

**Presentation by Secretary for Economic Services
at the Special Meeting of the Finance Committee
on Monday, 25 March 2002**

Mr Chairman,

Funding Provision

In 2002-03, the total provision to be allocated to policy areas under the purview of the Economic Services Bureau will amount to \$2.75 billion, which represents an increase of 4% over the revised estimates (\$2.64 billion) for 2001-02. For the Bureau itself, provision for next year totals \$120 million. Additional resources which account for \$15 million will be used for conducting studies on logistics issues; promoting Hong Kong as an international maritime centre, a leading port and the preferred international and regional transportation and logistics hub; and for four non-directorate posts created to strengthen support to aviation matters and logistics development. Additional resources for the new posts will partly be funded by internal resources redeployment.

Enhanced Productivity Programme

In 2002-03, my Bureau and the departments and subvented organisations under my purview will deliver savings of \$44.7 million. These savings have been reflected in the 2002-03 draft Estimates. On a cumulative basis, we will achieve the overall target of 5% cumulative savings (about \$140 million) by 2002-03.

Work Priorities for the Coming Year

In the extent of time, I will briefly outline our work priorities in the coming year.

Tourism

In the coming year, we will focus our work in tourism development in four areas:

On legislation, we expect to resume the Second Reading of the Travel Agents Amendment Bill in late April. I hope that Members will support the bill such that the legislation can be enacted as soon as possible. Yet, it is only the beginning of our work. We will monitor closely the service

standard of the travel agents in the coming year. The travel trade is also working to introduce a training and certification scheme for local tour guides by the middle of this year.

Developing new tourist attractions and facilities. Phase 1 of the Hong Kong Disneyland project is progressing on schedule. We will continue to work proactively to implement the project which is scheduled for opening in 2005. We will enter into provisional agreement for the franchise for the Tung Chung Cable Car system, and invite private sector proposals to preserve and convert the former Marine Police Headquarters into a heritage tourism-themed development. Subject to Finance Committee's approval of funding, we will continue with works on Phase 2 of the Hong Kong Wetland Park. We will identify options for involving the private sector in the preservation and conversion of the Central Police Station compound into a heritage tourism project, and examine the development of a new tourism node incorporating a new cruise terminal at south-east Kowloon, etc.

Enhancing existing tourists attractions and facilities. Apart from new tourism projects, we will enhance existing tourist attractions and facilities through the Central and Western District Enhancement Project and improvements to the Sai Kung and Lei Yue Mun Waterfronts. Subject to Finance Committee's approval of funding, we will also implement the Tsim Sha Tsui Promenade Beautification Project and extend the visitor signage and information system to cover all 18 districts. We will continue to liaise with government departments, District Councils and district organisations to follow up specific enhancements.

Improving the quality of services to visitors and improving data capturing and analysis power. The Hong Kong Tourism Board (HKTB) will implement the Tourism Orientation Programme which aims to provide practical training opportunities for tourism-related graduates and will in turn provide better service to visitors. In addition, it plans to develop a data warehouse and expand the scope and depth of data analysis to enhance the information collection system. Through these initiatives, the HKTB will be able to carry out its promotion in a more focused and efficient manner.

Logistics Development

To develop and promote Hong Kong as the preferred international and regional transportation and logistics hub, we must strengthen the connectivity of our infrastructure in the logistics chain and enhance collaboration between the public and private sectors. The setting up of the Steering Committee on Logistics Development and the Hong Kong Logistics Development Council (LOGSCOUNCIL) have strengthened the institutional framework for facilitating logistics development. In the next 12 months, the LOGSCOUNCIL will implement a number of key initiatives, including the development of the business process interconnect project to

facilitate information exchange in the logistics sector, a manpower survey to facilitate manpower planning and identify training needs, and a study on enhancing the cost competitiveness of SMEs in the transport logistics sector.

We will also develop a closer working relationship with our Mainland counterparts in ensuring better coordination in logistics development in the Pearl River Delta.

Civil Aviation and Airport Development

On civil aviation, we will continue work on several fronts to enhance the status of Hong Kong as an international and regional aviation centre. Firstly, to expand Hong Kong's air services network through negotiating air services agreements with new partners and implementing a liberal air services policy. We will also seek to expand existing arrangements with existing partners to facilitate expansion of services by both Hong Kong and foreign airlines.

Secondly, to maintain quality air traffic management and control services to ensure that Hong Kong's air services are efficient, safe and secure. This is particularly important after the September 11 incident in the United States. The Civil Aviation Department has in this regard strengthened aviation security measures at the airport to meet new international requirements and maintain vigilant supervision over local airlines and aircraft maintenance organisations.

Thirdly, to work in partnership with the Airport Authority (AA) to maintain and enhance the competitiveness of the Hong Kong International Airport (HKIA). In this regard, the AA has formulated initiatives in its "Master Plan 2020" to ensure that the passenger and cargo handling facilities of the HKIA are adequate to meet forecast increase in demand. In addition to hardcore facilities, proposed initiatives also include enhancing HKIA's connectivity with the Pearl River Delta through improvement of inter-modal links, cooperation with PRD airports and development of logistics facilities.

Energy

On energy, our work in the coming year will focus on three areas:

- **To continue work on mapping out the direction for future development of Hong Kong's electricity supply sector.** In this connection, we have set up a multi-disciplinary Electricity Team last year and an Electricity Advisor has been appointed. Together they will tender technical support and professional advice for the formulation of policy on the post-2008 regime of electricity sector.

- **To complete the technical study on increasing interconnection between the two power companies.** Our consultants are working in earnest. We expect the study to be completed around June.
- **To enhance public safety,** we will make use of existing resources to introduce a mandatory approval scheme for domestic gas appliances.

Consumer Protection, Competition Policy and Meteorological Services

We will continue with our work on consumer protection, competition policy and meteorological services.

Chairman, we are pleased to take questions from Members.