



The 2021-22 Budget – Key Suggestions on Logistics and Transport The Chartered Institute of Logistics and Transport in Hong Kong (CILTHK)

After due consultation from leading and sizeable companies in logistics and transport industry (the Industry) in Hong Kong and also other professional members in the Industry, CILTHK, as a learned and leading professional Institute, hereby would like to act on behalf of the strength of our over 1,800 professional members to furnish our key suggestions on the 2021-22 Budget in relation to the Industry for the consideration of the Financial Secretary.

Our key suggestions on **revenue generating measures** for the Government are:

1. Implementation of Electronic Road Pricing (ERP);
2. Increase of annual licence fee for private cars;
3. Increase of parking charge for on-street parking;
4. Increase fines against traffic offences.

Our key suggestions on **financial initiatives** from the Government for the Industry are:

1. Financial subsidy for conversion of commercial vehicles from fossil fuels to alternative fuels;
2. Financial subsidy for investment on new technology to improve productivity;
3. Development of railway stations as multi-modal hubs;
4. Development of a logistics centre in Tuen Mun.

We would like to elaborate in details on our suggestions as follows:-

Revenue Generating Measures for the Government

1. With the completion of alternative roads at various locations and in view of the maturity of available technology, we suggest the Government expediting its pilot scheme and full implementation of the ERP in some strategic areas. The implementation of the ERP not only helps relief traffic congestion but also evens out traffic flow in some areas in different time slots of a day in order to fully utilising the existing road networks. In the long run, in addition to the social and economic benefits as a result of more smooth traffic flow, the implementation of the ERP will generate stable income for the Government. To minimise objection and to attract private car users to switch to public transport, the revenue so generated could be ploughed back into a Transport and Environment Fund to improve the service level of public transport as well as to reduce road side emission level.
2. There is a growing trend on registration of private cars in the past few years. In order to suppress the growth of private cars and to encourage more people to opt for public transport services for the sake of environmental consideration, we suggest the Government increasing annual licence fee for private cars. The increase of annual licence fee should be based on a step charge mechanism which assesses individual private cars not only to base on engine capacity but engine output power as well, the larger the engine capacity and/or engine output power, the more increase of annual



licence fees.

3. The on-street parking charge has not been reviewed for quite considerable time and there is huge gap on parking charges between the on-street parking and the general car parks. The cheap charge of on-street parking encourages the abuse of the limited on-street parking facilities. And even some of on-street parking lots are illegally controlled for daily parking if not monthly. It effectively defeats the original purpose for provision of on-street parking. With the introduction of new parking meter system, it will be more flexible to increase the charge of on-street parking and be more effective to control its turnover rate. We suggest the Government increasing the charge of on-street parking to truly reflect its market value.
4. The fines against various traffic offences, such as speeding or illegal parking, have not been reviewed for quite considerable time. The increase of fines not only helps increase revenue but also deters traffic offences for the benefit of road safety. Apart from raising fines for traffic offences, consideration should also be given to deploy smart technology to strengthen the enforcement against illegal parking so as to improve the traffic flow especially at those traffic black spots.

Financial Initiatives for the Transport and Logistics Industry

1. The Government has implemented some initiatives to encourage the use of more environmental friendly vehicles, such as electric vehicles as alternatives of conventional private cars and diesel engine powered vehicles with stricter emission standards. In view of the aim of environmental protection policy for achieving zero emission in 2050, we suggest the Government moving one step further to provide sensible financial initiatives to encourage the adaption of new commercial vehicles and folk lift trucks with alternative and cleaner energy, such electrical buses, coaches and minibuses as well as electrical folk lift trucks. There is a significant potential in the Industry to adopt electrical folk lift trucks for replacing the existing ones powered by diesel or LPG to improve air quality.
2. In order to improve productivity for staying competitiveness of the Industry, we always encourage the business operators of our Industry to adopt new technology, such as 5G applications for replacing conventional manual burdens in order to increase productivity. However, the adoption of new technology cannot be materialised without the need of active government involvement and meaningful investment if not a substantial one. However, the existing government financial initiatives, such as the amount of subsidy for 5G applications is too small to drive the Industry for their investment to adopting the new technology. We suggest the Government setting up meaningful funding and mechanism to expedite the employment of new technology for the sustainability of the Industry.
3. In Hong Kong, we are privileged to having a convenient and comprehensive railway network as our backbone for commuters' transit. We suggest the Government investing resources to enhance and optimise functions of the existing railway stations, as far as possible, as multi-modal hubs. Such multi-modal hubs not only serve as a connection point for exchange of various public transport services, but with added functions such as



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car parking facilities for park and ride, logistics and distribution centre for e-commerce operation, brief catering services as well as other public services. By conversion of railway stations as multi-modal hubs, it not only encourages the use of public transport services but to eliminate unnecessary mileage for access of those daily routines.

4. With the full opening of Tuen Mun–Chek Lap Kok Link (TMCLKL) on 27 December 2020, it shortens the traffic distance between the Hong Kong International Airport and the north-west New Territories. The air-freight service is one of the strengths in Hong Kong. We suggest the Government developing a logistics hub in Tuen Mun district to ride on the advantages of relatively cheap land rate in Tuen Mun, effective traffic linkage of the TMCLKL and ample supply of labour in Tuen Mun and Tin Shui Wai for the growth of air-freight services in Hong Kong, especially the cold chain service.

Please contact our Institute for any areas of our suggestions that we are able to amplify further.

Thank you in anticipation for your kind consideration of our suggestions. Let us join hands to engineer a brighter future for Hong Kong.