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**Legislative Council  
Panel on Economic Services**

**Minutes of meeting held on  
Monday, 16 October 2000, at 11:30 am  
in the Chamber of the Legislative Council Building**

**Briefing on the Chief Executive's Policy Address 2000**

**Members present** : Hon James TIEN Pei-chun, JP (Chairman)  
Hon Fred LI Wah-ming, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Dr Hon David LI Kwok-po, JP  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching  
Hon CHAN Kam-lam  
Hon SIN Chung-kai  
Hon CHOY So-yuk  
Hon Abraham SHEK Lai-him, JP  
Hon Henry WU King-cheong, BBS

**Non-Panel Member  
Attending** : Hon CHAN Yuen-han

**Members absent** : Hon Eric LI Ka-cheung, JP  
Dr Hon LUI Ming-wah, JP  
Hon Mrs Selina CHOW LIANG Shuk-yee, JP  
Dr Hon Philip WONG Yu-hong  
Hon Howard YOUNG, JP  
Hon LAU Chin-shek, JP  
Hon Mrs Miriam LAU Kin-yee, JP

**Public officers  
Attending**

: Economic Services Bureau

Ms Sandra LEE  
Secretary for Economic Services

Mrs Erika HUI  
Acting Commissioner for Tourism

Mr Alex FONG  
Acting Deputy Secretary for Economic Services (1)

Mr Richard LUK  
Acting Deputy Secretary for Economic Services (2)

Mr Roger TUPPER  
Acting Deputy Secretary for Economic Services (3)

Mr Howard LEE  
Principal Assistant Secretary for Economic Services (B)

Civil Aviation Department

Mr Albert LAM  
Director of Civil Aviation

Electrical and Mechanical Services Department

Mr C T LEUNG  
Director of Electrical and Mechanical Services

Marine Department

Mr S Y TSUI  
Director of Marine

Hong Kong Observatory

Dr H K LAM  
Director of the Hong Kong Observatory

Post Office

Mr P C LUK  
Postmaster General

**Clerk in attendance** : Mr Andy LAU  
Chief Assistant Secretary (1)2

**Staff in attendance** : Ms Pauline NG  
Assistant Secretary General 1  
  
Ms Alice AU  
Senior Assistant Secretary (1)5

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Action

**I Briefing by the Secretary for Economic Services on the Chief Executive's Policy Address 2000**

At the invitation of the Chairman, the Secretary for Economic Services (SES) highlighted major commitments within the policy objectives of the Economic Services Bureau (ESB) under the following areas in the coming year:

- (a) Strengthening Hong Kong's position as an international cargo hub, including the development of logistics services and intermodal transportation, the provision of additional container handling facilities and the undertaking of Port Cargo Forecasts and Port Development Strategy Review;
- (b) Promoting safety and efficiency in air and sea transport, including the adoption of various measures to improve civil aviation management and to promote safe and efficient management of shipping services;
- (c) Enhancing Hong Kong's role as a passenger hub, including the negotiation of new air services agreements, the undertaking of the Strategic Overview of Major Airport Developments (SOMAD) by the Hong Kong Airport Authority (AA) and the improvement of passenger terminal facilities and procedures for transfer/transit passengers and baggage;
- (d) Maintaining Hong Kong's position as the most popular tourist destination city in Asia, including the development of tourism infrastructure, facilities and products, the promotion of further co-operation between the industry and the Government and the introduction of legislative proposals for better regulation of inbound tourism;
- (e) Maintaining a safe and reliable supply of energy for Hong Kong and promoting competition in the energy markets;
- (f) Providing quality postal services to meet demand;

- (g) Providing weather information services of a high standard to meet community expectation;
- (h) Further encouraging initiatives to promote competition; and
- (i) Enhancing consumer protection.

Airport infrastructure

2. Responding to Mr SIN Chung-kai's enquiry about the proposal to provide a convention and exhibition centre at the Hong Kong International Airport (HKIA), SES advised that ESB was working closely with AA. Pending the results of the SOMAD study which was expected to be completed in the second half of 2001, a clearer picture of major airport developments in future would emerge and the Panel would be briefed in due course.

Port and logistics developments

3. Mr HUI Cheung-ching asked about the measures to be taken by the Administration to promote the competitiveness of Hong Kong's logistics sector. SES advised that the continued development of our airport and port were vital to the economy of Hong Kong and ESB would make every endeavour to foster the development of intermodal (sea-land-air) transport in Hong Kong and increase the overall efficiency of the transport infrastructure. In this regard, AA had already awarded a franchise for the development, operation and management of a marine cargo terminal which was expected to be functional by early 2001. Investors had also been invited to develop two logistics centres on the airport island. Members agreed that the matter would be followed up by the Panel at a future meeting.

*(Post-meeting note : The Panel agreed to follow up on the item at the meeting on 24 November 2000.)*

4. Highlighting the importance of efficient intermodal transport in ensuring port development such as in Rotterdam and Los Angeles, Mr Abraham SHEK enquired about the development of rail infrastructure for supporting freight transport. In reply, SES assured members that while rail transport was under the purview of the Transport Bureau (TB), ESB would be actively involved in the planning of supporting infrastructure for port and airport development. The Acting Deputy Secretary for Economic Services (1) supplemented that the matter had been discussed recently by a sub-committee of the Port and Maritime Board and briefings on the major development strategy had been received from TB and the Kowloon-Canton Railway Corporation (KCRC). Detailed study would be conducted by KCRC and it was envisaged that enhanced rail links would attract freight from areas in the central and western parts of China. Under KCRC's proposed freight strategy, major developments might include a port rail link from Tai Wai to Kwai Chung Port together

with a port rail terminal and a freight storage, consolidation and distribution centre at Pinghu in the Mainland. Members agreed that KCRC would be invited to brief the Panel on the details.

5. Pointing out that several large US toy manufacturers had taken their goods to nearby ports in the Mainland such as Shekou and Yantian, Mr Kenneth TING expressed concern about the high levels of terminal handling charge (THC) in Hong Kong. Noting Mr TING's concern, SES stressed that while the Administration would not interfere with free-market operations such as in the setting of tariffs, it had been tackling the problem from the wider perspective of enhancing the overall competitiveness of the Hong Kong container port through improved ancillary facilities, streamlined procedures and reduced costs to facilitate the operation of shippers and attract more cargo through Hong Kong. For example, the Administration was exploring ways in which customs formalities could be simplified. SES further said that although the Customs and Excise Department fell under the purview of other Bureaux, she was actively involved in high level discussions within the Administration which aimed at improving the efficiency of cross border control. While appreciating the Administration's work on this front which might help reduce land side cost, Mr TING stressed that ESB should monitor the situation closely and it would be most important to keep THC low.

6. As a follow-up question, the Chairman enquired about the effect of the commissioning of Container Terminal 9 on THC. In response, SES said that while it was still too early to make any assessment in this regard, ESB would closely monitor the increase in the throughput of the Hong Kong port and the Pearl River Delta area by exchanging relevant statistics with the Shenzhen authorities, so that a more accurate projection could be made. With the availability of more information, the matter could be further discussed with the Panel next year.

7. Mr CHAN Kam-lam opined that more public cargo working areas (PCWAs) should be provided and the management and efficiency of existing PCWAs be improved to meet the growing demand in container handling operation. SES advised that the second phase of management reforms to further improve facilities in PCWAs was under discussion and consultation with PCWA operators would be held shortly in preparation for the next tender exercise to be held by the end of the year. The Director of Marine added that subject to the overall development of the port, additional facilities would be provided where necessary and one possible site might be in Tseung Kwan O. At Mr CHAN's request, the Administration agreed to provide details of this planning proposal when available.

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## Energy

8. Reiterating the Panel's grave concern in the matter, Mr CHAN Kam-lam requested for details about ESB's efforts to increase transparency in the pricing of major fuels, particularly whether consideration would be given to establishing an institutionalized consultation mechanism with the oil companies. SES replied that

while it was essential to have a mechanism in place to allow ESB to monitor the changes in retail prices of major oil products, it would be as important to get the oil companies to state their case to the public as well as the Consumer Council (CC) and ESB. Hence, she had already put forward the members' suggestion to the oil companies during their recent round of meetings and it was hoped that the oil companies could, without having to disclose sensitive commercial information, provide more details about their import prices and operational costs to the Competition Subcommittee under the Energy Advisory Committee (EAC). Although no response had been received so far, she would pursue the matter with the oil companies.

9. Mr CHAN agreed that EAC would be better placed to discuss such matters with the oil companies so that the Administration would not be seen as interfering with free market operations. In this connection, the powers and functions of EAC might have to be enhanced and the Administration should also review its working relationship with EAC. Taking note of members' concern, SES said that while no price control was ever intended, ESB would co-operate with EAC and CC closely to monitor fuel prices.

#### Competition

10. Mr LI Wah-ming was concerned about the recent decision of local Chinese newspapers to increase their price simultaneously, and asked whether such practice was anti-competitive. In reply, SES said that while sector-specific measures should be adopted by both the public and private sectors to ensure fair competition, their workings would be different in various trades and industries. In order to determine whether anti-competitive practice was involved in the present case, she would ask for information from CC to ascertain the reasons for the price increase and the mechanism through which the decision was made.

#### Tourism

11. In view of the various tourism infrastructure to be provided in Lantau, Ms CHOY So-yuk suggested that, as a package of measures to attract tourists from the Mainland, consideration be given to providing a ferry terminal at the airport island and granting visa-free entry to Mainland tourists for single-day visits. SES replied that AA would examine the provision of ferry terminal facilities at the airport island under its SOMAD study. As for the granting of visa-free entry which fell outside ESB's purview, she advised that the suggestion could be further pursued pending the development of related airport facilities. However, active discussions had been held with both the National Tourism Administration and the Guangdong Tourism Administration with a view to simplifying entry procedures.

12. Citing the conflicting policy objectives among different Government bureaux and departments as illustrated in the case of the development of the Lok Ma Chau Spur Line alignment in the Long Valley marsh area, Mr Henry WU pointed out that an effective co-ordinating mechanism for co-ordinating different policy objectives across

different bureaux and departments should be in place to resolve conflicts. This could ensure that the development and promotion of new products such as wetlands for enhancing Hong Kong's attractiveness as a tourism destination would not be compromised as a result of other policy considerations.

13. SES responded that ESB was committed to implementing wetland park project to promote tourism. Regarding co-ordination among different Government bureaux and departments, she advised that there was an established mechanism in the Government to facilitate high level communication among different policy bureaux and departments. Citing the construction of the Tung Chung Cable Car system as an example, she advised that ESB was working hand in hand with other Government bureaux and departments/parties including the AA with a view to facilitating the development of the project.

14. On Mr WU and the Chairman's concern about the development of the Lok Ma Chau Spur Line alignment in the Long Valley marsh area and how Government could, in the course of decision, strike a balance among various conflicting policy objectives such as environmental conservation, tourism infrastructure development, economic development and transport infrastructure development, SES replied that she would provide a co-ordinated reply in writing after the meeting.

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14. Responding to Ms CHAN Yuen-han's call for a more proactive approach by ESB to resolve matters which required inter-departmental co-ordination, such as in preserving wetland and antiquities, SES agreed that internal co-ordination would be vital in taking major infrastructural projects forward. For example, proposals to develop the heritage tourism potential of historic buildings such as the Marine Headquarters in Tsim Sha Tsui, were being considered in liaison with the Home Affairs Bureau. Moreover, ESB would, through the Commissioner for Tourism, co-ordinate efforts both within the Government and with outside organizations such as the Hong Kong Tourist Association (HKTA) and related industries and trades in spearheading tourism development in Hong Kong. Specifically, HKTA would concentrate on promotional efforts in overseas countries and identify areas for participation of the private sector. Legislative amendments would also be proposed to regulate inbound travel agents. SES assured members that ESB would continue to work closely with HKTA and the whole industry to develop long-term strategies for promoting tourism.

#### ESB's work

15. Ms CHAN Yuen-han referred to the recent staff change at the policy secretary level and expressed dissatisfaction that certain issues raised by members previously, such as the high levels of THC and development of logistics sector, had not been actively taken forward by the Administration. In reply, SES stressed that notwithstanding the change of policy secretary, there would be continuity in ESB's work and the concerns raised by the Panel were taken up very seriously. On logistics development, it would be most important to attract more freight to go through Hong

Kong, and apart from the provision of infrastructure, ESB would also look into matters such as the necessary manpower requirements. SES said that ESB was firmly committed to supporting the development of necessary economic infrastructure and services for the overall development of Hong Kong, and she welcomed any suggestions from members on how this policy objective could be better achieved.

## **II Any other business**

16. The Chairman reminded members that a visit to the air traffic control facilities and other airport facilities at the Hong Kong International Airport had been scheduled for 3 November 2000 at 8:30 am.

17. There being no other business, the meeting ended at 12:30 pm.

Legislative Council Secretariat  
16 November 2000