

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 2002-2003 legislative session. It will be tabled at the meeting of the Legislative Council on 9 July 2003 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 20 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

Tourism

4. The Panel attached great importance to the development of tourism as it had been one of the fastest-growing sectors of the economy. The Panel noted with concern that the outbreak of the Severe Acute Respiratory Syndrome (SARS) had dealt a serious blow to the community at large, and in particular to the tourism sector. Visitors arrivals to Hong Kong in April 2003 had dropped

to 493 666, a 64.8% fall compared with the 1.40 million arrivals welcomed in April 2002. The Panel had requested the Administration to work together with the travel and tourism trades, both locally and internationally, with a view to restoring travellers' confidence in Hong Kong

5. During the session, the Panel closely monitored the Administration's plan to develop and improve tourism infrastructure, facilities and products. The Panel was of the view that the Hong Kong product needed to be under constant review to capitalize on the latest trends so as to appeal to a wider audience. Apart from urging the Administration to promote eco-tourism, green tourism, and heritage and culture tours, the Panel reviewed with the Administration on various projects that were being planned/developed. The Panel also asked the Administration to provide further facilities for the development of resort hotels with golf courses and spa facilities, and explore for suitable sites to build a cluster of factory outlets to attract tourists

Hong Kong Disneyland

6. The Panel continued to monitor the development of the Hong Kong Disneyland (HKD) project. The Panel noted that Phase 1 of the HKD project had been progressing well and was on schedule. The theme park site was handed over to Hong Kong International Theme Parks Limited (HKITP) for the construction of HKD. The target opening date remained at 2005. Other supporting infrastructural works for HKD including the Penny's Bay Rail Link were also on schedule. To facilitate the Panel to monitor Government expenditure and the performance of Government investment in HKD, the Panel had requested the Administration to provide additional financial information on HKD-related projects, and the financial performance and results of HKITP in future submissions.

Tung Chung Cable Car

7. Subsequent to the Government's decision to award the development right for the Tung Chung Cable Car System to the MTR Corporation Limited, the Panel held a meeting with the Administration to discuss the draft legal framework for the grant of a 30-year franchise to the Corporation for the design, construction, operation and maintenance of the Cable Car System. As the cable car ride and the Big Buddha near the summit of Ngong Ping on Lantau would provide an appealing interlude for passengers, the Panel urged the Administration to speed up the delivery of the project. The Panel also took the opportunity to review the proposed fare structure, financial viability and safety of the Cable Car System.

Heritage tourism attraction

8. In recent years, Hong Kong's heritage had become a more interesting element not only as a tourist product, but in its own right as a feature of either historical or archeological significance. Given budgetary and other constraints on Government, the Panel agreed that there was a strong case for a new approach to preserve and make full use of these facilities. One of the most suitable approaches was to engage private sector resources in projects with commercial potential. This would help inject new ideas and a new dynamism into the process to convert our heritage assets to beneficial use. Along this approach, the Panel noted that the Administration had invited private sector proposals for preserving and developing the former Marine Police Headquarters at Tsim Sha Tsui into a tourism themed commercial development. The target completion date was 2007.

9. The Panel held a joint meeting with the Security Panel to discuss the redevelopment of the Central Police Station, Victoria Prison and the former Central Magistracy into a heritage tourism attraction. The Panel noted that the Site was a fine example of Victorian and Edwardian colonial architecture preserved in its original form and integrity. Given proper conservation and creative use, the Panel believed that the Site had great potential to be developed into a heritage tourism attraction that would enable local residents and overseas visitors to appreciate the unique cultural heritage of Hong Kong. In discussing the project, the Panel urged the Administration to allow greater flexibility to the private sector to formulate development plans within the constraint of the preservation requirements. This could maximize the commercial development potential of the site and generate more revenue for the Government. As the project was tentatively scheduled for completion in 2009, the Panel also called on the Administration to fast-track the implementation of the project.

Avenue of Stars

10. The Panel supported the development concept of movie-related attractions in Hong Kong. The Panel believed that facilities of this kind would have a strong appeal to visitors and would help consolidate Hong Kong's leading image as a film centre in Asia. In reviewing the "Avenue of Stars" project, which would form the first phase of the Tsim Sha Tsui Promenade Beautification Project championed by the Tourism Commission to re-energize the waterfront, the Panel made various suggestions to improve its design features and facilities therein.

Plans for other new attractions

11. The Panel also reviewed the plans for other new attractions, including the wetland park, the Art and Culture Belt in West Kowloon, the new cruise terminal at the tip of the former Kai Tak runway, the long term strategic plan for the re-development of Ocean Park, and other enhancement programme to spruce up existing popular tourist spots. The Panel noted that the enhancement projects in the Central and Western District, Lei Yue Mun waterfront and Sai Kung waterfront were in progress. These enhancement projects would gradually be completed. Plans for enhancement programmes at Tsim Sha Tsui Promenade, Stanley waterfront and the Peak were also underway.

Service quality

12. The Panel accorded a high priority to monitor on various initiatives to improving Hong Kong's tourist friendliness and ensuring the standard and quality of service of the tourism industry. The Panel supported the proposed implementation of a licensing scheme for inbound tour agents to ensure that they did not take advantage of visitors, either in group tours or travelling individually. The Panel had requested the Administration to step up publicity with a view to encouraging the industry players to acquire the necessary training and certification, and to review and refine the training programme in the light of operational experience.

13. The Panel also urged the Administration to actively promote the Quality Tourism Services Scheme to cover more sectors and promote awareness of it among visitors and local residents. The Panel also reviewed the effectiveness of current measures to counteract black shops to safeguard tourists' interest.

14. The Panel saw the need to strengthen cooperation with the Mainland tourism authorities to promote Hong Kong-Shenzhen tourism packages. Apart from requesting the Administration to explore means to shorten clearance times for tourists during boundary crossings, the Panel also called on the Administration to ensure that there would be adequate supply of hotel rooms and skilled manpower to cope with the increasing visitors from the Mainland and elsewhere in the world.

Airport and aviation services

15. On the aviation side, the Panel was pleased to note that the Government and the United States Government had reached consensus on 19 October 2002 to further liberalize air services between Hong Kong and the United States. The new agreement enabled airlines of both sides to mount more services, leading to further expansion of Hong Kong's air services network and making Hong Kong's air services more competitive. To promote Hong Kong as an

international and regional aviation centre, the Panel urged the Administration to negotiate more Air Services Agreements with new aviation partners and expand the agreements with the existing partners to enable more airlines to introduce and expand services to Hong Kong.

16. The Panel continued to monitor the development of aviation infrastructure. It called on the Administration to ensure that the Hong Kong International Airport (HKIA) had adequate passenger and cargo handling facilities to meet forecast growth in traffic demand. In reviewing the findings and recommendations of the Consultancy Study on Helicopter Traffic Demand and Heliport Development in Hong Kong, the Panel called on the Administration to speed up the related planning process and put in place adequate infrastructure to cater for the forecast growth in both cross-boundary and domestic helicopter services.

17. To strengthen HKIA's connectivity and its competitiveness, the Panel supported the initiative to extend the airport's passenger and cargo catchment area through cooperating with other airports in the Pearl River Delta and developing multi-modal transportation links. The Panel endorsed the Administration's proposal to introduce a relevant subsidiary legislation to enable the Airport Authority to engage in a number of airport-related activities such as forming alliances and other forms of cooperation with airports in the Mainland, and developing cross boundary ferry services between HKIA and the Mainland ports.

Port, maritime and logistics services

18. In examining the Government policy to strengthen the position of Hong Kong as the leading hub port in Southern China, the Panel was concerned that Hong Kong might lag behind in developing logistics infrastructure, bearing in mind the high terminal handling charges in Hong Kong and the rapid development of port facilities in Shenzhen. Apart from urging the Administration to mediate with the parties concerned with a view to achieving a charge reduction, the Panel also called on the Administration to speed up the related infrastructural works. The Panel noted that the Administration had commissioned a study on Hong Kong Port - Master Plan 2020 to formulate a competitive and sustainable strategy and master plan for Hong Kong's port development, including the location for major container terminal ports and related infrastructure up to the year 2020. The study would also assess the development of the Shenzhen and Hong Kong ports and their interaction. The Panel noted that additional facilities provided by Container Terminal 9 would enable Hong Kong to cope with the cargo growth over the next few years.

19. Notwithstanding the above, the Panel called on the Administration to speed up the development of a logistics park on North Lantau which would provide a designated facility for handling high value, time critical air cargoes and help promote sea-air inter-modal transportation services. The Panel also saw the merits of developing a Digital Trade and Transportation Network system which would provide an open electronic platform for relevant sectors, financial institutions and government departments to exchange data at higher speed and lower cost.

20. To strengthen Hong Kong's role as an international maritime centre, the Panel had examined various measures to attract more vessels to call on Hong Kong's port, to encourage more ship managers and agents to operate in Hong Kong, and to provide an effective institutional structure for the development and promotion of Hong Kong as a maritime centre. The Panel also requested the Administration to inject extra capital to provide appropriate maritime training programme to ensure the supply of qualified personnel with experience in seafaring to support the operation of the industry.

Energy supply

Electricity

21. Whilst welcoming CLP Power to offer \$910 million as a total rebate package to both residential and non-residential customers in 2003, the Panel had expressed concern that the two power companies only agreed to freeze their tariffs rather than offering tariff reductions at a time of deflation when the two power companies were still making a profit. The Panel called on the Administration to urge the two companies to take into account the prevailing economic condition in finalizing their tariff revision plans.

22. In discussing the interim review of the Scheme of Control Agreements (SCA) by the Government with the two power companies in 2003, the Panel urged the Administration to take the opportunity to review with the two power companies the public concern about the pitching of the permitted return at 13.5%, particularly at a time of deflation. Recognising that the existing SCA might not be sufficiently flexible to respond to changes in the social and economic environment, the Panel also urged the Administration to examine options for restructuring the electricity market in Hong Kong with a view to maintaining a continued reliable and safe energy supply at reasonable prices to support Hong Kong's economic development.

Renewable energy

23. The Panel held a joint meeting with the Environmental Affairs Panel to follow up on the policy issues relating to the development and wide-scale application of renewable energy (RE) in Hong Kong. The Panel considered that in order to promote wide-scale application of RE in Hong Kong, the Government should take the initiative to discuss with the two power companies in the context of the 2003 SCA Interim Review with a view to allowing and facilitating RE producing organizations/companies access to the electricity grid in the near future. Members also asked the Administration to review the targets of RE contribution to electricity demand and formulate a RE policy with definitive targets and timeframe for implementation.

Gas supply

24. Whilst the Panel welcomed the improvements to the Information and Consultation Agreement between the Government and The Hong Kong and China Gas Company Limited to enhance public safety and transparency in tariff setting, the Panel was still concerned about the high tariff of gas supply. The Panel urged the Administration to consider opening up the domestic gas market and explore the development and introduction of natural gas in Hong Kong.

Retail prices of major fuels

25. The Panel also held a meeting with the Administration and three oil companies in Hong Kong to examine the retail price movements of major fuels. The Panel requested the oil companies to enhance transparency in their pricing policy by releasing more information on import prices and inventory levels to the public.

26. Due to the outbreak of a US war against Iraq in March 2003, the Panel had reviewed the impact of an oil price hike on business operating cost and the general public. The Panel also examined the fuel surcharge levied by airlines on passenger and cargo services. As the levying of a fuel surcharge on cargo services was not conducive to the development of logistics in Hong Kong, the Panel asked the Administration to review the charging mechanism.

Competition policy

Fuel market

27. The Panel welcomed the Administration's initiative to adopt a new tendering arrangement for petrol filling station (PFS) sites to facilitate the entry of potential new-comers. Under the new arrangement, PFS sites would be tendered in batches. Tenderers could submit a single "super bid" for all the sites in the batch. Tenderers could also submit separate bids for any number

of the sites offered, and stated in the bid the actual number of sites they wished to acquire. Apart from having their own fuel storage facilities, or renting such facilities from existing oil companies, new entrants to the market could have their fuel storage facilities located off-shore, such as in the Mainland. The Panel called on the Administration to monitor the implementation of the new tendering arrangement to ensure a level playing field for all market participants and monitor its impact on pump prices.

Franchised bus service on Hong Kong Island

28. Upon the announcement of the change of shareholder of the holding company of Citybus Ltd. in June 2003, the Panel held a joint meeting with the Panel on Transport to discuss the implications of a possible joint venture between Citybus and New World First Bus Services Ltd. Members reminded the Competition Policy Advisory Group to monitor any development which might give rise to competition-related issues.

Legislative proposals

29. In July 1999, the Legislative Council enacted the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) (the Ordinance), which consolidated the provisions previously set out in different Ordinances into one piece of legislation dedicated for local vessels. The implementation of the Ordinance entailed the introduction of ten pieces of subsidiary legislation. The Administration completed the processing of three of them in previous legislative session. Upon consultation with the Panel, the Administration was now working on another four regulations. During the session, the Panel was consulted on the remaining three regulations, namely the Merchant Shipping (Local Vessels) (Compulsory Third Party Risks Insurance) Regulation, the Merchant Shipping (Local Vessels) (Fees) Regulation and the Merchant Shipping (Local Vessels) (Works) Regulation.

30. The Panel was particularly concerned about the Merchant Shipping (Local Vessels) (Compulsory Third Party Risks Insurance) Regulation and its impact on the industries. The Panel asked the Administration to review the levels of minimum liability and their application to different types of vessels. Taking into account the views of the Panel, the business operating environment, accident rates and amount of claims in the past, the Administration agreed to revise downward the proposed compulsory third party risks insurance requirement for different types of vessels. The Administration would introduce the revised proposal to the Council for consideration.

31. The Panel welcomed the Administration's proposal to update the respective safety standards in the Toys and Children's Products Safety Ordinance (TCPSO) (Cap. 424) to ensure that the relevant requirements met with the latest technological developments, manufacturing technologies,

customer demands, or the latest information pertaining to safety (such as accident data and scientific reports etc). The Panel took the opportunity to remind the Administration to streamline the enforcement actions and enhance publicity with a view to minimizing the impact caused to the industry players.

32. During the period from October 2002 to June 2003, the Panel held a total of 14 meetings, including two joint meetings with other Panels.

Legislative Council Secretariat
28 June 2003

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

Chairman	Hon James TIEN Pei-chun, GBS, JP
Deputy Chairman	Dr Hon LUI Ming-wah, JP
Members	Hon Kenneth TING Woo-shou, JP Dr Hon Eric LI Ka-cheung, GBS, JP Dr Hon David LI Kwok-po, GBS, JP Hon Fred LI Wah-ming, JP Hon Mrs Selina CHOW LIANG Shuk-yeet, 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, GBS Hon Jasper TSANG Yok-sing, GBS, JP Hon Howard YOUNG, SBS, JP Hon LAU Chin-shek, JP Hon Miriam LAU Kin-yeet, JP Hon CHOY So-yuk Hon Abraham SHEK Lai-him, JP Hon Henry WU King-cheong, BBS, JP Hon LEUNG Fu-wah, MH, JP

(Total: 20 members)

Clerk Mr Andy LAU

Legal Adviser Miss Anita HO

Date 2 July 2003