

# 立法會

## *Legislative Council*

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### **Report of the Panel on Economic Services for submission to the Legislative Council**

#### **Purpose**

This report gives an account of the work of the Panel on Economic Services during the 2001-2002 legislative session. It will be tabled at the meeting of the Legislative Council on 10 July 2002 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

#### **The Panel**

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 18 members, with Hon James TIEN Pei-chun and Dr Hon LUI Ming-wah elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is at **Appendix II**.

#### **Major Work**

4. Recognizing the community's hardship in this time of economic difficulty, the Panel attached great importance to the development of logistics and tourism industries which could foster the development of other sectors, give impetus to our economy and create employment. The Panel had examined various means to enhance the value of logistics and tourism industries, increase their competitiveness and improve the business environment so that they were ready for new challenges. The Panel looked

forward to working with the Administration and the whole community with a view to maintaining our competitive edge and revitalizing our economy.

### Logistics industry

5. With Hong Kong's excellent transportation facilities and the Pearl River Delta's high productivity, the Panel recognized the need and importance of promoting the development of an inter-modal system and other supporting facilities to enhance connectivity and flow of passengers and goods with our hinterland. The globalization of world trade, the advent of the Internet and E-commerce as the prime driver for the new economy, the accession of China into the World Trade Organization, and fast changing practices in the logistics sector also prompted the Panel to examine how Hong Kong should position itself to capture the opportunities arising from these developments and how Hong Kong could develop into a logistics hub to link the Mainland with the world.

6. Apart from examining the institutional arrangements in support of the work of "Logistics Hong Kong", the Panel had also reviewed the development of physical and regulatory infrastructure with a view to strengthening connectivity with our cargo hinterland. The Panel welcomed the proposed construction of Shenzhen Western Corridor to increase the capacity for vehicular cross-boundary trips. Since our costs were higher than those of our neighbours, the Panel had explored various means to lower the transportation cost and to add value to the logistics services in Hong Kong. It also urged the Administration to re-engineer the Customs process to speed up clearance for trucks crossing the control points.

7. The Panel had reviewed the Master Plan 2020 of Hong Kong International Airport (HKIA), which included recommendations on key facilities and services required for meeting the forecast demand over the next twenty years and HKIA's ultimate annual capacity of 87 million passengers and 9 million tonnes of cargo. The Panel welcomed the initiatives to expand the Passenger Terminal Building and to provide additional cargo handling facilities so as to cater for the forecast increase in passenger and cargo traffic.

8. To retain and enhance the competitiveness of HKIA, the Panel also saw the need for the Airport Authority (AA) to explore cooperation with other airports and improve multi-modal connections with the Pearl River Delta to facilitate passenger/cargo transport and logistics operations. The Panel however had expressed concern on a proposal by the AA for the Chief Executive of the Hong Kong Special Administrative Region to make an Order under section 5(3) of the AA Ordinance (Cap. 483) to permit AA to undertake certain airport-related activities. The Panel was concerned over the drafting of the Order which gave AA too much flexibility to undertake its future business activities whether in Hong Kong or elsewhere. The investment risk to be

incurred by AA as a result was another concern of the Panel. Without a proper monitoring mechanism, the Panel was also worried that AA might become an "independent empire" and even compete for profit with the private sector. The Panel therefore considered it necessary for the Administration to review the drafting of the Order and the scope of the permitted activities in which AA might engage in.

9. The Panel had reviewed the port cargo forecasts up to the year 2020, taking into account the past port traffic pattern, macro-economic context, impact of Mainland's accession to the World Trade Organization, development in the Pearl River Delta region, direct trade link between Mainland and Taiwan, determinants of cargo routing and Hong Kong's port competitiveness. As there were inherent uncertainties of the future development like cargo share between Hong Kong and Mainland ports, the Panel saw the need for the Administration to regularly update and review the port cargo forecasts and consider different port throughput scenarios in planning for future cargo handling and other port-related facilities.

10. The Panel was pleased to note that the Flag State Quality Control system of Hong Kong had proved to be user-friendly and cost-effective for ship quality control. It provided a package of flexible inspection and audit arrangements to assist shipowners to effectively monitor their ships, ship staff, ship management companies and Classification Societies. It had been used as a reference for similar models being developed internationally. In order to further promote Hong Kong as an international shipping centre, the Panel advised the Administration to continue to launch promotional campaigns to introduce the Hong Kong shipping register services to local and international shipping companies and attract more overseas shipping and related companies to register their ships and set up offices in Hong Kong.

11. The contention between major stakeholders in the mid-stream industry over the mid stream fee was of great concern to the Panel. The Panel met with the industry players and the Administration with a view to working out a satisfactory solution. The Panel urged the Administration to liaise with the parties concerned with a view to enhancing the transparency of the pricing mechanism on one hand whilst upgrading the quality of mid-stream service on the other.

### Tourism

12. Tourism was another Hong Kong's key economic driver. The Panel therefore attached great importance to the development of new tourists attractions and enhancement of existing tourist facilities with a view to maintaining and further enhancing Hong Kong's position as Asia's world-class tourist destination. To ensure the timely delivery of tourism infrastructure, facilities and products, the Panel asked the Administration to review the

planning process with a view to speeding up the delivery of new projects and other improvement programmes on existing tourism nodes. Adequate supporting facilities such as parking spaces should be provided.

13. As year 2002 was the United Nations International Year of Eco-tourism, the Panel also urged the Administration to allocate additional resources to expedite the development of eco-tourism, thereby creating more job opportunities and fostering the development of the local community economy, and to enhance publicity and education of the public and raise Hong Kong people's awareness of the local ecological environment and the need for ecological protection. When consulted on the proposed Hong Kong Wetland Park at Tin Shui Wai - phase 2 works, the Panel called on the Administration to strike a balance between the need to preserve the environment and the ecology, and to promote the initiatives of providing an education and recreation facilities for use by local residents and overseas visitors.

14. The Panel continued to monitor the progress of the Hong Kong Disneyland (HKD) project. Whilst phase 1 of the HKD project was progressing on schedule, the existence of hazardous substances, inter alia, dioxins in the soil at the Cheoy Lee Shipyard (CLS) site and the substantial increase in the decommissioning cost of CLS from \$22 million to \$450 million to return the site to a condition suitable for development were of great concern to the Panel. Some members criticized that the HKD project had been allowed to proceed in the absence of the environmental impact assessment for the decommissioning of CLS, resulting in the community having to bear the financial consequence of not realizing the extent of contamination before the decommissioning arrangement with CLS was finalized. Given that the extent of contamination at the CLS site was much higher than expected, doubt had been cast on whether CLS had been operating under approved conditions. Concern had also been raised on whether CLS should be held responsible for the decontamination cost under the polluter-pays principle. The Panel would follow up on the possible legal avenues which might be pursued in relation to the contamination of the site in due course.

15. The Panel was very concerned about the two serious coach accidents happened in the Mainland during the Chinese New Year holidays involving fatalities and serious injuries of Hong Kong residents. It had reviewed with the travel and tourism industry and the Administration on measures to strengthen protection for visitors on coach tours and the need to expand the functions and the coverage of the Travel Industry Compensation Fund in light of the latest development.

### Energy market

16. The Panel welcomed the one-off rebate of \$220 and the reduction of fuel clause charges of 0.3 cents per unit offered by CLP Power Hong Kong Limited. It however expressed disappointment at Hongkong Electric Co. Ltd's decision to raise its tariff at a time when the community was still facing economic hardship. The Panel had called on the Administration to encourage the company to explore ways to lower the tariff increase as much as possible, and to review the need to construct the proposed Lamma Power Plant Extension, which would have a bearing on future tariff charges of the company. Acknowledging that increasing interconnection and enhancing competition in the electricity supply market would be beneficial to Hong Kong electricity users in the long term, the Panel also kept a close watch on the progress of the review of the electricity market in Hong Kong and called on the Administration to put in place measure to promote competition in the market.

17. The Panel continued to monitor the retail prices of oil products. To ensure consumer protection, the Panel urged the Administration to introduce a mechanism to monitor oil prices effectively in the long run and take positive action to facilitate the development of, and encourage competition in, the fuel market.

### Consumer protection

18. The Panel recognized the need and importance of safeguarding the legitimate interests of consumers while preserving the freedom of business transactions. During the session, the Panel had reviewed the registration framework for beauty products which were defined as pharmaceutical products, and the need for additional regulatory measures for beauty products and services including the need for a labelling system, taking into account the effectiveness of the proposed system, the arrangement for beauty products and services in overseas countries, the cost implications on the industry and other safety considerations.

19. The Panel had also reviewed the work of the Competition Policy Advisory Group (COMPAG) including new initiatives proposed by bureaux and departments to promote competition and the outcome of the competition-related complaints reported to COMPAG.

20. During the session, the Panel was consulted on a number of financial and legislative proposals prior to their introduction into the Council. These included the proposed reconstruction of public piers at Kat O Chau, Peng Chau, Cheung Chau and Wu Kai Sha, the proposal to ban Chapter 2 wide-bodied subsonic jet aircraft from landing or taking-off in Hong Kong, the approval scheme of domestic gas appliances, and a number of port and maritime-related subsidiary legislation to enhance marine safety and efficient port operation.

On the proposed reorganization of Port and Maritime Board Division in the Economic Service Bureau, the Panel urged the Administration to critically review the duties and responsibilities of the civil service with a view to absorbing the workload through internal re-deployment.

21. During the period from October 2001 to June 2002, the Panel held a total of 12 meetings. The Panel also paid two visits to observe the operation of the Hong Kong Observatory and the Hong Kong Wetland Park at Tin Shui Wai.

Legislative Council Secretariat

24 June 2002

**Legislative Council**

**Panel on Economic Services**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council**  
**Panel on Economic Services**

**Membership list**

<b>Chairman</b>	Hon James TIEN Pei-chun, GBS, JP
<b>Deputy Chairman</b>	Dr Hon LUI Ming-wah, JP
<b>Members</b>	Hon Kenneth TING Woo-shou, JP Hon Eric LI Ka-cheung, JP Dr Hon David LI Kwok-po, GBS, JP Hon Fred LI Wah-ming, JP Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP Hon CHEUNG Man-kwong Hon HUI Cheung-ching, JP Hon CHAN Kam-lam, JP Hon SIN Chung-kai Dr Hon Philip WONG Yu-hong Hon Jasper TSANG Yok-sing, GBS, JP Hon Howard YOUNG, JP Hon LAU Chin-shek, JP Hon Miriam LAU Kin-ye, JP Hon CHOY So-yuk Hon Henry WU King-cheong, BBS, JP
	(Total: 18 Members)
<b>Clerk</b>	Mr Andy LAU
<b>Legal Adviser</b>	Miss Anita HO
<b>Date</b>	1 July 2002