

立法會  
*Legislative Council*

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**House Committee of the Legislative Council**

**Minutes of the special meeting  
held in the Legislative Council Chamber  
at 2:30 pm on Friday, 14 December 2001**

**Members present** : Hon Mrs Selina CHOW LIANG Shuk-ye, JP (Chairman)  
Hon Fred LI Wah-ming, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Dr Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Cheuk-yan  
Hon Eric LI Ka-cheung, JP  
Dr Hon LUI Ming-wah, JP  
Hon NG Leung-sing, JP  
Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Kwok-keung  
Hon CHAN Yuen-han, JP  
Hon Bernard CHAN  
Hon CHAN Kam-lam  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Dr Hon Philip WONG Yu-hong  
Hon WONG Yung-kan  
Hon Jasper TSANG Yok-sing, JP  
Hon Howard YOUNG, JP  
Dr Hon YEUNG Sum  
Hon YEUNG Yiu-chung, BBS  
Hon LAU Chin-shek, JP  
Hon LAU Kong-wah

Hon LAU Wong-fat, GBS, JP  
Hon Ambrose LAU Hon-chuen, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon CHOY So-yuk  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah  
Hon LAW Chi-kwong, JP  
Hon TAM Yiu-chung, GBS, JP  
Dr Hon TANG Siu-tong, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, JP  
Hon Henry WU King-cheong, BBS  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Michael MAK Kwok-fung  
Hon Albert CHAN Wai-yip  
Hon LEUNG Fu-wah, MH, JP  
Dr Hon LO Wing-lok  
Hon WONG Sing-chi  
Hon Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP  
Hon LAU Ping-cheung  
Hon Audrey EU Yuet-mee, SC, JP

**Members  
absent** : Hon Albert HO Chun-yan  
Hon Martin LEE Chu-ming, SC, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Miriam LAU Kin-yea, JP  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon MA Fung-kwok

**Public Officers  
Attending** : The Hon Donald TSANG Yam-kuen, JP  
Chief Secretary for Administration

Mr K Y TANG  
Government Economist

Ms Margaret FONG  
Deputy Secretary (3) for Transport

Ms Kitty CHOI  
Head, Hong Kong Guangdong Cooperation Coordination Unit

Mr Alan CHU  
Principal Assistant Secretary for Security

**Clerk in Attendance** : Mrs Justina LAM  
Assistant Secretary General 2

**Staff in Attendance** Mr Jimmy MA, JP  
Legal Adviser

Mr LAW Kam-sang, JP  
Deputy Secretary General

Ms Pauline NG  
Assistant Secretary General 1

Mr Watson CHAN  
Head (Research and Library)

Mr Andy LAU  
Chief Assistant Secretary (1)2

Mrs Constance LI  
Chief Assistant Secretary (2)5

Miss Betty MA  
Senior Assistant Secretary (2)1

Mr CHEUNG Wai-lam  
Research Officer 2

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On behalf of Members, the Chairman welcomed Mr Donald TSANG, Chief Secretary for Administration (CS) and other representatives of the Administration to the special meeting to discuss the subject of 24-hour operation at boundary control points.

**Introductory remarks**

2. The Chairman invited CS to make his introductory remarks on the subject before taking questions from Members. CS's introductory remarks are detailed in the Appendix.

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**Members' questions**

Studies and consultation on 24-hour operation at boundary control points

3. Mr WONG Sing-chi said that the public was concerned about the implications of 24-hour operation at boundary control points on people's livelihood. He asked whether the Administration would devote resources to conduct studies and deal with public concerns about the social and economic implications, such as whether family and juvenile problems would worsen, before implementing 24-hour passenger clearance at land boundary control points.

4. Mr LEE Cheuk-yan said that there were also concerns that 24-hour passenger clearance at land boundary control points would affect property prices and the retail business. He queried why the Administration had already taken a decision that 24-hour operation at boundary control points should be the long-term policy objective, when no systematic and comprehensive study had been conducted on the subject.

5. CS responded that it was the Administration's preliminary assessment that 24-hour cross-boundary passenger clearance would facilitate freer flows of people and services, and that economic interaction between Hong Kong and the Mainland would bring substantial mutual benefits. CS pointed out that Hong Kong and Shenzhen, in particular, had strong potential to complement each other. He further said that the Central Policy Unit had already commenced a study on the social and economic impact of 24-hour passenger clearance at the land boundary control points, and the findings of the study would be reported to the relevant committee(s) of the Legislative Council (LegCo).

6. CS said that there was a lack of a clear community consensus on the need for a 24-hour passenger clearance service. He explained that it would not be appropriate to set a time-table as to when the policy objective of 24-hour operation at boundary control points should be achieved, as this would depend on actual demand and other considerations. He further said that if necessary, more lanes and counters would be opened at the boundary control points to ease the congestion during peak periods. CS added that family and juvenile problems did not happen simply because the operation of the control points was extended for a few hours. CS assured Members that the Administration would give careful consideration to all the concerns raised and act cautiously. He also informed Members that in two of the opinion surveys conducted by the Home Affairs Bureau (one in mid-2001 and one in October 2001), public views were sought on the subject of 24-hour operation at boundary control points.

7. CS said that he understood that there were concerns about retail sales losses. He informed Members that approximately \$20.3 billion was spent by Hong Kong people in Guangdong Province in 2000 which represented only 1.6% of the Gross Domestic Product of Hong Kong and less than 3% of the total private consumption expenditure of Hong Kong people. CS believed that further extension of the opening

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hours at the land boundary control points should not have any impact on the retail business in Hong Kong since most shops in Shenzhen closed around 9:00 pm or 10:00 pm.

8. The Government Economist (GE) said that the Administration had examined the possible impact of further extension of passenger clearance on certain sectors such as the retail and catering businesses as well as the property market in Hong Kong. Findings of a recent survey carried out by the Census and Statistics Department indicated that spending in Shenzhen by Hong Kong people was mostly confined to certain types of services, such as dining, and commodities, such as clothing and footwear. He further said that although the business of shops in the northern part of the New Territories had been affected, there was no significant impact on overall consumer spending. GE added that the goods sold in Shenzhen to Hong Kong people were of limited variety, and some were probably counterfeit products. As for the genuine goods of well-known labels, there was little difference in prices between Hong Kong and Shenzhen.

9. As regards the property market, GE explained that property prices were affected by the general economic situation and there had been an overall downward trend in property prices. He added out that 24-hour operation at boundary control points might only have an impact on the property prices of some developments in the northern part of the New Territories.

10. GE further said that maintaining a smooth and efficient passenger and cargo clearance service was beneficial to Hong Kong's economy, particularly under the present austere local and global economic situation. He added that further extension of the operating hours for passenger clearance up to 24 hours would facilitate the freer flows of people and goods. It would also strengthen Hong Kong's role as a major services centre in South China and enhance the territory's competitiveness. He stressed that the benefits for the overall economic development of Hong Kong outweighed the negative impact on certain specific sectors.

11. Referring to CS's point that spending in Shenzhen represented about 3% of the total private consumption expenditure of Hong Kong people, Mr LEE Cheuk-yan commented that while the negative impacts could be so quantified, the Administration could not present the economical benefits in quantitative terms. GE responded that for those consumers who chose to shop in Shenzhen, they would not regard their spending in Shenzhen as something negative. GE added that for some consumers, it was simply a case of spending in Shenzhen instead of, say, spending in some Southeast Asian countries. He doubted if the wider economic benefits, being so diverse and far-ranging, could be easily quantifiable.

12. Mr Andrew CHENG said that the subject of 24-hour operation at boundary control points had given rise to much public discussion following media reports on CS's recent meetings with Mainland officials. He further said that the Administration had not consulted the relevant LegCo Panels before taking a decision

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that 24-hour operation at boundary control points was the long-term policy objective, and Members had only learnt about the policy from the media. He considered that the Administration did not respect LegCo.

13. Mr Andrew CHENG further said that it was clear from paragraph 8 of the Administration's paper (LC Paper No. CB(2) 648/01-02(01)) that further extension of cross-boundary passenger clearance would not help ease congestion during peak hours. He expressed doubts about the need for 24-hour operation of passenger clearance, given that the findings of the study on socio-economic impact were not yet available, and there were social costs and resource implications in implementing the policy. Mr CHENG added that 24-hour operation at boundary control points was a major and controversial policy decision, and LegCo would need to discuss the wide range of issues involved.

14. CS said that whether 24-hour operation at boundary control points was a major policy change was debatable, although he agreed that it was an important and controversial subject. CS further said that there had been past debates and discussions in LegCo on the matter, and the Administration had also answered two Council questions on the subject. He reiterated that a study was being conducted by the Central Policy Unit on the socio-economic implications of the policy and the findings would be reported to Members for follow-up discussions in the relevant LegCo committee(s). He added that LegCo approval would be necessary if legislative changes or significant additional resources were required for implementing the policy.

15. CS further explained that it was evident that there was growing demand for extending the operating hours of the boundary control points, particularly because of the increasing economic activities between Hong Kong and the Pearl River Delta area. He pointed out that Malaysia and Singapore; United States and Canada; Denmark and Sweden all had 24-hour border crossings. CS stressed that the Administration would proceed carefully taking account of the different interests, impact on various sectors and resource implications.

16. Ms Emily LAU expressed agreement with Mr Andrew CHENG that there had not been any discussion on the subject by the relevant LegCo Panels in the past and the Administration had also not carried out any studies on the issues involved. It appeared to her that the policy decision of 24-hour operation at boundary control points was taken suddenly. She asked when the Administration had decided that the Central Policy Unit and the Planning Department should conduct a study on the socio-economic impact and a survey on cross-boundary traffic respectively.

17. Head of the Hong Kong Guangdong Cooperation Coordination Unit (Head, HKGCCU) responded that the Central Policy Unit had just commenced the study on the socio-economic impact of introducing 24-hour passenger clearance at the land boundary control points, and the findings would be available in mid-2002. Head, HKGCCU explained that the business community and sectors concerned would

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be consulted and a survey covering about 5 000 households would also be carried out to gauge the views of the general public. Head, HKGCCU further said that the Planning Department had been conducting the Cross Boundary Travel Study since last year to gather information on cross-boundary travel pattern, such as trip purpose, destination and frequencies. Over 40 000 passengers had been interviewed and the information gathered would be used for trip projection and the planning for infrastructure facilities.

18. Ms LAU asked whether CS's breakfast meeting with the Mayor of Shenzhen, Mr YU Youjun, on 28 September 2001 had been arranged because the Mainland authorities were impatient with the progress made in implementing 24-hour operation at boundary control points.

19. CS pointed out that there had been discussion on the subject in the community for quite some time, and the policy decision that 24-hour operation at boundary control points should be the long term objective was made in response to demands from the community and the industry. He said that there had been criticisms made by some people that the progress in achieving the objective had been too slow. He explained that his meeting with Mr YU Youjun on 28 September 2001 was one of those courtesy calls he made to his counterparts of the Hong Kong/Guangdong Cooperation Joint Conference after he assumed the office of CS. He further said that 24-hour operation at boundary control points was a subject receiving continuous discussion between Hong Kong and Guangdong, and it was not a specific agenda item for his meeting with Mr YU Youjun.

20. Mr Fred LI said that the community had divergent views on 24-hour cross-boundary passenger clearance, and there were in fact more and more views against the policy than those in support. He asked whether the Administration would be prepared to abandon the policy on 24-hour operation at boundary control points, if findings of studies showed that most people did not support such a policy. He further asked whether the Administration's analyses so far indicated that there were more advantages than disadvantages in adopting the policy.

21. CS stressed that public views were very important and no time-frame had been set for achieving 24-hour cross-boundary passenger clearance. CS said that if the majority of the community did not consider the economic benefits to be important and did not support the policy, implementation of the policy would be deferred. However, CS pointed out that cargo clearance was already operating round the clock and the community was generally positive towards further extension of the operating hours for passenger clearance at boundary control points. He reiterated that the Administration would need to take into account the different views and balance the various interests when deciding the way forward.

22. Ms Emily LAU asked whether there was any pressing need to further extend the operating hours for passenger clearance, given that the passenger growth rate at Lo Wu and Lok Ma Chau had slowed down in recent months.

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23. CS responded that despite the recent economic downturn, Lo Wu and Lok Ma Chau still recorded a growth rate of 2.8% and 13.3% respectively in the first nine months of 2001. He added that it was necessary to observe the trend of passenger growth at these boundary control points over a longer period.

24. Mr WONG Sing-chi said that the Administration had acknowledged that further extension of passenger clearance had an adverse impact on the retail business in the northern part of the New Territories. He asked whether CS would attend meetings of the District Councils concerned to listen to people's worries and concerns.

25. CS responded that the Administration was fully aware of the views of the District Councils and the community, through attendance of the District Officers at District Council meetings and the opinion surveys conducted by the Home Affairs Bureau. If necessary, the Administration would consider conducting more studies to gauge people's views on specific aspects of the policy.

Preserving the characteristics of Hong Kong

26. Miss Margaret NG asked what measures the Administration would take to preserve Hong Kong's unique characteristics while working towards greater cooperation and unity with the Pearl River Delta area. She stressed that it was important that Hong Kong's value should not be undermined and that the "one country, two systems" principle should not be compromised.

27. CS said that it was provided in the Basic Law that Hong Kong would maintain its legal and judicial systems, its immigration control and police systems as well as an independent taxation system. CS added that while Hong Kong would preserve its own characteristics and lifestyles, it was natural development that there would be more cultural exchanges between Hong Kong and the Mainland.

Measures to ease congestion at control points

28. Referring to paragraph 11 of the Administration's paper, Mr Ambrose LAU asked what immediate, concrete measures had been taken to improve customer service and enhance clearance efficiency at the boundary control points.

29. Principal Assistant Secretary for Security informed Members that the following improvement measures had been taken at the land boundary control points -

- (a) Contra-flow (tidal flow) arrangements had been adopted and some arrival counters would be opened for departure clearance during peak periods and vice versa to ease passenger traffic;
- (b) Some 117 posts had been created at the Lo Wu Control Point in 2001/02 and some more posts would be created in 2002/03 to cope with the increasing passenger traffic and extended operating hours;



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- (c) The Immigration Department would shortly introduce machine-readable Re-entry Permits and would enhance the existing non machine-readable Re-entry Permits by attaching machine-readable labels on them free of charge. This would shorten the clearance time for the permit holders concerned by about 30% at the control points. There were also plans to issue new Smart Identity Cards and other types of machine-readable travel documents in future;
- (d) Improvements works were also being carried out at Lok Ma Chau. The passenger hall would be expanded and renovated, and the number of immigration counters would be increased to 48. This would increase the handling capacity of the control point to 7 000 passengers per hour during peak periods;
- (e) Apart from the improvement works of the Lo Wu Footbridge, other improvement works would also be carried out for the Lo Wu Control Point. These included widening the passageway to ease congestion, expansion of the departure hall, relocation of offices and modification of counters to provide more queuing space, and addition of immigration counters to cater for clearance of more passengers during peak periods; and
- (f) There were longer-term plans to further shorten the processing time for cargo and vehicle clearance at boundary control points with the use of new information technology.

30. CS pointed out that the Kowloon-Canton Railway Corporation (KCRC) is planning to invest some \$200 million to widen the platform at the Lo Wu Station to segregate north-bound from south-bound traffic, and that under the Lok Ma Chau Spur Line project, a new boundary control point for rail passengers would be set up in the new terminal at Lok Ma Chau. CS added that the proposed Shenzhen-Hong Kong Western Corridor and the Regional Express Line would further enhance the cross-boundary traffic.

Further extension of operating hours at boundary control points

31. Mr James TIEN said that the chambers of commerce and the Liberal Party supported 24-hour operation at boundary control points, and hoped that this could be implemented within two to three years. He pointed out that the present arrangements for cargo clearance were satisfactory as certain control points were already operating round the clock, and the Administration was also taking measures to alleviate the problem of long queues during peak periods. Mr TIEN further said that although the opening of land control points for passenger clearance at Lo Wu and Lok Ma Chau at 0630 hours could cope with the present demand, the closing time of these two control points should be further extended by half an hour to 0030 hours. He asked whether

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the Administration had made any assessment of the volume of cross-boundary passenger traffic after midnight.

32. CS replied that in considering further extension of the operating hours of land boundary control points, the Administration would have to take account of the actual needs of cross-boundary passengers, resource implications and technical feasibility for extended operation. He informed Members that there had not been a significant increase in passenger traffic at Lo Wu and Lok Ma Chau since the extension of passenger clearance hours to 12:00 midnight from 1 December 2001. He added that while 24-hour passenger clearance remained to be the long-term policy objective, the Administration did not see any pressing need at present to further extend the operating hours of the land boundary control points to beyond midnight.

33. CS explained that there were technical problems in further extending the operating hours of the Lo Wu Control Point because KCRC would need to carry out maintenance works on the East Rail and the signalling system after midnight. There were also resource implications for both Hong Kong and the Mainland in further extending the operation hours at the land boundary control points. He pointed out that the annual operating costs for one operating hour at the Lo Wu Control Point amounted to \$30 million, or about \$30 per passenger on the basis that about 4 000 people crossed the control point during the extra hour. CS further said that as most retail shops in Shenzhen closed around 9:00 pm or 10:00 pm, there should be sufficient time for passengers to return to Hong Kong before the control points closed at midnight. CS added that the Administration would need therefore to examine, among other things, whether it was cost-effective to further extend the operating hours for passenger clearance at the land boundary control points.

34. Mr David CHU said that the Hong Kong Progressive Alliance had been advocating 24-hour operation at boundary control points for a long time. He was of the view that the opening of one or two passenger clearance counters after midnight would greatly facilitate those people who needed to cross the boundary during those hours, say, to deal with urgent matters or business. He asked whether the Administration would consider introducing a fee for passenger clearance after midnight to recover the operating costs.

35. CS responded that he had made a similar proposal when he was the Financial Secretary, but it did not receive support from Members at that time. He said that it would be a matter for the incumbent Financial Secretary to consider.

36. Mr Kenneth TING said that the commercial and industrial sectors were in favour of 24-hour operation at boundary control points. He expressed appreciation that the recent improvement measures had eased congestion at the control points and had also shortened the waiting time for clearance from four hours to about half an hour. Mr TING further said that the new arrangement of opening four lanes for outbound cargo clearance and two lanes for inbound cargo clearance after 10:00 pm could only cope with the demand during low seasons. He asked whether the

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Administration would provide more resources for more cargo clearance lanes to be opened, if there was an increase in demand during peak periods.

37. CS responded that as from 1 December 2001, two northbound lanes and four southbound lanes were opened for goods vehicles at Lok Ma Chau between 10:00 pm and 12:00 midnight. The arrangement was made with the support of the Central People's Government and the Guangdong authorities which had provided additional resources for extending the operating hours of their control point at Huanggang. He said that the arrangement could already cope with the present demand as there was not much cargo vehicular traffic during night time. If there was a need for additional cargo clearance lanes, Hong Kong would discuss with the Guangdong authorities with a view to opening more lanes.

38. Mr CHAN Kam-lam said that the subject of 24-hour operation at boundary control points had been discussed for quite some time, and many people including himself were impatient with the slow progress made. He said that with the increased exchanges between Hong Kong and the Mainland after 1 July 1997, there was strong demand from the community for improved efficiency for immigration and customs clearance, in order to ease congestion at the boundary control points, particularly during peak periods.

39. Mr CHAN Kam-lam said that the passenger control points at the airport and the Macau Ferry Terminal were already operating round the clock. He considered that the land boundary control points should also operate on a 24-hour basis to cater for emergency travelling needs and facilitate the development of closer economic ties with the Mainland. He further said that while he agreed that 24-hour passenger clearance at land boundary control points could be implemented progressively, he was of the view that the low demand after midnight should not be an overriding consideration. He pointed out that there were also ferry and cross-harbour tunnel bus services after midnight despite the low demand.

40. Mr CHAN Kam-lam expressed concern that the Administration might revise or even shelve the policy of 24-hour operation at boundary control points, if findings of studies or opinion surveys indicated that a majority of people were against the policy. He asked whether the Administration would base its policy on findings of studies or surveys, or on Hong Kong's long-term development needs and economic benefits. He cited the case of the Administration deferring a decision on soccer betting because the findings of a survey showed that the majority of respondents were against legalising soccer betting.

41. CS reiterated that 24-hour operation at boundary control points was the long-term policy objective, and what needed to be considered was the time-table for implementation. He said that it was clear that 24-hour operation at boundary control points would bring economic benefits to Hong Kong. Nevertheless, the Administration would need to carefully consider public views and deal with public concerns.

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42. Mr Frederick FUNG said that he had no objection in principle to 24-hour operation at boundary control points, as this would enable freer movements of people and facilitate the development of the logistics industry in Hong Kong. He further said that it was necessary to cater for emergency travelling needs as more and more people chose to live in Shenzhen and work in Hong Kong. There were also people who had to look after family members living across the boundary. He informed the Administration that he knew of one ferry company which was ready to provide 24-hour service between Central and Shenzhen.

43. Mr FUNG asked whether the Administration would set any quantitative indicators (such as the volume of passenger traffic) and specific values or standards considerations (such as Hong Kong should be a logistics industry centre) when deciding on the time-table for 24-hour operation at boundary control points.

44. CS responded that the long-term objective of 24-hour passenger and cargo clearance at boundary control points was made in the interest of the overall economic development of Hong Kong, and not only the logistics industry. He further said that it was the mainstream thinking in the community that Hong Kong should have closer links and unity with the Mainland. However, it was difficult to set quantitative indicators for determining when the policy objective of 24-hour operation at boundary control points should be achieved. He added that the time-table for implementing 24-hour passenger clearance at boundary control points would depend on the various considerations that he had explained to Members earlier, including market demand and needs, the interests of the people of the two sides, resource implications, technical problems and issues, as well as public views.

Bus service

45. Ms Emily LAU asked whether the Administration would consider the suggestion made by some environmental groups that more bus services should be provided to ease the demand for cross-boundary rail transport. CS responded that this was one of the options being considered for easing the congestion at Lok Ma Chau. The shuttle bus operator had extended its service to tie in with the newly extended operating hours from 1 December 2001 and some coach operators had also put in applications for operating coach services during the extended hours.

Traffic noise

46. Mr WONG Sing-chi urged that the Administration should allocate resources within this year to expedite the installation of sound barriers along the Tolo Highway to abate the traffic noise generated by cross-boundary container trucks. He said that the traffic noise along the Tolo Highway had become more serious following the extension of operating hours of cargo clearance at the boundary control points.

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**Concluding remarks**

47. The Chairman thanked CS and other representatives of the Administration for attending the special meeting. She said that follow-up discussions on the subject of 24-hour operation at boundary control points would be held by the relevant Panels.

Council Business Division 2  
Legislative Council Secretariat  
3 January 2002

**LegCo House Committee**  
**14 December 2001**  
**Speaking Note for the Chief Secretary for Administration**  
**on 24-hour operation at Boundary Crossings**

A smooth passenger and cargo flow between Guangdong and Hong Kong is a prerequisite for the promotion of economic activities in the Pearl River Delta.

2. Apart from devising plans on the cross-boundary infrastructure for long-term development, the Government has endeavoured to enhance the handling capacity and efficiency of the Boundary Control Points(BCPs) and improve the related passenger services. We believe that economic interaction between Hong Kong and the Mainland will produce substantial mutual benefits. It has hence become the common goal of Hong Kong and the Mainland to provide effective clearance service to ensure hassle-free passenger and cargo flow within the framework of “One country, two systems”.

3. The extension of the opening hours of BCPs is an important aspect of enhancing cross-boundary clearance. This is also the subject of our discussion today. We have made clear the stance of the SAR government on 24-hour clearance in the paper submitted to the House Committee. I do not intend to repeat myself and I would just like to make a few points briefly.

4. I will start with passenger clearance. First of all, the opening hours of BCPs must be determined bilaterally by the Hong Kong and Mainland authorities, not at the will of either side. In extending the clearance hours, we have to take into account the availability of supporting facilities and resources, and to negotiate with relevant Mainland authorities such as the Guangdong Provincial Government, Shenzhen Municipal Government and various departments, including those responsible for public security, border control, port affairs, animal and plant quarantine and customs etc. The Central Government is also naturally required to set aside the necessary resources for this purpose. Hong Kong and the Mainland have all along adopted a positive and pragmatic approach to improving cross-boundary facilities, extending opening hours of BCPs and upgrading service quality to cope with the growth in cross-boundary passenger and cargo traffic. Both sides have agreed that 24-hour clearance is the ultimate objective which should be achieved progressively in the light

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of actual needs and availability of resources. Madam Chairman, I want to stress that this consensus was reached between both sides during our negotiations with the Mainland authorities. Some people alleged that the SAR Government has delayed the implementation of 24-hour passenger clearance on purpose. This is simply not true. In fact, the shared objective of implementing 24-hour passenger clearance in the long run has helped lay a more solid foundation for our future discussions. To enhance the cooperation between Guangdong and Hong Kong, we will monitor closely the growth in passenger and cargo traffic between the two places and consider taking further steps to achieve 24-hour clearance having regard to the actual needs of the trade and community, the interests of Hong Kong and Mainland residents and the efficient use of resources.

5. My second point is that community views remain divergent on the issue of 24-hour clearance. The Government believes that on the economic front, further extension of passenger clearance up to 24 hours will facilitate the flow of people and the development of the service sector. It will also help strengthen commercial and business ties between the two places. The public however expresses concerns about the negative impacts the 24-hour clearance may have on people's livelihood. For example, people are worried that it would further depress property prices of the northern part of the New Territories and the retail sector, bring about a surge in cross-boundary crimes, lead to the worsening of juvenile problems and increase risks to family unity. Some people are also apprehensive that Hong Kong will lose the qualities endowed by the "One country, two systems" arrangement when the 24-hour clearance is implemented. With this in mind, we will take fully into account the public views before deciding on the pace at which the 24-hour passenger clearance is to be achieved.

6. Thirdly, the issue of resources. We have to consider the financial implications of implementing 24-hour clearance in the light of the current financial situation. To cite an example, at the Lo Wu Control Point, the operation cost for one hour of service under the existing mode of operation amounts to nearly \$30 million per annum, taking into account the manpower (i.e. staff from the Customs and Excise Department, the Immigration Department, and the Police) and supporting resources required. It must be pointed out that it will be very difficult to operate 24-hour passenger clearance at the Lo Wu Control Point because of the need to carry out maintenance works on the East Rail. The Administration therefore considers that the Lok Ma Chau/Huanggang Control Point will be a more feasible option. In the case of Lok Ma Chau, the introduction of 24-hour passenger clearance will incur an additional operating cost of about \$24 million per annum. Financial

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constraint is a problem faced by the SAR Government and Mainland authorities alike.

7. Fourthly, I would like to talk about the quality of service. We have extended the operating hours of the Lo Wu and Lok Ma Chau BCPs, thanks to the concerted efforts of the Mainland authorities and the SAR government. These two control points together handle over 90% of the cross-boundary passengers. They are now open from 0630 hours to 2400 hours daily, and the initial public response has been positive. Apart from extending the operating hours to facilitate passenger clearance, the Government is also committed to upgrading customer service at these BCPs. As the Secretary for Security informed this Council earlier, 98% of the passengers using the BCPs can complete clearance within 30 minutes, among them 88% can do so within 15 minutes, while the actual processing time for Hong Kong Identity Card holders takes an average of just 15 seconds. Yet, far from being complacent about the existing service level, we seek to further reduce the queuing time at the BCPs through employing tidal flow operation, deploying additional staff and introducing Smart Identity Cards in mid-2003.

8. Finally, I will turn to cargo flow. As Members are aware, the Lok Ma Chau control point, our major land BCP, has already been providing 24-hour cargo clearance service.

9. In response to requests from the industry, the Guangdong and SAR governments have recently agreed on the opening up of additional cargo clearance lanes at the Lok Ma Chau control point during the night-time session to facilitate the timely delivery of cargoes and in turn enhance the competitiveness of our freight industry. Our initial observations for the past two weeks at Lok Ma Chau show that there were on average about 400 goods vehicles travelling to and from Hong Kong and Shenzhen between 10 pm and mid-night when additional lanes were open, and about 600 goods vehicles travelling northbound and southbound between 2400 hours and 0700 hours. The result is satisfactory.

10. We will continue to monitor the effectiveness of the extended operating hours while maintaining dialogue with the industry, and will review the current measures when necessary.

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