at suitable locations.

The department and the Quality Taxi Services Steering Committee continued to implement schemes to improve the quality of taxi service. These included updating the information on the light emitting diode display panels and providing additional taxi information plates at various taxi stands. It also published and distributed 40 000

copies of Taxi Newsletters to taxi drivers free of charge, and distributed leaflets at the Airport, Hong Kong Disneyland and Lok Ma Chau Control Point to provide useful information on taxi services to taxi drivers, passengers and tourists.

Ferries

Ferries provide essential transport links to outlying islands where no land transport alternatives are available. They also provide an alternative transport service within the inner harbour and to other areas in Hong Kong.

At year-end, one ferry operator provided two cross-harbour franchised passenger ferry services and 12 ferry operators provided 28 licensed passenger ferry services serving outlying islands, new towns and inner-harbour. These franchised/licensed services were supplemented by about 75 kaito services, which provided services to relatively remote parts of Hong Kong.

Ferries recorded a daily average of about 91 900 passenger trips within the harbour and about 62 300 passenger trips to/from the outlying islands.

Transport Management

Effective transport management is essential for the orderly and safe operation of the transport system. The Government's regulatory powers are provided under the Road Traffic Ordinance. Every effort is made to improve the efficiency and effectiveness of transport management through the use of modern technology in a variety of areas.

Licensing

At year-end, there were 1 837 086 licensed drivers, 544 605 licensed private vehicles and 6 429 government vehicles. There were 359 016 licensed private cars, of which 25 638 were new vehicles registered during the year. Registered goods vehicles totalled 122 584, of which 76 118 were light goods vehicles, 42 998 were medium goods vehicles and 3 468 were heavy goods vehicles. On average, there were 3 682 new learner-drivers per month.

Since the introduction of the Driving-offence Points System in August 1984, 77 871 disqualifications have been ordered by the courts and 782 052 notices served under the Road Traffic (Driving-offence Points) Ordinance. The figures for 2006 were 3 322 and 47 949 respectively.

Driver Improvement Scheme

Over the past five years, 492 036 drivers incurred Driving-offence Points for committing scheduled offences under the Driving-offence Points System. Drivers can join the driving improvement course voluntarily and the court is empowered to direct a driver who has committed any scheduled offence with five or more driving-offence points under the Road Traffic (Driving-Offence Points) Ordinance to attend the driving improvement course. A driver who has satisfactorily completed the driving improvement course and obtained a course certificate issued by a driving improvement school has three driving-offence points deducted from his total driving-offence points already incurred.

From September 2002 to December 2006, nearly 9 000 drivers attended the driving improvement course. The feedback from the course participants was encouraging and positive. They found the course very useful in improving their driving behaviour and attitude. About 77 per cent of the participants did not incur new driving-offence points within six months of the completion of the course.

Vehicle Examination

Vehicles are examined to ensure they are roadworthy and properly maintained. Compulsory annual inspection applies to all public service vehicles, goods vehicles and trailers. In 2006, 194 000 vehicles were examined at the four government vehicle examination centres. Private cars over six years old and light goods vehicles not exceeding 1.9 tonnes are inspected annually at 22 designated car testing centres run by the private sector. These centres conducted 200 000 vehicle examinations during the year. In addition, 3 500 spot checks were conducted on franchised buses to confirm their safety, roadworthiness and service standards.

A chassis dynamometer has been installed in the Kowloon Bay Vehicle Examination Centre to carry out random checks on smoke emissions from diesel vehicles.

All vehicles imported into Hong Kong may be examined to make sure they meet statutory requirements before they can be registered and licensed. In 2006, of 619 vehicle types approved, 567 went through a simplified procedure that involved examining sample vehicles of the same model.

Electronic payment facilities are now available at all vehicle examination centres, providing additional convenience for users. Vehicle Appointment Status Display Systems have been installed at the New Kowloon Bay Vehicle Examination Centre in Kowloon Bay and at the To Kwa Wan Vehicle Examination Centre enabling people to see which days and times are available for them to book appointments. This can also be done through the Internet.

Application of Technology

Closed circuit television (CCTV) cameras are installed to enable traffic conditions at critical locations to be monitored so that action may be taken to ease traffic congestion where required. At present, there are 168 cameras installed in the urban areas of Hong Kong Island, Kowloon, Sha Tin, Tsuen Wan, Tai Po and North District. In mid-2006 the Transport Department upgraded its Hong Kong Island CCTV system by replacing it with a digital CCTV system, the first in Hong Kong. The new system improves monitoring and reduces operating cost over the long term. There are now also 85 cameras operating on major highways such as Tuen Mun Road, West Kowloon Highway, North Lantau Highway, San Tin Highway, Yuen Long Highway, Tolo Highway, Fanling Highway and roads leading to the boundary crossings.

The CCTV systems' coverage will be extended further to cover Tuen Mun and Yuen Long. The project is expected to be completed in October 2008.

Images captured by CCTV cameras at 43 strategic locations were first shown to the public on the Internet in 1999. This was well received, prompting the Transport Department to install the cameras at 120 locations.

Transport Department went the extra mile in 2006 by setting up a mobile CCTV system which relayed images on traffic movements instantly to traffic control centres so that quick action can be taken when traffic is disrupted.

The Transport Department also operates a computerised Area Traffic Control (ATC) system that is connected to the traffic signalling system in a district, enabling better control of changing conditions on the road. ATC systems are now in operation in the urban areas and in the new towns at Tsuen Wan, Kwai Tsing, Sha Tin, Ma On Shan, Tai Po and North District. Upgrading of the ATC system on Hong Kong Island was completed in mid-2006. In addition, a contract for the provision of ATC systems for Tuen Mun and Yuen Long was awarded in 2006 and the system will be in operation by October 2008.

At year-end, 1 720 signalised junctions were in operation, 1 329 of which are linked to ATC systems.

Traffic control and surveillance (TCS) facilities, such as CCTV systems and lane signals, have been provided in all tunnels and in the Tsing Ma Control Area. Variable message signs, automatic incident detection systems and variable speed limit signs have been installed or are being retrofitted in some tunnels. Major new roads and highways, including the Hong Kong-Shenzhen Western Corridor (HK-SWC), the Deep Bay Link and Route 8 between Sha Tin and Tsing Yi, will have new TCS equipment.

Automatic Toll Collection

Automatic toll collection (autotoll) systems were first installed at the Cross-Harbour Tunnel and Aberdeen Tunnel in August 1993, and then subsequently in all tunnels and at the Lantau Link. The systems allow motorists to pay tolls by driving through designated toll booths without stopping. Since October 1998, these autotoll systems have been unified so that a subscriber needs only one tag to use all tunnels and toll roads fitted with the system. About 49 per cent of motorists use autotoll when passing through the tunnels and toll roads.

Parking

On-street parking is provided where there is parking demand and traffic conditions permit. At year-end, Hong Kong had about 17 800 metered parking spaces with electronic parking meters in operation. The management and operation of on-street metered parking spaces is contracted out to a private operator.

The Government owns 14 multi-storey car parks and the Sheung Shui Park-and-Ride Public Car Park, which together provide about 7 800 parking spaces. They are operated and managed by two private operators under management contracts with the Government.

In addition to government car parks, off-street public parking is provided by the Airport Authority at the airport at Chek Lap Kok, the Housing Department and The

Link REIT in some public housing estates, and the private sector in multi-storey commercial/residential buildings and open-air public car parks. Park-and-ride facilities are operated by MTRCL at Choi Hung Station on the Kwun Tong Line, at Hong Kong, Kowloon and Tsing Yi stations on the Airport Express Line, and at some commercial car parks located near Olympic Station on the Tung Chung Line and Hang Hau Station on the Tseung Kwan O Line. The KCRC provides park-and-ride facilities at West Rail Kam Sheung Road Station. In all, there are 195 000 off-street public parking spaces (excluding those in government car parks).

Road Safety

Traffic accidents involving injury decreased slightly by 1.4 per cent in 2006. There were 14 849 traffic accidents, of which 2 315 were serious and 135 fatal. This compares with 15 062 accidents in 2005, of which 2 504 were serious and 139 fatal.

In-depth investigations were carried out at 102 traffic accident blackspots to identify common accident causes. Remedial measures were recommended at 82 of these locations.

To deter red light jumping, the penalties were increased from January 2006 for ignoring traffic signals. The red light camera systems were also expanded to facilitate enforcement. At the same time prosecution for traffic offences such as using a handheld mobile phone or telecommunication device while driving, failing to drive in the nearside lane of an expressway, and driving motorcycles without the necessary lights illuminated have been made enforceable by way of fixed penalty tickets.

Road safety campaigns, including the promotion of 'Zero Accidents on the Road, Hong Kong's Goal', continued to play an important role in reducing traffic accidents. Other road safety publicity and education work, especially on drink driving and obeying traffic lights, have continued.

Transport and Environment

Government planning for transport infrastructure projects is based on sustainable development principles. It strives for the best possible integration of land use, transport and environmental planning. It is also the Government's policy to accord priority to railways as the backbone of the passenger transport system. Five new railway lines or extensions of existing lines were opened between 2002 and 2005, with another two to be opened in the next two years.

Less reliance on road-based transport will alleviate the pressure on transport systems and, in turn, lessen the impact on the environment. At the same time, the rationalisation of bus routes and stops and the introduction of pedestrian schemes will continue. These will help reduce the impact of vehicle emissions and noise pollution.

Since late 1998, about 4 200 daily bus trips have been eliminated from the busy corridors on the northern shore of Hong Kong Island through service cancellation, frequency reduction, route truncation and amalgamation. In Nathan Road in Kowloon, about 1 100 daily bus trips have been eliminated since August 2002,

enhancing the efficiency of bus operations. Bus stops have also been rationalised to reduce the number of stops on busy corridors.

The environmental impact of new transport projects, during both the construction and operation phases, is also carefully monitored. Environmental mitigation measures are implemented where necessary to minimise the environmental impact of transport projects. These include landscaping, artificial contouring of surrounding hillsides, depressed roads, laying of noise-reducing road surfacing and the installation of noise barriers or other forms of noise insulation.

Improving pedestrian environment is one of the ways to enhance the quality of life. To date, pedestrian schemes have been introduced in a number of streets in Central, Wan Chai, Causeway Bay, North Point, the Peak, Stanley, Tsim Sha Tsui, Jordan, Mong Kok, Sham Shui Po, Yuen Long and Sheung Shui. These schemes have been well received by the public and will continue in future. Detailed studies are being conducted for improvements to pedestrian environment, urban design, streetscape and landscape in Tsim Sha Tsui and Mong Kok. Franchised bus companies have been purchasing buses with environmentally friendly engines that meet the European emission standards (known as 'Euro engines') since 1993. About 87 per cent of the franchised buses are equipped with Euro engines while the remaining buses are all retrofitted with catalytic converters. To improve the environment, the franchised bus companies have been deploying only Euro II or above engine buses to operate routes along Yee Wo Street in Causeway Bay, the busiest shopping area on Hong Kong Island. The Government is working with the companies to deploy cleaner vehicles along other specified busy corridors.

The franchised bus companies and the Government have also been working to improve the overall quality of public transport interchanges to make them more user-friendly for passengers. Electronic route information panels and customer service centres have been installed at some interchanges. The Government has also implemented a number of improvement works, including upgrading the physical appearance of some interchanges and improving their ventilation systems.

Since August 2001, all newly registered taxis must run on LPG to meet tighter emission standards to minimise air pollution. Incentive schemes to encourage the early replacement of diesel light buses by LPG or electricity-driven vehicles were introduced in August 2002. Almost 100 per cent of taxis and 55 per cent of PLBs have converted to LPG.

Cross-boundary Traffic

Overall Cross-boundary Traffic

Cross-boundary vehicular traffic increased by 2 per cent in 2006 over the previous year, averaging 41 000 vehicles a day. Total cross-boundary passenger traffic by rail, road and ferry increased by about 5 per cent compared with 2005, reaching 477 000 passengers a day.

Rail Service to Lo Wu

Lo Wu, the only rail boundary crossing into the Mainland, operates between 6.30 am and midnight every day. It handled an average of 254 000 passengers daily during the year, and more than 371 000 on festive days.

Road Crossings

There are three road crossings between Hong Kong and the Mainland: Lok Ma Chau, Man Kam To and Sha Tau Kok. The Lok Ma Chau crossing has been operating round-the-clock for goods vehicles since November 1994 and for passenger traffic since January 2003. The Man Kam To and Sha Tau Kok crossings are opened daily to goods and passenger vehicle traffic from 7 am to 10 pm and from 7 am to 8 pm respectively.

The daily average number of vehicle trips recorded at Lok Ma Chau, Man Kam To and Sha Tau Kok during the year were 31 100, 7 500 and 2 500 respectively.

The daily average numbers of cross-boundary travellers that used the Lok Ma Chau, Man Kam To and Sha Tau Kok crossings were 134 300, 8 400 and 7 300 respectively. These travellers crossed the boundary by taking either cross-boundary coaches or shuttle buses that plied between Huanggang in Shenzhen and the Public Transport Interchange at San Tin. In 2006, about 84 500 passengers took the cross-boundary coaches provided by some 100 companies, while 50 300 took the shuttle buses each day.

A trial scheme for taxis and green minibuses to operate at the Lok Ma Chau Control Point between midnight and 6.30 am was introduced in March 2003. During those hours, northbound passengers may take taxis and green minibuses to the control point directly and then cross the boundary by shuttle buses, while southbound passengers may board taxis and green minibuses at the control point after immigration clearance. The starting time of the trial scheme was advanced from midnight to 11 pm in January 2005.

New Boundary Crossings under Construction or Planning

To meet the continuous growth in cross-boundary traffic, new road and rail crossings have been planned in coordination with the Mainland authorities.

The fourth road crossing, the HK-SWC will be opened in 2007 connecting the northwestern part of Hong Kong with Shekou in Shenzhen. The second rail passenger crossing at Lok Ma Chau/Huanggang will be completed, together with the Spur Line, in 2007. As regards the Hong Kong-Zhuhai-Macao Bridge (HZMB), the governments of Guangdong Province, Hong Kong Special Administrative Region and Macao Special Administrative Region are actively pursuing the advance work of the project. An investigation and preliminary design study on the Hong Kong section of the HZMB and the related connecting infrastructure is also under way. As for the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the KCRC is now conducting the engineering/business study and preliminary site investigations for the Hong Kong section.

Cross Boundary Ferries

Cross-boundary ferry services to about 18 Mainland ports and Macao are provided by seven operators at the Hong Kong-Macao Ferry Terminal in Sheung Wan, the China Ferry Terminal in Tsim Sha Tsui and the new Tuen Mun Ferry Terminal. The number of cross-boundary travellers using these services to travel to and from Mainland ports totalled 6.5 million, and the number to and from Macao was 14.3 million in 2006.

The Port

Hong Kong set a record in its container throughput in 2006 by handling 23.5 million TEUs (20-foot equivalent units of containers), maintaining its status as the largest container port serving southern China and one of the busiest ports in the world.

Some 462 200 vessels arrived in and departed from Hong Kong during the year, carrying 238 million tonnes of cargo and about 23 million passengers. Most of these passengers commuted on a highly efficient fleet of high-speed ferries, including jetfoils and jet catamarans, to and from Macao and ports on the Mainland, making Hong Kong a port with one of the highest speed craft densities in the world.

Hong Kong is a modern, well equipped deep-water port serving two main types of maritime transport — large ocean-going vessels from all parts of the world and the smaller, coastal and river trade vessels from the Pearl River. Hong Kong is the focal point of all maritime trading activities in the region. On an average day there are around 110 ocean-going vessels working in the port; nearly 530 river trade vessels entering or leaving the port; and many river ferries and local craft working in, or passing through, the harbour. Ship turnaround performance is among the best in the world: container ships at terminals are routinely turned around in less than 10 hours.

A series of measures to enhance the competitiveness of Hong Kong's port and the maritime industry were implemented during the year. These included reduced port fees and charges, provision of more service anchorages to increase mid-stream cargo handling capacity, and a six-month annual tonnage fee reduction for Hong Kong-registered vessels. Other enhancement measures, including the introduction of a multiple entry permit for river trade vessels to streamline port formality procedures and the reduction of the permit costs and licence fees of local vessels, will be implemented in early 2007.

Port Development

Container handling facilities are a key part of the infrastructure of the logistics sector, one of the four pillar industries of Hong Kong. The nine container terminals at Kwai Chung-Tsing Yi area have 24 berths with a total handling capacity of over 18 million TEUs per year.

Competition between the container terminals and alternative modes of container handling motivates the operators to improve their efficiency and quality of service. The investment in upgrading equipment and systems in the terminals at Kwai

Chung-Tsing Yi over the past few years has enabled the port to enhance its productivity.

The container port is vital, not only for Hong Kong, but also for southern China — one of the fastest industrialising areas in the world. Over 70 per cent of container traffic handled by Hong Kong is related to southern China.

Strategic Planning

To ensure that sufficient port facilities in Hong Kong are provided to handle the port's cargo growth following China's accession to the World Trade Organisation, the Government completed the 'Study on Hong Kong Port — Master Plan 2020' at the end of 2004. The study recommended a package of immediate and long-term initiatives to increase the port's competitiveness. The Government, following the study's recommendations, commissioned consultants to update the port cargo forecast to work out the optimal timing for the construction of Container Terminal 10 and to conduct an ecology study on Northwest Lantau to see whether it is environmentally suitable for development of container terminal. These two studies are expected to be completed in 2007.

Hong Kong Port Development Council

In Hong Kong, all container terminal facilities are financed, developed, owned and operated by the private sector. The Government's role is to undertake long-term strategic planning for port facilities and to provide the necessary supporting infrastructure, such as roads and channels to the terminals.

The Hong Kong Port Development Council (PDC), chaired by the Secretary for Economic Development and Labour, is a high-level advisory body comprising key players from the private sector and the Government. The PDC advises the Government on port development strategies and port facility planning to meet future demands. It also assists the Government in promoting Hong Kong as a regional hub port and a leading container port in the world.

A Port Development Advisory Group, formed under the PDC, assists the council in examining port cargo forecasts and assessing port development needs in the light of changing demand, port capacity, productivity, performance and competition, locally and regionally.

Hong Kong Maritime Industry Council

The Hong Kong Maritime Industry Council (MIC) is a high-level advisory body chaired by the Secretary for Economic Development and Labour and is made up of key players in the private sector and of government officials. It advises the Government on the formulation of measures and initiatives to develop further Hong Kong's maritime industry. It also assists the Government in promoting Hong Kong's maritime services and Hong Kong's status as an international maritime centre.

There are two task forces under the MIC: the Human Resources Task Force tackles education, training and manpower supply issues while the Maritime Services Task Force deals with promoting the industry and strengthening its competitiveness.

The MIC launched a Ship Repair Training Incentive Scheme in August to ensure that Hong Kong has a quality ship-repair workforce. The scheme provides financial incentives to attract young people and suitable workers from other industries to join the ship-repair sector. The council conducted shipping missions to different cities on the Mainland, including Qingdao, Tianjin, Shanghai and Xiamen, to promote Hong Kong's port and maritime services and to exchange views on the latest developments in the maritime industry.

Maritime Industry

Hong Kong has some 80 international shipping lines with 500 sailings weekly to 500 destinations around the world. There are about 900 shipping-related companies operating in Hong Kong, providing a great variety of quality maritime services ranging from marine insurance, maritime legal services, arbitration, ship financing, brokerage, management and registration to ship survey services. Hong Kong is now the seventh largest maritime centre in the world. Members of the Hong Kong Shipowners Association own, manage or operate over a thousand vessels with over 46 million gross tonnage.

Some of the world's largest and oldest shipping companies are based in Hong Kong providing professional services not only to Hong Kong-registered ships, but also to ships calling here. Other international maritime service providers have also set up offices in Hong Kong, providing various supplies and support services including ship maintenance and repair, bunkering, ship replenishment, waste disposal, information technology (IT) and communication services, auditing and tax advisory services, and training services. The shipping and maritime sectors contribute significantly to Hong Kong's economy and the job market.

Hong Kong is proactive in negotiating double taxation relief arrangements covering shipping income with its trading partners. Hong Kong has so far succeeded in making such arrangements with 13 tax administrations, including the Mainland, Belgium, Denmark, Germany, the Netherlands, New Zealand, Norway, the Republic of Korea, Singapore, Sri Lanka, Thailand, the United Kingdom and the United States.

Port Administration

The Marine Department administers the port. Its principal function is to ensure navigation safety and efficiency of shipping activities in the waters of Hong Kong. This is achieved through comprehensive traffic management, harbour patrols, vessel traffic services, provision of mooring buoys and strict enforcement of major international maritime conventions.

The department liaises closely with shipping and commercial organisations through a number of advisory and consultative committees. Users and operators of port facilities can provide advice related to port administration matters through these channels. The Port Operations Committee advises on all matters related to the efficient operation of the port, the Pilotage Advisory Committee on matters related to pilotage services, and the Port Area Security Advisory Committee on port security. In addition, the Provisional Local Vessel Advisory Committee deals with local craft

matters while the Shipping Consultative Committee gives advice on operating the Hong Kong Shipping Register (HKSR) and Hong Kong's participation in the International Maritime Organisation (IMO).

The Marine Department's website (www.mardep.gov.hk) provides a wide range of information on the port and the HKSR. The home page also carries Marine Department notices and gives details of the department's services and facilities. Special features include the application of Really Simple Syndication (RSS) to publish frequently updated Merchant Shipping Notices; the Hong Kong Shipping Directory, in which Hong Kong-based marine services companies are listed; real-time movements of ocean-going vessels (OGVs) and river-trade cargo vessels in port; examination schedules for seafarers and verification of Port Clearance Permits issued to OGVs; and port and maritime statistics providing the latest monthly and quarterly statistics on vessel arrivals, cargo and container throughput. The Marine Department eBusiness System was launched in December 2004 permitting 35 types of online submissions and is now being enhanced to provide more eBusiness facilities.

Vessel Traffic Management

The department's Vessel Traffic Centre (VTC) provides traffic services to vessels participating in the Vessel Traffic Service. Under the arrangement, the movements of vessels are regulated by the VTC through a computer-aided radar network, VHF radios and a database information system, which provide full surveillance of all navigable waters in Hong Kong. The traffic service system has been upgraded to cater for the continual growth and future demands of marine traffic.

Harbour Patrol and Local Control Stations

The Harbour Patrol Section operates a fleet of 20 patrol launches and provides on-scene support for the VTC. Apart from responding to maritime emergencies, the main duties of the patrol launches are law enforcement and the maintenance of port and shipping safety.

In addition, the department operates a local traffic control station at Kwai Chung Container Terminal 8. The station, manned 24 hours a day and equipped with a dedicated patrol launch, provides navigational assistance to vessels in the vicinity.

Carriage of Dangerous Goods

The department conducts random shipboard inspections of vessels in Hong Kong waters in accordance with international and local standards. The dangerous goods legislation is being revised to conform with the new requirements of the International Maritime Dangerous Goods Code.

Pilotage Service

Pilotage is compulsory in Hong Kong waters for vessels of 3 000 gross tonnes and more, oil tankers of 1 000 gross tonnes and more, and all gas carriers.

The Director of Marine is the authority regulating and monitoring the pilotage service with the assistance of the Pilotage Advisory Committee, which has a membership comprising a wide spectrum of port users and shipping interests. The

pilotage service is provided through the Hong Kong Pilots Association, which is a private company. The service is available round-the-clock throughout the year.

Local Craft

In 2006, 14 000 local craft — including passenger, cargo, fishing and pleasure vessels — were licensed in Hong Kong to provide a variety of efficient and continuous services for the port and the community. To rationalise the licensing and management of these vessels, a new Merchant Shipping (Local Vessels) Ordinance was drawn up in 2006 and will go into effect in early 2007.

Hydrographic Service

The Hydrographic Office carries out hydrographic surveys and produces bilingual nautical charts and publications. It also produces Electronic Navigational Charts. Notices to Mariners for the updating of charts are issued once every two weeks. The office also provides real-time information about tides and tidal stream predictions through the Internet (www.hydro.gov.hk).

Planning, Development and Port Security

The department's Planning, Development and Port Security Branch provides professional advice on port and marine projects, and coordinates publicity on all marine development works. These include developments in Tuen Mun Area 38, Central, Wan Chai, Southeast Kowloon and Tseung Kwan O, and the proposed new links to cities in the Pearl River Delta.

The branch is also the executive arm of the designated authority for implementing the IMO's International Ship and Port Facility Security Code for port facilities in Hong Kong. Current tasks include monitoring security exercises and drills conducted at the different port facilities and carrying out annual audits of port facility security arrangements.

Codes of Practice on Safety of Works

Codes of Practice (COP) on Safety of Works were issued by the Marine Department to enhance marine industrial safety. They provide guidance on matters such as safety at work, safety procedures for working on top of containers and personal protective clothing and equipment.

Port Services and Facilities

Mainland and Macao Ferry Services

The department manages two cross-boundary ferry terminals: the Macao Ferry Terminal with 12 berths and the China Ferry Terminal with 13 berths. The Macao Ferry Terminal operates round-the-clock. The China Ferry Terminal is open from 7 am to 10 pm from Monday to Friday, and from 7 am to 2 am on Saturdays, Sundays and public holidays. The Tuen Mun Ferry Terminal, co-managed by the tenant and Marine Department, opened for service between Hong Kong and Zhuhai on 3 November 2006. The terminal operates daily from 7 am to 10 pm and has three berths.

Immigration and Quarantine Services

Immigration and quarantine services are available at the Western Quarantine and Immigration Anchorage and the Eastern Quarantine and Immigration Anchorage. Shipping agents may apply for immigration and quarantine services, including advance clearance, for ships.

The Tuen Mun Immigration Anchorage operates 24 hours a day for river trade vessels plying between Hong Kong and Pearl River Delta ports. Pre-arrival clearance has been extended to all Mainland river and coastal trade vessels. Operators of such vessels may submit pre-arrival clearance applications to the Harbour Control Section of the Immigration Department.

Mooring Buoys

The department provides a total of 31 mooring buoys for ship operations. There are 21 class 'A' buoys for vessels of up to 183 metres long and 10 class 'B' buoys for vessels of up to 137 metres in length. Booking of these mooring buoys may be made through the Vessel Traffic Centre.

Bunkering and Potable Water Supply

Bunkering is readily available at commercial wharves and oil terminals or from a large fleet of private bunkering barges. Bunker supplies meet the latest requirements under Annex VI of the MARPOL 73/78 Convention on marine pollution. Fresh water can also be obtained alongside berths or from a private fleet of water boats.

Ship Repair and Dry-docking

The port has extensive facilities for repairing, docking and slipping all types of vessels of up to 300 metres long and 42 metres wide. The department's Marine Industrial Safety Section carries out safety checks on vessels free of charge. It also issues permits for vessels to undergo repairs. As part of its safety advisory service, the section publishes free leaflets and pamphlets on safe working practices to adopt when repairing ships, when breaking them up, when handling cargo and during marine construction work.

Local Vessels' Safety Certification Service

The Local Vessel Safety Section provides survey and certification services for local vessels to make sure they comply with safety and pollution prevention requirements. When the Merchant Shipping (Local Vessels) Ordinance goes into effect in 2007, certain types of local vessels may also be examined by private organisations or professionals authorised by the Marine Department.

Public Cargo Working Areas

The department manages eight public cargo working areas where licensed cargo handlers are allowed to load and unload cargo onto and from barges and coasters. The combined length of berths in these working areas is 7 044 metres.

Reception of Marine Wastes

The department provides contractor services to collect domestic sewage and refuse from ocean-going vessels and local vessels. The Chemical Waste Treatment Centre on Tsing Yi Island provides facilities for handling oily and chemical waste collected from ships by registered contractors.

Combating Oil Pollution

The department maintains a maritime oil spill response plan to ensure a timely and effective response to oil spills in Hong Kong waters.

There is also a regional maritime oil spill response plan for the Pearl River Estuary to enhance regional cooperation in the event of a major oil spill occurring in Hong Kong or in any of the neighbouring ports in Shenzhen, Zhuhai, Macao and Guangzhou.

In November, the department's Pollution Control Unit organised a large-scale, oil-spill clean-up exercise in which all concerned government departments and local oil companies took part.

Shipping

Hong Kong Shipping Register

The Hong Kong Shipping Register (HKSR) administered by the Marine Department is recognised as a world-class register providing excellent services. In 2006, it continued to take part in the demanding US Coast Guard's QUALSHIP 21 Scheme confirming its status as a quality flag.

Hong Kong continued to attract top quality ships in 2006. This fact was reflected in the 32.5-million gross tonnage recorded in the HKSR at the end of the year, establishing the HKSR as one of the world's top ten shipping registers.

To ensure high standards, the Marine Department conducts a Pre-registration Quality Control (PRQC) assessment of ships intending to join the register, and a Flag State Quality Control (FSQC) System to ensure ships under the register comply fully with international standards. During the year, the department's surveyors and auditors carried out a total of eight PRQC inspections and made 40 FSQC visits to ships and related companies. As a result of the quality control measures, the detention rate for Hong Kong-registered ships remained well below the world average.

An annual tonnage charge (ATC) reduction scheme was introduced in 2006. Under it, a ship that has remained on the HKSR for two consecutive years and has not been detained by authorities in any port during that time will be entitled to a six-month fee cut in the following year.

Marine Accident Investigations

The department's Marine Accident Investigation Branch (MAIB) investigates all serious marine accidents involving vessels in HKSAR waters. The department also investigates all serious accidents outside the HKSAR involving Hong Kong-registered ships.

Summaries of the investigation reports are posted on the department's website and copies of the reports are made available to the public on request to promote maritime safety.

Depending on the seriousness of the accident and on public interest in it, a public inquiry to be carried out by a Marine Court may be ordered by the Chief Executive. In the case of an accident involving a licensed pilot, a Board of Investigation may be ordered by the Director of Marine. In 2006, the MAIB investigated 25 serious accidents.

Seafarers

The department's Shipping Registry and Seafarers Branch supervises the registration, employment, competence, discipline, health, safety and welfare of Hong Kong seafarers as well as seafarers working on board Hong Kong-registered ships. During the year, some 19 800 seafarers of different nationalities served on board Hong Kong-registered ships. About 1 150 officers and ratings served on high-speed passenger vessels plying within the river trade area.

The Sea-going Training Incentive Scheme was launched in July 2004 to meet the maritime industry's increasing demand for local qualified personnel with sea-going experience. The training scheme provides financial incentives for young people to take up sea-going training as cadets, which paves the way for them to become shore-based professionals in the maritime industry. By the end of 2006, a total of 58 cadets had joined the training scheme.

Participation in International Shipping Activities

International Maritime Organisation

The HKSAR Government participates in International Maritime Organisation (IMO) activities as an associate member under the name 'Hong Kong, China'. The Hong Kong maritime industry is consulted on, and kept well informed about, all issues discussed at IMO meetings that may affect Hong Kong. In 2006, government officers attended one conference and 18 IMO meetings in London. Topics discussed were related to training standards, certification for seafarers, fire protection, bulk carrier safety, radio communications, life-saving appliances, navigational safety, ballast water management, preventing marine pollution, casualty statistics and investigations, and maritime security.

Port State Control

Hong Kong is a member of the Memorandum of Understanding on Port State Control (PSC) in the Asia-Pacific Region ('Tokyo MOU'). The Marine Department participated actively in various activities, and is the leader of two working groups

governed by the MOU. The department's PSC officers are well known for their professionalism and impartiality in conducting ship inspections.

In 2006, the department continued to conduct Port State Control inspections daily, including weekends whenever practicable. The officers conducted 596 inspections of ocean-going vessels, or 13.1 per cent of ocean-going vessels that visited Hong Kong. About 10 per cent of the ships inspected were detained because of serious deficiencies that needed immediate attention.

Maritime Search and Rescue

The Marine Department's Maritime Rescue and Coordination Centre (MRCC) coordinates search and rescue operations for disasters occurring in Hong Kong waters or in parts of the South China Sea. It is responsible for about 450 000 square nautical miles of sea.

The MRCC is manned 24 hours a day by professional staff and is equipped with modern communication equipment and is aided by a shore-based Global Maritime Distress and Safety System.

During the year, the centre handled 214 vessel-related emergencies, 53 of which involved search and rescue operations. A total of 238 people were rescued in those operations.

In recognition of its expertise, the Hong Kong MRCC has been chosen as a member of the IMO/International Civil Aviation Organisation Joint Working Group for Harmonisation of Maritime and Aeronautical Search and Rescue.

Government Fleet and Dockyard

Government Fleet

The government fleet consists of 727 vessels of different types and sizes with special vessels serving 14 government departments including the Hong Kong Police Force, Customs and Excise and Fire Services. These vessels are mostly purpose-built and manned by the user departments or by the Marine Department. The department itself controls 23 pontoons and 60 vessels, comprising mainly patrol launches, conveyance launches and some specialised vessels such as hydrographic survey launches and explosives carriers. They are used in port operations and by government departments that do not have their own boats.

Since 1999, the department has been awarding contracts to private operators to provide conveyance launches, tugboats and other marine transport services for the department. At present, it has contracts with Hong Kong companies to provide it with 23 vessels and other sea transport services.

Government Dockyard

The Government Dockyard is located on Stonecutters Island, occupying 9.8 hectares of land and a sheltered water basin measuring 8.3 hectares. It serves as one of the operational bases for the Marine Department, the Hong Kong Police Force, and the Customs and Excise Department.

The dockyard is responsible for the procurement and maintenance of all vessels for the Government. Nine new small craft, costing \$1.8 million, were built for the Government during the year. Ten contracts for new boats, worth \$276 million, were awarded to shipbuilders in Hong Kong and overseas.

Marine Facilities

The Civil Engineering and Development Department is responsible for the planning, design and construction of public marine facilities including piers, beacons, offshore helipads, breakwaters, seawalls, navigation channels and anchorage areas. In 2006, the department completed the construction of a new pier and boardwalk at Stanley and the reconstruction of the public piers at Sha Tau Kok, Wong Shek and Ko Lau Wan.

Hong Kong is one of the busiest ports in the world and the department plays an important role in upkeeping the port. As the maintenance authority for all civil engineering marine works, the department carries out maintenance work on ferry piers and other public and government marine facilities, as well as maintenance dredging of the harbour and some major river channels. The public and government marine facilities currently maintained by the department include 506 hectares of typhoon shelters, eight kilometres of quay at public cargo working areas, 120 kilometres of seawalls and breakwaters, 310 piers and public landing steps, 96 dolphins (mooring structures), 14 100 hectares of fairways and 3 590 hectares of anchorage areas.

International Transport and Logistics Hub

Logistics is an important sector of the economy, accounting for about 5.2 per cent of Hong Kong's Gross Domestic Product. Hong Kong is Asia's premier international transport and logistics hub, as well as an important gateway to Mainland China. It is also the world's busiest international air cargo centre and one of the world's busiest container ports. These achievements are attributed to the operators of the services and facilities — the investors as well as the efficient workforce. The success is also due to the constructive partnership and cooperation between the private and public sectors.

Efficient, reliable and well-connected, Hong Kong's airport and port are vital to the territory's logistics industry. The airport handles an average of more than 68 000 tonnes of cargo every week and, with its dual runways, has ample capacity for handling greater anticipated demand.

Hong Kong is also home to the most productive and efficient container terminals and to the biggest private terminal operator in the world. A comprehensive network of container line services connects the port of Hong Kong with over 500 destinations across the globe. The nine container terminals at Kwai Chung-Tsing Yi provide a total handling capacity of more than 18 million TEUs.

Further measures were taken during the year to strengthen the air transport infrastructure. The Government's Economic Development and Labour Bureau

concluded Air Services Agreements (ASAs) with Ethiopia, Mexico and Kazakhstan in 2006, bringing the number of ASAs to 58 and providing more opportunities for airlines to expand their services.

Development of Hong Kong Logistics Industry

The policy objective of the Government is to maintain and strengthen the role of Hong Kong as the preferred international transport and logistics hub in Asia.

The Government provides the necessary infrastructure and an environment conducive to the development of the logistics sector. It also promotes closer cooperation with the Mainland, in particular, the Pearl River Delta region to achieve synergies in logistics development.

The Hong Kong Logistics Development Council, chaired by the Secretary for Economic Development and Labour, provides a forum for the private and public sectors to foster logistics development to strengthen Hong Kong's status as the leading logistics hub in Asia. Five project groups have been set up under the council to develop and implement work programmes for physical infrastructure, information connectivity, human resource development, support for small- and medium-sized enterprises, and marketing and promotion.

In 2006, the council joined hands with the Hong Kong Productivity Council (HKPC) to develop a pilot project for an On-Board Trucker Information System (OBTIS). OBTIS is an information and communications technology platform, which helps enhance connectivity between truckers and stakeholders along the supply chain, and efficiency in fleet management.

To promote the use of technology information in logistics operations, the council and the HKPC jointly organised training programmes and workshops for logistics practitioners in small- and medium-sized enterprises. The council also organised roadshows at secondary schools to enhance students' understanding of the development and employment opportunities of Hong Kong's logistics industry.

With the support of the council, the Government continued to discuss with the Mainland, ways to reduce cross-boundary road transportation costs. Further to the discussions between the Government and the Dongguan authorities, the Dongguan authorities introduced an express clearance system at the Liaobu inland control point which commenced operation in December. The express clearance system provides for faster and more efficient customs clearance.

On marketing and promotion, a council delegation, led by the Permanent Secretary for Economic Development and Labour (Economic Development) visited Atlanta, Chicago, Los Angeles, and Dallas in the United States in January to meet major US exporters and influential logistics players to promote Hong Kong as a premium logistics hub. The Secretary for Economic Development and Labour also led a council delegation to Yunnan in May and June. Members of the delegation signed seven Memoranda of Understanding with the Yunnan Provincial Economic Commission in June to lay the foundation for further cooperation in manpower training, information exchange, and application of e-logistics in logistics industry. The

council also organised a logistics forum in Guangzhou in December to promote Hong Kong's latest IT services in supply chain management to logistics players on the Mainland.

Civil Aviation

Hong Kong is a major international and regional aviation centre. The Hong Kong International Airport (HKIA) is one of the busiest airports in the world. At the end of 2006, there were 85 airlines providing about 5 400 weekly services between Hong Kong and more than 150 cities worldwide.

Air Traffic in 2006

It was another record-breaking year for HKIA. A record high of 44.45 million passengers, including 1.16 million transit passengers, passed through the airport during the year, representing an increase of 9.1 per cent over 2005. Aircraft movements increased by 6.5 per cent to a total of 280 508. Air cargo throughput also set new records: the airport handled 3.58 million tonnes of air cargo, representing an increase of 5.2 per cent over 2005. The corresponding value also increased by 11.3 per cent to \$1,745 billion. In 2006, HKIA ranked number one and number five worldwide in terms of international cargo and international passenger throughput respectively. The ranking was based on figures from the Airports Council International (ACI).

Air transport continues to play an important role in Hong Kong's external trade. Goods carried by air accounted for 38.1 per cent, 37.5 per cent and 30.3 per cent in value terms of Hong Kong's total imports, exports and re-exports respectively in 2006.

Home Market Expansion

Improving connections with the Pear River Delta (PRD) region through the development of a range of transport links remains a major strategy of the Airport Authority which plans to extend the airport's catchment area to cover the entire PRD region which has a population of over 40 million. During the year, about 1.7 million transit passengers used the Airport Authority's cross-boundary ferry service between the airport and five PRD ports. Passengers on these ferries do not have to go through customs and immigration procedures in Hong Kong before they board international flights, which results in significant savings in total travel time. The Airport Authority further enhanced the service by providing an upstream check-in service at Shekou Port. Transit passengers can now check in their luggage at Shekou and travel baggage-free to the airport for their onward journey to overseas destinations.

The cross-boundary coach services are another major transport link between HKIA and 40 destinations in the PRD. In 2006, about 1.5 million passengers travelled between the airport and the PRD using the 280 daily coach services.

HKIA continued to work closely with airports on the Mainland to explore cooperation opportunities that would improve the integration of passenger and air cargo flows in the region. During the year, the Airport Authority formed a joint

venture with the Zhuhai Municipal People's Government to manage the Zhuhai Airport. The arrangement went into effect on October 1, 2006.

Airport Services

HKIA fulfils the ever-increasing expectations of customers by offering the highest standard of service. In addition to state-of-the-art facilities to support hassle-free flow of passenger and cargo, the airport's shopping mall, Hong Kong SkyMart, currently home to over 200 shops and restaurants including 25 top-line brand names, gives customers a shopping experience comparable to that offered by any high-end city centre shopping mall.

Indeed, HKIA itself is one of Hong Kong's most successful brand names, thanks to the dedication and commitment of the whole airport community. In 2006, HKIA received Travel Trade Gazette's Best Airport Award, for the fourth year in a row.

Preparation for Growth

The Mainland's fast-growing aviation market brings growth opportunities as well as new challenges to HKIA. 'HKIA 2025', the latest Master Plan of the Airport Authority published in December 2006, re-examined the airport's long-term vision, growth strategy and facility planning directions, in the light of growing demand and intensifying competition.

With China's fast-growing international trade, the demand for aviation service between Mainland cities and international destinations will see continuous strong growth in the coming 20 years. Leveraging on its well established international network, HKIA aspires to be one of the most important gateway hubs of China, maintaining at the same time its status as a leading international aviation hub in Asia. The Airport Authority envisages that by 2025, HKIA will handle 80 million passengers and 8 million tonnes of air cargo each year.

To meet the challenges and opportunities ahead, HKIA will continue to expand its catchment area in the PRD region through cross-boundary ferry and coach connections and make cross-boundary travel more convenient. The Airport Authority will continue to encourage airlines to expand their networks of both Mainland and international destinations. Furthermore, the Airport Authority is working with the Civil Aviation Department (CAD) to maximise the existing runway capacity. The studies on the engineering and environmental feasibility of building a third runway will soon be initiated.

On facility planning, to cater for the increasing traffic demand between HKIA and the Pearl River Delta region, a permanent cross-boundary ferry terminal, SkyPier, will be built to link up with passenger terminal buildings using the Automated People Mover system. In December 2006, the Airport Authority issued invitations for pre-qualification proposals for building a new cargo terminal at HKIA. The new terminal will provide the needed extra capacity in time to meet the additional demand in the 2010s. A precious metals depository will be set up in HKIA to provide a central, secure storage facility for traders and institutional investors, and to serve as a physical settlement platform for Asian markets. The Airport Authority has signed an

agreement with business partners to build a second airport hotel. The new five-star airport hotel with 1 000 rooms will provide travellers, tourists and exhibition visitors with a perfect place to unwind.

Meanwhile, several major projects were completed in 2006. SkyPlaza, a multi-purpose development comprising a new departure hall, airline check-in counters, ground transportation facilities and retail and office space, is ready for occupation in phases from early 2007. Hong Kong Aircraft Engineering Co Ltd's second hangar at HKIA is now in operation and can accommodate two wide-bodied and one smaller aircraft at the same time. The Asia Airfreight Terminal completed its Terminal 2 in December 2006, bringing its annual cargo handling capacity from 600 000 tonnes to 1.5 million tonnes. The giant A380 aircraft landed at HKIA for the first time on November 18, 2006 after the completion of related taxiways and parking stands enhancement works.

Air Services

Under the specific authorisation of the Central People's Government, the HKSAR Government continues to negotiate and conclude bilateral air services agreements with aviation partners, providing the legal framework for scheduled air services between Hong Kong and other places. During the year, the Government concluded new air services agreements with Ethiopia, Mexico and Kazakhstan bringing the total to 58 agreements.

The Government also reviews actively the traffic rights arrangements with its partners to expand Hong Kong's aviation network and to introduce more competition into the market. In 2006, the Government expanded traffic arrangements with six aviation partners, including fully liberalising bilateral air services between Hong Kong and Brunei, Jordan, and the United Arab Emirates.

During the year, the Air Transport Licensing Authority (ATLA) granted seven licences: one to Cathay Pacific Airways (CPA), one to Hong Kong Dragon Airlines (HDA), two to AHK Air Hong Kong (AHK) and three to Hong Kong Express Airways (HKE). The Procedural Guide on ATLA's procedures for processing licence applications is available on: www.edlb.gov.hk/edb/eng/related/Guide-eng-final.pdf.

Cathay Pacific Airways (CPA) celebrated its 60th anniversary in September 2006. CPA also completed its shareholding realignment with relevant parties which made Hong Kong Dragon Airlines (HDA) a wholly owned subsidiary of the airline. CPA commenced codeshare arrangements with British Airways Comair to the cities of Cape Town, Durban and Port Elizabeth in South Africa in August. It also started to codeshare with HDA flights to six destinations, namely, Beijing, Kota Kinabalu, Phuket, Shanghai, Tokyo and Xiamen in September. In December, the airline resumed its passenger services to Shanghai. During the year, the airline took delivery of one Boeing B777-300 and one Airbus A330-300 aircraft, the latter being the 100th aircraft of the airline fleet. As for freighter services, the airline launched new services to Chennai in June, commenced services to Stockholm and Toronto in September and Beijing in November. During the year, two Boeing B747-400 BCF freighters under the

B747-400 passenger-to-freighter conversion programme were received. By the end of 2006, CPA operated scheduled services to 55 destinations worldwide.

During the year, three Airbus A330-300 aircraft were delivered to HDA. The airline launched scheduled passenger air services to Shenyang in April, suspended the scheduled services to Bangkok in September and resumed services to Phuket in December. In respect of air cargo, two Boeing B747 BCF freighters were delivered and the airline increased the frequency of its services to Frankfurt in October. By the end of the year, HDA operated scheduled services to a total of 33 destinations, including 19 cities on the Mainland.

AHK Air Hong Kong received two more new Airbus A300-600 freighters in May and June respectively. New scheduled all-cargo services to Nagoya were launched in October. The airline serves a total of eight destinations in Asia.

The Air Operator's Certificate issued to CR Airways was revised following its switch of fleet to four B737-800 aircraft from June this year. The airline expanded its network to cover Changsha, Tianjin and Fuzhou in August, September and December respectively. In November, the airline changed its name to Hong Kong Airlines. By the end of the year, Hong Kong Airlines operated scheduled services to a total of eight destinations.

Hong Kong Express Airways (HKE) acquired the fourth Embraer ERJ-170 aircraft in May. The airline commenced air services to Chiang Mai and Chongqing in June and July respectively.

A new airline, Oasis Hong Kong Airlines commenced scheduled passenger services to London Gatwick Airport after it was issued an Air Operator's Certificate in October. It was operating two Boeing B747-400 aircraft by December 2006.

An Air Operator's Certificate was issued to Heli Express Limited in February to provide non-scheduled helicopter air services.

Regarding non-Hong Kong airlines, Qatar Airways commenced scheduled passenger services between Doha and Hong Kong in March. Air Niugini resumed passenger services between Port Moresby and Hong Kong in August. For scheduled all-cargo services, Ocean Airlines commenced services between Milan and Hong Kong in June. In July, Volga Dnepr Airlines commenced services between points in Russia, Nagoya and Hong Kong. In October, Southern Air commenced services between points in the USA and Hong Kong, and Sky Express Aviation (Cargo) Limited, between Athens and Hong Kong.

Two airlines suspended their services to Hong Kong in 2006. Australian Airlines suspended its passenger services between Cairns and Hong Kong in July. Thai Sky Airlines suspended its passenger services between Phuket, Taipei and Hong Kong in October.

The Environmental Impact Assessment Study for the proposed expansion of the cross-boundary heliport at the Macao Ferry Terminal was completed in February 2006. Tendering arrangements for the proposed expansion works was in progress.

Also, the Government decided to open the proposed government helipad at the Hong Kong Convention and Exhibition Centre to commercial operators to provide them with a permanent landing facility. A technical feasibility study is being conducted to take the project forward.

Updating of the Aviation Legislation

To ensure aviation safety and to give effect to the latest international standards governing the transport of dangerous goods by air in Hong Kong, the Dangerous Goods (Consignment by Air) (Safety) Regulations and the Air Navigation (Dangerous Goods) Regulations were amended and came into effect on November 1, 2006.

The Government continued to align Hong Kong's aviation legislation with the latest international standards. The local law of Hong Kong was amended to give effect to the Convention for the Unification of Certain Rules for International Carriage by Air, signed in Montreal on May 28, 1999. The Convention, which improves the protection of the interests of passengers and shippers in international carriage by air, took effect in Hong Kong from December 15, 2006.

Air Traffic Control

The air traffic control system continued to perform in a stable and reliable manner. It handled 280 508 aircraft movements at HKIA and 139 714 overflights, including aircraft flying to and from Macao Airport, representing a 6.5 per cent and 11.2 per cent increase over 2005.

The Civil Aviation Department continued its discussion with the civil aviation authorities of the Mainland and Macao on measures to improve the efficiency of air traffic operations in the Pearl River Delta area. The tripartite working group met on three occasions in the year to identify long-term solutions and interim measures to rationalise air traffic management to support air traffic growth in the PRD region. One of the measures was the establishment of a new handover point on December 21, 2006 to improve air traffic flow between Hong Kong and Guangzhou.

CAD joined forces with the People's Liberation Army Forces in the HKSAR, various government departments and the United States search and rescue units to conduct long and short range search and rescue exercises from October 24-27. The exercise served to enhance the preparedness and capability of all parties concerned in the event of a situation that requires emergency search and rescue.

The Technical Services Agreement providing technical services for the operations and maintenance of the mission-critical air traffic control systems for HKIA and Hong Kong Flight Information Region expired on September 30, 2006. Following the completion of open tender procedures, contracts for the provision of relevant technical services were awarded to PCCW-HKT Telephone Limited in September 2006 for a period of 10 years.

The old Doppler VHK Omni-Directional Radio Range and Distance Measuring Equipment (DVOR/DME) on Tung Lung Island was decommissioned in May 2006. The replacement system was installed and put into operation on December 21, 2006.

Aircraft Operation and Airworthiness

In March, a 'Technical Arrangement on Aircraft Maintenance' was signed between the Civil Aviation Directorate of Transport Canada and CAD for the mutual recognition of aircraft maintenance approval. This arrangement is an expansion of a previous one signed in December 2005.

In June, a 'Cooperation Arrangement on Mutual Acceptance of Approval of Aircraft Maintenance Organisations' was signed between the General Administration of Civil Aviation of China, Macao Civil Aviation Authority and CAD. This cooperation arrangement, which includes entire aircraft maintenance, is an expansion of a previous one signed in May 2002 that covered only aircraft component maintenance.

Aircraft Noise Management

In Hong Kong, the impact of aircraft noise was assessed on the basis of the internationally accepted Noise Exposure Forecast (NEF) Contour. The determination of the contour took into account factors including the decibel levels of aircraft noise, its tonal characteristics and the duration and frequency of overflying flights at different times of the day. The aircraft noise standard adopted in Hong Kong was the NEF 25 contour, which was more stringent than the standards adopted by some other international airports.

CAD continued to monitor closely the flight tracks and the noise impact on the community and to implement all practical aircraft noise mitigating measures. These measures included flight paths that cross fewer residential areas at night, noise abatement arrival and departure procedures, and prohibiting the operation of noisy aircraft which exceeded the noise standard stipulated in Volume I, Part II, Chapter 3 of Annex 16 to the Convention on International Civil Aviation.

Aviation Security

The department continued to provide support to the ICAO (International Civil Aviation Organisation) Universal Security Audit Programme. During the year, one officer from the department, who has been qualified as ICAO certified aviation security auditor, served as Short Term Expert of ICAO team in the security audit of New Zealand.

Assessment of the HKIA for accommodating new large aircraft

Following the completion of the airport upgrading works for new large aircraft in mid-2006, CAD conducted the HKIA aerodrome assessment and confirmed that it was in compliance with the ICAO requirements. In July 2006, CAD endorsed the reclassification of HKIA to a Code 4F aerodrome for accommodating aircraft with wing spans of up to 80 metres including Airbus A380.

The first A380 aircraft to fly into Hong Kong landed at HKIA on November 18 and departed for Tokyo the following day. An operational trial involving airport facilities and ground handling franchisees went off smoothly. CAD with the parties concerned reviewed the operational trial to facilitate the continuous improvement in aircraft servicing operational procedures and facilities by the relevant service providers.

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Transport Department: www.td.gov.hk

Marine Department: www.mardep.gov.hk

Civil Aviation Department: www.cad.gov.hk

Airport Authority Hong Kong: www.hkairport.com