

立法會
Legislative Council

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by the Administration)

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Panel on Economic Services

**Minutes of special meeting held on
Thursday, 20 January 2005, at 4:40 pm
in the Chamber of the Legislative Council Building**

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Fred LI Wah-ming, JP
Hon CHAN Kam-lam, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KWONG Chi-kin
Hon TAM Heung-man
- Member attending** : Hon WONG Kwok-hing, MH
- Members absent** : Dr Hon David LI Kwok-po, GBS, JP
Dr Hon LUI Ming-wah, JP
Hon SIN Chung-kai, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
- Public Officers attending** : Mr Stephen IP
Secretary for Economic Development and Labour
- Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Ms Eva CHENG
Commissioner for Tourism

Ms Miranda CHIU
Deputy Secretary for Economic Development and Labour
(Economic Development) 1

Mr Raymond FAN
Deputy Secretary for Economic Development and Labour
(Economic Development) 3

Mr Robin GILL
Project Co-ordinator
Economic Development and Labour Bureau

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

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Anita SIT
Senior Council Secretary (1)9

Miss Winnie CHENG
Legislative Assistant (1)5

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- I Briefing by Secretary for Economic Development and Labour on relevant policy initiatives in the Chief Executive's Policy Address 2005**
(LC Paper No. CB(1)704/04-05(01) - Information paper provided by the Administration)

Members noted that a letter from Mr SIN Chung-kai raising two questions in relation to the agenda item and the Administration's replies to the questions were tabled at the meeting.

(Post-meeting note: The letter from Mr SIN Chung-kai and the Administration's replies were issued to members vide LC Paper No. CB(1)762/04-05 on 21 January 2005.)

Tourism infrastructure projects

2. The Chairman enquired about the Administration's position on the proposal of

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the Liberal Party to include the development of a recreation-cum-casino complex in the Government's development plan for North and North East Lantau. SEDL replied that as had been stated recently by the Financial Secretary on a public occasion, the proposal was not on the Administration's agenda.

3. Noting that the Administration had set up a Disneyland Readiness Committee (DRC) in May 2004 to coordinate the work of departments and organizations concerned in preparation for the opening of the Hong Kong Disneyland (HKD) in September 2005, Mr LAM Kin-fung enquired about the progress of the preparatory work for the opening of the theme park. He was particularly concerned about the security arrangements and the management of visitor flows. The Commissioner for Tourism (CT), who was the chairman of the DRC, replied that to ensure operational readiness of the theme park for its timely opening, DRC had been monitoring the work on various fronts including transport, promotion, emergency response, opening arrangements and events etc. On security arrangements, CT advised that the Hongkong International Theme Parks Limited (HKITP) had engaged security experts to plan for the security arrangements within the park, and relevant Government departments had been liaising with the HKITP on the security arrangements for areas in the park's vicinity. As the opening would be a mega event, there would be a comprehensive testing period, lasting for about one month, for the drilling and testing of the theme park and all supporting facilities before the opening. As regards the management of visitor flows on the day of opening, CT advised that HKITP was looking into the ticketing arrangements. DRC would examine the ticketing and other concerned arrangements to ensure orderly entry of visitors into the park.

4. Ms Miriam LAU said that she was very impressed by the tourism development in Macau as observed during her recent visit to Macau. She enquired about Hong Kong's tourism infrastructure projects in the pipeline apart from the HKD. SEDL and CT advised that apart from HKD, a number of tourism infrastructure projects were underway including phase 2 of the Harbour Lighting Plan, Hong Kong Wetland Park, Tung Chung Cable Car System and Heart Sutra Inscription. All these projects were scheduled for completion in 2005 or 2006. CT remarked that "family tourism" would be a major theme of the future development of tourism in Hong Kong, and the abovementioned projects having rich educational contents were conducive to this development.

5. Ms Miriam LAU recalled that a fisherman's wharf development was proposed in the context of the development plan for Aberdeen Harbour published by the Planning Department a few years ago. She understood that residents of the Southern District would like to see the early implementation of the development plan and thus asked whether the Administration had any specific plan in this regard. SEDL said that the development of major recreational and tourism facilities in Southern Hong Kong Island needed to be considered in conjunction with the future development of Ocean Park to ensure that the developments and the relevant infrastructure facilities were well coordinated. He said that a proposal for the future development of the Ocean Park would be available very soon and the Panel would be consulted on the matter.

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6. Members noted that according to the consultancy study commissioned by the Administration to look into the latest market demand of the cruise industry, Hong Kong was likely to require an additional berth between 2009 and 2015 to meet the medium term needs of the industry and one to two more berths beyond 2015 to meet the long term market demand. Mr Howard YOUNG enquired whether in forecasting the demand for berthing facilities, the consultancy study had taken into account the operational characteristics of the cruise industry and conducted operational simulations in the course of the study. He highlighted that the demand for berthing facilities could vary significantly on different days of a week, and the weekend and public holidays were the days with the peak demand for berthing facilities.

7. CT advised that in working out the forecast demand for berthing facilities of the cruise industry, the consultant had taken into account various relevant factors, including the throughput of cruise passengers in Hong Kong in the past years, the development potential of the cruise market in the Asian Pacific region as well as the operational characteristics of the cruise industry. The consultant had also interviewed international cruise operators to understand their business plans. She however undertook to review the forecast demand for berthing facilities giving particular attention to the factor highlighted by Mr YOUNG.

8. In reply to the Chairman's enquiry, CT advised that the additional berths envisaged in the consultancy study would have the capacity for the berthing of one big cruise ship of the latest generation of some 100 000 gross register tonnes.

Privatization of the Airport Authority

9. In reply to Mr CHAN Kam-lam's enquiry about the latest position of the proposed privatization of the Airport Authority, the Permanent Secretary for Economic Development and Labour (Economic Development) (PS/EDL) advised that the Administration had conducted consultations with various concerned parties including airlines, service operators in the Hong Kong International Airport (HKIA) and representatives from relevant labour unions. There was no strong objection to the privatization plan from any concerned party. However, concerns had been raised on the future charges by the Airport Authority upon privatization and the availability of an appeal mechanism to deal with disputes on charges. Some concerns had also been raised by labour unions, and the Administration had provided information in response. She said that further to the paper provided for discussion by this Panel at its meeting on 22 November 2004, the Administration would provide a further paper setting out its response to the questions raised by members at the meeting. The Administration would further discuss the subject with the Panel and concerned parties at the Panel meeting on 31 January 2005.

Intermodal links between HKIA and Pearl River Delta (PRD)

10. Members noted that the Administration would assist the Airport Authority to further strengthen intermodal links between HKIA and PRD such as the introduction

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of advance passenger check-in services at PRD ports, as well as other transit facilitation initiatives. Mr CHAN Kam-lam relayed the view of some officials of the PRD region that the existing transit passenger ferry service between HKIA and PRD was generally satisfactory but there could still be improvements to enhance the attractiveness of the service. He enquired if the Administration had any specific plan in this regard.

11. PS/EDL advised that in addition to the four ports in the PRD (Shenzhen Shekou, Shenzhen Fuyong, Macau and Humen in Dongguan), the ferry transfer service provided at the Skypier had been extended to Zhongshan and Guangzhou Lian Hua Shan ports in mid December 2004. With the objective to provide seamless intermodal transfer services, the Administration had been liaising with the PRD port authorities to simplify the baggage check-in procedures, such that transit passengers were only required to check in baggage at the ferry terminals of the PRD ports and no subsequent baggage reclaim and check-in procedures would be required at the Skypier and HKIA. The Administration had also agreed with airlines on a simplified procedure for refunding the Air Passenger Departure tax to transit passengers. Moreover, the Administration was liaising with the ferry service operator to explore the possibility of extending the ferry transfer service to more ports in PRD. Ongoing efforts would also be made to improve the ferry terminal facilities.

12. PS/EDL further advised that for transit passengers from PRD using land transport, the Administration together with the Airport Authority and the relevant Mainland authorities were exploring ways to improve the handling of baggage. The matter involved a number of authorities and some legal issues but the Administration would continue to actively pursue the matter.

13. Mr CHAN Kam-lam said that some Mainland people had found that the schedules of the transit passenger ferry service were not well coordinated with their flight schedules. He suggested that the Administration liaise with the ferry service operator to see if improvements could be made.

The energy supply sectors

14. Referring to paragraph 62 of the Chief Executive's Policy Address 2005 on "fair competition", Mr Fred LI enquired about the concrete measures the Administration would take in respect of the fuel market. SEDL advised that the Competition Policy Advisory Group (COMPAG) would commission a consultancy to examine the competition aspects of the auto-fuel market in Hong Kong and draw on the experiences of other places in tackling anti-competitive practices of oil companies. The consultant would also be asked to recommend measures which could include legislation if warranted to deal with any anti-competitive practices of the oil companies. The consultancy would be awarded through a competitive tendering exercise, and in this regard, the Administration had invited some 100 local and overseas organizations for expression of interest to undertake the study.

15. Mr Fred LI expressed his concern that it would take a very long time to

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complete the consultancy study and before that no concrete measure would be taken in regard to the competition aspects of the fuel market. SEDL noted his concern but remarked that it was necessary to undertake a detailed study to establish the need or otherwise for legislative measures to deal with any anti-competitive practices that might exist.

16. In reply to Mr Fred LI's enquiry about the first-stage public consultation on the post-2008 electricity market, SEDL said that the consultation paper would be ready for issue by the end of January 2005 after consultation with the Energy Advisory Committee. The Administration would brief members after the consultation paper was released.

(Post-meeting note: At the Panel meeting on 24 January 2005, it was agreed that the Panel would discuss the consultation paper at the meeting on 28 February 2005.)

17. Mr Fred LI pointed out that energy supplies in Hong Kong broadly covered three sectors, namely, electricity, fuel gas (towngas and liquefied petroleum gas) and oil products for automobiles. At present, the Administration did not seem to have an integrated policy in respect of the three sectors. Whilst the Administration was undertaking separate reviews on the electricity sector and oil products, it seemed that there was not much work on the fuel gas sector notwithstanding the dominant position of Hong Kong and China Gas Company Limited (HKCG) in the market. He thus asked whether the Administration would conduct an overall review of the energy supply sectors with a view to coming up an integrated policy or coordinated strategies for the future development of the energy supply markets in Hong Kong to enhance consumer benefits.

18. SEDL said that the objectives of Government's energy policy were:

- (a) to ensure that the community receive energy supply which was reliable, safe, efficient and at reasonable prices; and
- (b) to minimize the environmental impact of energy production and use and promote the efficient use and conservation of energy.

As a general principle, the Government would not regulate prices of the business sector. There was an agreement, the Information and Consultation Agreement (ICA), between the Government and the HKCG, the objective of which was to increase transparency in HKCG's tariff setting mechanism. Under the ICA, there were agreed procedures for consultation with the Government in the event of tariff adjustments and disclosure of certain corporate information to the public. Also, according to the ICA, the fluctuation of HKCG's fuel cost should be fully reflected in HKCG's tariff through the fuel cost surcharge/rebate. He noted Mr LI's view that there should be coordinated strategies for Government's regulation of the different energy supply sectors, and said that this would be considered in the future reviews to be undertaken by the Administration.

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Improving the business environment

19. Mr Ronny TONG referred to paragraph 61 of the Chief Executive's Policy Address 2005 on "business environment" and enquired what concrete measures were being and would be undertaken by the Administration to improve the business environment. SEDL advised that Government's work to improve the business environment straddled across a number of Government bureaux and departments. The Economic and Employment Council chaired by the Financial Secretary provided a forum for representatives from the political sphere, trade and labour organizations and academia to discuss important economic and employment issues, share collective wisdom and through co-ordination and prioritization build consensus in different policy areas. There were subgroups set up under the council to examine specific areas. Most Government Bureaux, if not all, played a part in the work to continuously improve the business environment, and the Economic Development and Labour Bureau (EDLB) would continue to formulate and implement measures under its policy portfolio in this direction.

20. To illustrate EDLB's work to improve the business environment, the Deputy Secretary for Economic Development and Labour (Economic Development) 3 briefed members on the measures taken in respect of the logistics industry. He said that the Administration adopted a comprehensive strategy to promote logistics development in Hong Kong and EDLB's current work focused on facilitating cross-boundary freight traffic, developing an integrated IT platform which would enable data interface between players in the supply chain, enable small and medium sized enterprises (SMEs) to actively participate in logistics development, assist the industry in manpower training and promote Hong Kong's logistics strengths in the Mainland as well as overseas. Currently, a major task was to lower the road haulage costs for cross-boundary freight traffic. The Bureau had discussed with the Guangdong authorities proposals to relax relevant regulatory measures, and was making progress in this regard.

21. Mr Ronny TONG expressed concern that while the Economic and Employment Council played a very important role within the Government in formulating strategies to improve the business environment and tackle the unemployment problem, it was necessary for Members to understand the full measures being undertaken by various bureaux to improve the business environment.

22. The Chairman shared Mr TONG's concern. Being a member of the Economic and Employment Council, he would raise the matter for discussion at the council.

Logistics development

23. Mr CHIM Pui-chung expressed concern about the competitiveness of Hong Kong's port (HKP). He understood that at present, the total cost for handling a container in Hong Kong was higher than that in the Mainland ports by some US\$300.

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He enquired what measures the Administration would take to boost the competitiveness of HKP.

24. SEDL said that the Administration was fully aware of the competition HKP was facing, and had been making the best endeavour to improve the competitiveness of HKP through cost reduction. PS/EDL pointed out that cross-boundary trucking costs between PRD and Hong Kong were much higher than that to other ports in South China, and this was the major cause of cargo diversion away from Hong Kong. The Administration was examining means to reduce cross-boundary trucking costs in consultation with the local trucking sector. A number of Mainland regulatory measures had been identified as key contributing factors. These included the “4-up-4-down rule”¹, “1-truck-1-driver rule”, licensing arrangement, and inland customs services (collectively referred to as the “trucking cost issues”). The Administration had discussed these issues and explored room for relaxation with the Guangdong authorities. As a result, the “4-up-4-down rule” had been relaxed such that tractors, trailers and containers no longer had to be “tied together” for cross-boundary trips. The “1-truck-1-driver rule” might also be relaxed, and each container truck could designate a “reserve” driver. In the longer term, it was hoped that all the said restrictions on the cross-boundary trucking industry could be further relaxed, thereby creating room for reducing cross-boundary trucking costs. She remarked that under the principle of “one country, two systems”, Hong Kong could not dictate the regulatory measures implemented in the Mainland, but the Administration would continue to liaise with the Mainland authorities with a view to seeking relaxation of the measures.

25. PS/EDL further advised that in parallel, to enhance the overall competitiveness of the local logistics industry, in particular the SMEs in the industry, the Administration was taking forward the development of the Digital Trade and Transportation Network (DTTN) System which was aimed at achieving the following –

- (a) to offer a neutral e-platform to facilitate information flow, data transformation and service integration both in the region (including the PRD region) and globally;
- (b) to provide a stable and reliable environment and a technology platform for the exploration, development and delivery of innovative value-added services; and
- (c) to act as a catalyst to promote electronic business adoption, especially by SMEs.

The specific requirements to be met in the development and operation of the DTTN

¹ The “4-up-4-down rule” has been in force for some years now, but it originated from a need to control the container itself, which is a commodity. “4-up-4-down” means the driver, the truck, the trailer and the container itself, all four go up, and the same four come down.

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services would be reflected in an Operating Agreement, which would be finalized soon.. PS/EDL said that as many Mainland ports had switched to electronic customs clearance procedures, the DTTN system could assist SMEs to catch up with this development and hence reduce their operating costs through savings in the resources used for despatching and collecting customs documents manually at present.

26. SEDL supplemented that the improvement in cross-boundary transport infrastructure, such as the recent commissioning of the new vehicular bridge between Lok Ma Chau and Huanggang and the impending commissioning of the Hong Kong-Shenzhen Western Corridor, would help improve the efficiency of the logistics industry and reduce costs. The Administration would also continue the discussion with concerned parties on the need to increase the transparency of the mechanism for determining terminal handling charges.

27. Ms Miriam LAU said that due to high road haulage costs, the growth of cross-boundary land freight traffic had been slow in recent years. In contrast, the river trade had experienced rapid growth especially in the same period. However, she understood that the Administration planned to prohibit tackling operations of the river trade vessels later this year. She enquired whether the Administration had assessed the impact of the measure on the river trade and whether the Administration had agreed with the trade on the new arrangements for the handling of cargos by river trade vessels.

28. PS/EDL said that tackling operations, which involved the transfer of cargoes between vessels, gave rise to concerns of industrial safety. The Marine Department would continue to discuss with the river trade with a view to sorting out alternative arrangements acceptable to the parties concerned. She stressed that the Administration was very willing to consider suggestions from the trade and the concerned labour unions of alternative modes of operation to replace tackling. At the present stage, the Administration had not made any scientific assessment on the impact of the measure on the trade in terms of cargo throughput.

29. Ms Miriam LAU highlighted that if the operating costs of the river trade increased significantly as a result of the new measure, some operators would choose to relocate their operations to the Mainland. She urged the Administration to actively explore alternative arrangements which would not cause substantial increase in the trade's operating costs.

Increasing employment opportunities

30. Mr WONG Kwok-hing expressed grave concern about the unemployment situation of the construction industry. He said that although the overall unemployment rate in Hong Kong had lowered slightly, the unemployment rate of the construction industry was still very high. Whilst the Administration had promised to spend some \$30 billion on public works and had identified 25 capital works projects left by the two former Municipal Councils for priority implementation, he noticed that the construction works for some of these projects would only start a few years later.

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He enquired whether EDLB had any plan to alleviate the unemployment in the construction industry.

31. SEDL advised that for the five years from 2004-05 to 2009-10, the Administration would allocate around \$29 billion each year to public works projects. Apart from public works projects, a number of initiatives such as those relating to urban renewal, building management and maintenance, and the development of recycling industries would help relieve the unemployment situation of the construction industry. The thriving development of the construction industry in Macau also offered an additional choice for construction workers in Hong Kong. He remarked that there were signs of improvement in the employment situation of construction workers in Hong Kong.

32. Referring to a few recent cases of large corporations laying off their employees in Hong Kong, Mr WONG Kwok-hing opined that the Administration should actively promote the concepts of “corporate citizenship” and “corporate social responsibility” to instill in corporations the sense of civic awareness and social responsibility. He enquired whether the Administration would take any specific measures in this regard.

33. SEDL said that the Administration recognized the importance of promoting the concepts of “corporate citizenship” and “corporate social responsibility” among corporations. In this regard, the Administration organized various award schemes to afford due recognition to corporations which set good examples in honouring their social responsibility. Moreover, the Administration organized or assisted in organizing various seminars and workshops for corporations to raise their civic awareness and to encourage the pursuit of harmonious employer-employee relationship.

II Any other business

34. There being no other business, the meeting ended at 5:40 pm.