

立法會
Legislative Council

LC Paper No. CB(1)705/06-07
(These minutes have been seen
by the Administration)

Ref: CB1/PL/ES/1

Panel on Economic Services

**Minutes of meeting held on
Monday, 27 November 2006, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, JP
Hon Howard YOUNG, SBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Vincent FANG Kang, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KWONG Chi-kin
Hon TAM Heung-man

Member attending: Hon LEE Wing-tat

Members absent: Hon LAU Chin-shek, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP

**Public Officers
attending**

: Agenda item IV

Mr Stephen IP
Secretary for Economic Development and Labour

Ms Eva CHENG
Permanent Secretary for Economic Development and
Labour (Economic Development)

Miss AU King-chi
Commissioner for Tourism

Ms Kinnie WONG
Assistant Commissioner for Tourism 1

Agenda item V

Mr Stephen IP
Secretary for Economic Development and Labour

Ms Eva CHENG
Permanent Secretary for Economic Development and
Labour (Economic Development)

Miss AU King-chi
Commissioner for Tourism

Miss Patricia SO
Assistant Commissioner for Tourism 2

Miss Ophelia WONG
Deputy Director of Planning /District

Mr KWAN Pak-lam
Project Manager (Kowloon)
Civil Engineering and Development Department

**Attendance by
invitation**

: Agenda item IV

Consumer Council

Ms Connie LAU Yin-hing
Acting Chief Executive

Mr CHAN Wing-kai
Head, Complaints and Advice Division

Hong Kong Tour Guides General Union

Mr HUANG Kai-hoi
Chairman

Mr TING Lam-keung
Member, Executive Committee

Quality Tourism Services Association

Mr Brian LI
Chairman

Mr William CHAN
Governing Council Member

Hong Kong Association of Registered Tour Co-ordinators

Ms LUK Chui-yan
Vice Chairman

Ms LAM Choi-yuk
Executive Board Member

Hong Kong Retail Management Association

Ms Ruth YU
Executive Director

Hong Kong Professional Tourist Guides General Union

Ms YU Li-hua
Chairman

Mr WONG Hung-tai
Vice Chairman

Travel Industry Council of Hong Kong

Mr Ronnie HO
Chairman

Mr Ken CHANG
Deputy Chairman

Mr MA Ho-fai
Independent Director

Mr Joseph TUNG
Executive Director

Hong Kong Tourism Board

Ms Clara CHONG
Executive Director

Ms Cynthia LEUNG
Senior Manager

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Ms Debbie YAU
Senior Council Secretary (1)1

Ms Michelle NIEN
Legislative Assistant (1)9

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I. Confirmation of minutes and matters arising

(LC Paper No. CB(1)345/06-07 — Minutes of meeting held on
23 October 2006)

The minutes of the meeting held on 23 October 2006 were confirmed.

II. Information papers issued since last meeting

(LC Paper No. CB(1)207/06-07(01) — Tables and graphs showing the
import and retail prices of major
oil products from October 2004
to September 2006 furnished by
the Census and Statistics
Department)

2. Members noted the above paper issued since last meeting.

III. Items for discussion at the next meeting

(LC Paper No. CB(1)344/06-07(01) — List of outstanding items for
discussion

LC Paper No. CB(1)344/06-07(02) — List of follow-up actions)

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3. The Chairman reminded members that the next regular meeting would to be held on Thursday, 21 December 2006, at 4:30 pm. Members noted that the following three items had been proposed for discussion:

- (a) Annual tariff reviews with the two power companies;
- (b) Progress update on the Hong Kong Disneyland; and
- (c) Public consultation on competition policy.

4. On item (a) above, members noted that the Administration would conduct annual tariff review with the two power companies. The power companies would announce their tariff adjustments for 2007, if any, and explain their cases to the Panel. As regards item (b), members noted that the item was proposed for discussion by Mr Fred LI. The Administration would be invited to provide an update on the operation of the Hong Kong Disneyland. Regarding item (c), members noted that the Administration had launched a three-month public consultation on the way forward for Hong Kong's competition policy in early November 2006 and would brief the Panel on the key issues in the public discussion document and seek members' views.

5. Mr Fred LI was concerned that there would not be sufficient time for the Panel to deal with three discussion items in a two-hour meeting. Given that the Administration was conducting a public consultation on item (c), Mr Howard YOUNG opined that the Panel might consider deferring the item to a future meeting, or extending the meeting in December to accommodate discussion of all three items. Ms Miriam LAU further suggested that the meeting be advanced to commence at 4:00 pm. Alternatively, consideration could be given to defer item (c) to the meeting in January 2007. In this connection, the Clerk confirmed the availability of the meeting venue in the afternoon of 21 December 2006. Members agreed that subject to the Administration's confirmation on the proposed arrangement, the next regular meeting of the Panel would be held from 4:00 pm to 6:30 pm to discuss the three items.

(Post-meeting note: The Administration subsequently confirmed its availability. The next regular meeting of the Panel was scheduled for 21 December 2006, from 4:00 pm to 6:30 pm.)

IV. Tackling market malpractices associated with zero-fare tours from the Mainland

6. The Chairman welcomed the deputations and the Administration to the meeting. He then invited the deputations to present their views.

Presentation of views by deputations

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7. Ms Connie LAU Yin-hing, Acting Chief Executive of CC considered that while consumer education would help consumers to better protect themselves, it was also crucial for the relevant authorities to take appropriate measures to curb trade malpractices, to be complemented by industry self-regulation, for improving practices in order to protect the interests of consumers/visitors. She highlighted the salient points in CC's submission as follows:

- (a) The total number of complaints received by CC from Mainland visitors including those under the Individual Visit Scheme (IVS) had increased from 980 in 2004 to 1 316 in 2005. The figure for the period from January to October 2006 was 1 248;
- (b) Complaints from Mainland tourists who had joined packaged tours mainly stemmed from the problem of "zero" or "negative" reception fee. The latter referred to the industry practice that receiving travel agencies at outbound destinations had to "buy" tour groups from Mainland agencies. Tour groups were passed on from one travel agency to another and yet another. In the end, travelers were "sold" to overseas travel agencies or agencies located in Shenzhen with overseas connections. Under the current system, consumers were unable to make a right choice since the tour fare paid by consumers might have no direct relation to the quality of reception. Travel agents at recruiting and receiving ends sold and bought travellers without regard to consumer welfare. To cover local reception expenses, tourists were taken to designated shopping places and forced to make purchases where prices of goods were much higher;
- (c) To help tackle the problem, CC had proactively approached China Consumers' Association and consumer associations in Mainland provinces and major cities, and agreed with them to issue a joint statement in all Mainland provinces and cities on a particular day to drive home the message of consumer protection. The purpose of the statement was to urge Mainland authorities in charge of tourism to take necessary actions to protect the interest of outbound tourists and to call upon the Mainland travel industry to desist from trade malpractices;
- (d) CC had also contacted consumer organizations from Australia, New Zealand, Singapore, Malaysia, Thailand and Macau (all popular Mainland tourists' destinations) soliciting their support to call upon their government and industry to help curb the practice of "zero" reception fee;
- (e) A publicity campaign would be mounted to urge the Mainland consumers not to patronize travel agencies which engaged in unfair practices. Specifically, Mainland consumers would be advised to, inter alia,
 - (i) join only tours organized by travel agents which had registered with the China National Tourism Administration (CNTA);

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- (ii) request the disclosure of the names of the organizing and destination reception agents;
 - (iii) choose agents which were well-established and with good reputation, instead of going for low price tours blindly;
 - (iv) pursue with the Mainland travel agents with which they had signed up for the tour when problems arose. These agents should bear the responsibility and give redress to the consumers first. Such an arrangement would ensure the recruiting agents to be more vigilant and avoid making misleading claims to attract consumers; and
 - (v) pay attention to the consumer protection laws and measures of destination countries. For example, the "Quality Tourism Services (QTS) Scheme", "No Fakes Pledge Scheme" and "14-Day 100 Percent Refund Guarantee Scheme" in Hong Kong; and
- (f) CC had partnered with the Hong Kong Tourism Board (HKTB) to publish useful information on the Internet to encourage smart consumption. It had reminded Mainland consumers that Hong Kong was a free market and hence did not impose price control on most goods. If consumers were satisfied with the price of goods at the time of purchase, even if they found afterwards that other shops offered a lower price, this could not be an acceptable reason to ask for exchange of goods or refund.

Hong Kong Tour Guides General Union (TGGU) (LC Paper No. CB(1)344/06-07(03))

8. Mr HUANG Kai-hoi, Chairman of TGGU highlighted the "negative" reception fees charged by some Mainland travel agents in different cities and pointed out that trade malpractices related to Mainland "zero fare" tours to Hong Kong had deteriorated. He then outlined the working relationship between tourist guides and travel agents and gave an account on the problems of "zero fare" tours. To rectify the problem, TGGU suggested the following measures:

- (a) To step up monitoring of Mainland inbound tours jointly with the relevant authorities and frontline tourist guides associations, and to penalize travel agents that had violated the rules repeatedly;
- (b) To set a minimum tour fee for reference of visitors and travel agents;
- (c) To lower the level of commission receivable from shops from an average of 50% to 30% or below;
- (d) To require the Mainland designated agents to provide tour details such as the fare, shopping and sight-seeing itineraries to Mainland visitors; and
- (e) To improve the professional standard of tourist guides.

(Post-meeting note: The speaking note of Mr HUANG Kai-hoi and a further submission of TGGU were circulated to members on 29 November 2006 vide

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LC Paper CB(1)392/06-07(01) and (02).)

Quality Tourism Services Association (QTSA) (LC Paper No. CB(1)344/06-07(04))

9. Mr Brian LI, Chairman of QTSA said that the Association was very concerned about repeated negative reports about Mainland visitors being deserted by tour guides and/or forced to shop as a result of "zero-fare" tours. To tackle the industry's malpractices, QTSA suggested the following measures:

- (a) To enhance consumer protection by developing standard contract between travel agents and visitors, and listing out details of shopping itineraries to enhance transparency;
- (b) To enhance visitor education and promotion by strengthening publicity on the "QTS" scheme and "Hong Kong Travel Tips" to Mainland visitors;
- (c) To reinforce Hong Kong as a quality city for travel by enhancing promotion of consumer protection at points of entries and tourist areas in Hong Kong;
- (d) To expand "Honest and Quality Hong Kong Tour" to restore Hong Kong's reputation as Shoppers' Paradise; and
- (e) To review and improve the regulatory framework for the travel trade, in particular, increasing the number and ratio of non-trade members for the disciplinary committee(s) regime of the Travel Industry Council of Hong Kong (TIC).

Hong Kong Association of Registered Tour Co-ordinators Limited (HARTCO) (LC Paper No. CB(1)363/06-07(02))

10. Ms LAM Choi-yuk, Executive Board Member of HARTCO highlighted the views in HARTCO's submission as follows:

- (a) Given Hong Kong's free market economy status, while agreeing that operators of travel agents who had ruined Hong Kong's images should be punished with heavy penalty to be decided jointly by relevant stakeholders, HARTCO was concerned whether travel agents receiving "zero fare" tours should be subject to statutory regulation;
- (b) HARTCO objected to the arrangement whereby tourist guides were not provided with any basic salary in receiving inbound tours;
- (c) The relevant authorities should collaborate with CNTA to devise a disciplinary mechanism for punishing Mainland designated agents organizing "zero fare" tours;

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- (d) TIC should develop model itineraries with suggested caps on tour fares for the reference of travel agents with a view to eliminating "zero fare" tours;
- (e) The Tourism Commission (TC), HKTB and TIC could also set up honest and quality itineraries with proposed tour fees to safeguard the reputation of Hong Kong's travel industry;
- (f) The quality of travel agents and professional standard of tourist guides should be enhanced. Tourist guides should receive continuous training in order to keep abreast of new knowledge, skills etc;
- (g) As TIC was the sole self-regulatory body for the travel industry in Hong Kong, professional tourist guide associations should be invited to join TIC as Associate Members; and
- (h) A widely recognized professional tourist guide organization should be established to provide a platform for tourist guides to exchange views and lodge complaints.

Hong Kong Retail Management Association (HKRMA) (LC Paper No. CB(1)344/06-07(06))

11. Ms Ruth YU, Executive Director of HKRMA advocated that the Government should take a strong stance and a more proactive approach to tackle the recent malpractices associated with "zero fare" tours from the Mainland. She elaborated the views of HKRMA as follow:

- (a) The malpractices of "zero fare" tours should be tackled by joint efforts of tourism organizations in both Hong Kong and the Mainland. They should join force and work closely to counteract the negative effects arising from the malpractices immediately, and devise practical measures to eradicate such practices in the long run;
- (b) The Government should devise a more effective regulatory framework by
 - (i) setting up a penalty system for different levels of malpractices, including issuing warning letters, publicizing "black list", imposing heavy penalty and revocation of licences;
 - (ii) setting up a basic salary scheme for tourist guides; and
 - (iii) monitoring advertising/promotional materials to avoid incorrect or misleading messages to visitors.
- (c) Information on consumer rights and protection measures should be made available to Mainland visitors at various channels;
- (d) HKRMA appreciated the launch of the "Honest and Quality Hong Kong Tour". However, responses were not encouraging due to the relatively high tour fares. The Government should liaise with the tourism-related

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industries such as airlines, hotels, coach companies for special offers to lower the tour fares; and

- (e) The Government should coordinate a large-scale nation-wide campaign to rebuild Hong Kong's image as a world-class "Shoppers' Paradise" in the Mainland and at the international front.

Hong Kong Professional Tourist Guides General Union (PTGGU) (LC Paper No. CB(1)363/06-07(03))

12. Ms YU Li-hua, Chairman of PTGGU said that PTGGU had advocated enactment of a tourism legislation to reform the existing regulatory framework of the travel industry. She elaborated PTGGU's views, as follow:

- (a) The development of tourism industry in Hong Kong should be led by the Government. The regulatory regime should be reviewed to meet rapid changes in the market. PTGGU considered that there was insufficient competition in the travel industry. According to the findings of the World Trade Organization's study, the role of a government in enhancing the development of tourism industry should include coordination, legislation, planning and investment. It was therefore timely for the Government to consider enacting a tourism legislation;
- (b) The travel industry's self-regulatory regime had proved to be ineffective. The Government should consider inviting a sufficient number of tourist guides to TIC, which was currently composed of employers only, to truly represent the voice of the employees; and
- (c) The Government should step up monitoring against non-licensed tourist guides and reform the existing regulatory system for tourist guides.

(Post-meeting note: The speaking note of Ms YU Li-hua of PTGGU was circulated to members on 29 November 2006 vide LC Paper CB(1)392/06-07(03).)

Travel Industry Council of Hong Kong (TIC) (LC Paper No. CB(1)344/06-07(05))

13. Mr Ronnie HO, Chairman of TIC referred members to TIC's submission which set out the follow-up actions taken on complaints and incidents relating to Mainland "zero fare" tours, sanctions imposed against breaches of relevant rules and regulations, measures to address associated problems, and measures to restore and further enhance confidence of inbound tourists in visiting Hong Kong. Mr HO highlighted the following points:

- (a) Establishment of the Mainland China Inbound Tour Compliance Committee (MCITCC)

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Under the existing mechanism, suspected breach of rules and regulations by travel agents and tourist guides involved in the same case were handled by two different committees, i.e. the Compliance Committee and the Tourist Guide Deliberation Committee respectively. Both committees comprised at least half number of non-trade members. To ensure more effective and efficient enforcement of the relevant rules and regulations, TIC Board had decided to set up MCITCC to deliberate on the conduct of the travel agent and the tourist guide involved in the same case. MCITCC would be chaired by an independent board director and majority of its members would be professionals from outside the travel trade.

- (b) Establishment of the Mainland China Inbound Tour Affairs Committee (MCITAC)

TIC Board had also decided to establish MCITAC to tackle problems associated with inbound tour groups from the Mainland and make recommendations on long-term solutions to these problems with a view to promoting healthy business practices among travel agents and tourist guides and working out effective measures to regulate reception of tours from the Mainland. The Committee would be chaired by TIC Chairman. Representatives from TC, HKTB, QTSA as well as professionals outside the trade would be invited to join the new committee to give professional advice.

- (c) TIC would also increase the number of non-trade members on the Compliance Committee with a view to enhancing the credibility of the enforcement mechanism.

Hong Kong Tourism Board (HKTB)

14. Mr Clara CHONG, Executive Director of HKTB said that to address the problems related to Mainland "zero fare" tours, the HKTB had been working in collaboration with the Government in promoting quality travel to Hong Kong. The HKTB had been promoting Hong Kong's new tourism attractions and providing information on smart consumption to Mainland visitors through various channels, including newspapers, magazines, television broadcasts as well as websites on the Internet. It would also continue to cooperate with the Mainland Public Security Bureau to distribute publicity materials with information on smart consumption at the locations where the IVS endorsements were issued. The HKTB had also launched an "Honest and Quality Hong Kong Tour" promotion campaign in key Mainland cities, with the promotional activities in Beijing already in progress, and Shanghai and Guangzhou to follow. The tour aimed to offer Mainland visitors a choice of high quality travel services to Hong Kong.

(Post-meeting note: The speaking note of Ms Clara CHONG of HKTB was circulated to members on 29 November 2006 vide LC Paper CB(1)392/06-07(04).)

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Brief response by the Administration

(LC Paper No. CB(1)344/06-07(07)

- Information paper provided by the Administration)

15. The Secretary for Economic Development and Labour (SEDL) thanked the deputations for their views. He stressed the importance of concerted efforts from the Government, HKTB, TIC, CC, the travel agents and tourist guide associations, as well as the retail sector to tackle problems associated with market malpractices related to Mainland "zero fare" tours to Hong Kong. While TC had been maintaining close liaison and co-operation with CNTA in monitoring Mainland and local travel agents, HKTB and CC would continue to enhance education on consumers to promote awareness of rights and provide more information regarding consumer protection and complaint channels through various means. On improving the regulatory regime of the travel trade, the Administration was pleased to note TIC's initiatives including the setting up of MCITCC and MCITAC to tackle problems associated with inbound tour groups from the Mainland, increasing the penalties on travel agents for non-compliance with relevant rules and regulations, taking measures to strengthen monitoring of tourist guides and registered shops of designated shopping with a view to enhancing the deterrent effect of the regulatory regime, as well as giving consideration to incorporate tourist guides to TIC's committees. SEDL further advised that as tourist guides were frontline personnel playing an important role in receiving visitors, TIC was working on a continuing education scheme for tourist guides to keep abreast of latest tourism knowledge and skills so as to enhance the quality service to tourists. In this regard, TIC was considering inviting more experienced tourist guides to join its Training Committee to better understand their training and development needs.

16. With the aid of power-point presentation, the Assistant Commissioner for Tourism 1 gave a brief account on measures taken and new initiatives put forward by the Government and the tourism and related sectors in tackling market malpractices related to Mainland "zero fare" tours to Hong Kong.

(Post-meeting note: The power-point presentation material provided by the Administration was circulated to members on 29 November 2006 vide LC Paper CB(1)392/06-07(05).)

Discussion

Regulatory regime for the travel trade

17. Pointing out that TIC was a non-statutory trade body with majority of its board directors being operators of travel agents, Mr Fred LI expressed concern about limited protection for consumers' interests when TIC handled complaints involving malpractices of travel agents and imposed sanctions on such breaches. Noting that many overseas jurisdictions had set up independent statutory bodies for regulation of their travel industry while Hong Kong continued to rely on the self-regulatory regime of TIC, Mr LI queried about the effectiveness of the local regime. He said that

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despite the Government had appointed eight independent directors to TIC Board, it did not play any role in TIC's decision making process. In order to enhance the current regulatory regime of the travel industry in Hong Kong, Mr LI was of the view that the Administration should consider establishing an independent statutory body for regulating the travel industry in the long run.

18. The Permanent Secretary for Economic Services and Development (Economic Development) (PS/ED) highlighted the regulatory regime for the travel industry in Hong Kong under which TIC had sufficient power and established mechanism to impose sanctions against the non-compliant travel agents, tourist guides and registered shops of designated shopping. She referred to the Travel Agents (Amendment) Bill 2001, which extended TIC's regulation regime to cover inbound travel agents in addition to outbound agents. The fact that the Amendment Bill was enacted in 2002 after comprehensive consultation with various stakeholders had proven the recognition of the public and travel trade industry for the work of TIC. PS/ED also stressed the important roles played by the eight independent directors in TIC Board who were professional personnel representing the interests of the general consumers. The Commissioner for Tourism (C for Tourism) added that it was among the missions of TIC to protect the interests of both the trade and travellers. Hence, in addition to the TIC Board of Directors, independent members were also invited to join various committees established under the TIC Board. Highlighting the transparency of TIC's work, she stressed that industry self-regulation had its own merit as people within the industry were more familiar about the trade's operation and could react timely to the fast evolving circumstances of the trade.

19. Mr LEE Wing-tat remarked that the Democratic Party held the view that the problems arising from "zero fare" tours had undermined Hong Kong's image as a premier tourist destination among Mainland visitors and brought about economic loss as visitors lost their confidence in visiting Hong Kong. He pointed out that such problems had demonstrated the failure of TIC's existing self-regulatory mechanism and called on the Administration to consider establishing an independent statutory body to regulate the travel industry. He further considered that should the problems recur, the Government had to admit the failure of the present regulatory regime and apologize to the public.

20. SEDL stressed that it was essential for the Government and the trade to work together in addressing problems associated with "zero-fare" tours and identify improvement measures to rectify the situation. TIC travel agents and tourist guides all had the responsibility to enhance their professional integrity while the Government, HKTB and CC also needed to provide full support. He re-iterated that TIC was considering measures for improving its governance structure by including more professionals and experts outside the trade to increase its credibility. SEDL said that should TIC's initiatives fail to achieve the desired results, the Administration would not rule out the possibility of introducing reforms to the existing regulatory mechanism.

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21. Mr SIN Chung-kai declared interest as the Chairman of the Bills Committee on Travel Agents (Amendment) Bill 2001. He shared members' view that it was necessary to set up a statutory body to regulate travel agents in Hong Kong in the long run. On the improvement measures to rectify the market malpractices arising from "zero fare" tours, Mr SIN made the following suggestions:

- (a) Consideration should be given to devise a demerit point system for travel agents. When the demerits of a travel agent which had contravened the TIC's guidelines and code of conduct reached a specified threshold, its travel agent licence would be suspended. Further non-compliance would result in revocation of licence;
- (b) In applying for a travel agent licence from the Travel Agents Registry (TAR), a travel agent should be required to register the names of its major directors. In case of non-compliance by a travel agent, other travel agents under the same directors should also be subject to the same penalties. Moreover, the travel agents and tourist guides should both be held liable in case of non-compliance, instead of making tourists guides scapegoats; and
- (c) The list of travel agents which had breached TIC's rules and guidelines should be published on the website of TIC. The information should also include those Mainland designated agents that had involved in malpractices related to "zero fare" tours. Such information would facilitate prospective Mainland visitors to make informed choices.

22. While appreciating the above suggestions, SEDL said that many of them were already existing measures or under consideration by TIC for improving the regulatory regime. He agreed that in addition to tourist guides, operators of travel agents should be held accountable as they had the responsibility to supervise their tourist guides. In considering an application for a travel agent licence, TAR had to be satisfied that the licensee was a fit and proper person for carrying out travel trade business.

23. Referring to the structure of MCITAC which would be chaired by TIC Chairman, Miss TAM Heung-man expressed concern that this might raise doubt on the independence of the Committee. She considered that an independent committee should be set up under TIC comprising non-executive directors and non-trade members to handle visitor complaints and those related to Mainland "zero fare" tours.

24. Mr Joseph TUNG of TIC stressed that TIC considered that both the travel agents and tourist guides were accountable for market malpractices associated with "zero fare" tours. TIC had kept on reminding travel agents of their liabilities in cases where their employed tourist guides had contravened the rules and guidelines under the Code of Conduct for Tourist Guides. He added that since enactment of the Travel (Amendment) Ordinance 2002, TIC had dealt with 119 cases of suspected breach of its codes and directives by members involved in inbound travel services. A total of 112 cases had been substantiated with involved travel agents subsequently penalized.

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Passes of 11 tourist guides had also been suspended for contravening the Code of Conduct for Tourist Guides.

25. Mr Howard YOUNG echoed the need for the travel trade and the Administration to take concerted efforts in tackling problems related to Mainland "zero fare" tours, which had adversely affected Hong Kong's reputation as a premier tourist destination. As regards improvement on the existing regulatory regime, Mr YOUNG noted that while there had been considerable public concern about the credibility of TIC's regulatory regime arising from media reports about light penalties imposed on non-compliant travel agents because TIC's committees were mainly consisted of representatives of operators of travel agents, travel agents had, on the other hand, expressed grave concern about being subject to unfair criticism by the media. Mr YOUNG sought the views of TIC on the above concerns.

26. Mr MA Ho-fai, Independent Director of TIC and the Convenor (Designate) of MCITCC stressed that TIC's Compliance Committee had acted impartially without taking side with any party when handling complaints about travel agents' non-compliance with TIC's guidelines and code of conduct. He advised that the existing Compliance Committee consisted of equal number of trade and non-trade members to ensure that the Committee was fully aware of the trade operation and practices while maintaining impartiality in dealing with complaints and non-compliance cases. As many complaints lodged by Mainland visitors involved both travel agents and tourist guides, TIC had decided to set up MCITCC to deliberate on the conduct of both parties involved in the same case together. This would accelerate the process of deliberation and help MCITCC to better understand the details of the cases in order to ensure more effective and efficient enforcement of the relevant rules and regulations. Mr MA advised that MCITCC would be chaired by him as an independent director of TIC and would comprise of trade and non-trade members (including independent directors and professionals from outside the trade) with the latter being the majority. On the concern about credibility of TIC's disciplinary mechanism, Mr MA re-iterated that the existing Compliance Committee had been operating effectively and fairly. He was not aware of any problem in handling complaints and assured members that the Committee would continue to deliberate on cases of non-compliance by travel agents and decided on the sanctions in an impartial manner.

27. In reply to the Chairman's enquiry about whether consideration would be given to extend the ambit of MCITCC to cover malpractices related to inbound tours of other places, Mr Ronnie HO of TIC stressed that TIC had not observed any trade malpractices associated with inbound tours from other places and the existing regulatory regime had been effective in dealing with complaints from overseas visitors. Nonetheless, TIC would continue to monitor the operation of MCITCC and review the need to extend its ambit.

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28. Mr CHAN Kam-lam considered it necessary for the Administration to improve the coordination among various parties, including TIC, HKTB, CC, organizations of tourist guides and retail sector, involved in the present regulatory regime of the travel industry so that concerted efforts could be taken to tackle market malpractices effectively. He agreed with members' view on the need to review the structure of TIC and strengthen monitoring of the Demerit Point System for Registered Shops to protect interests of consumers. He further sought the view of PTGGU on the establishment of MCITCC and MCITAC in enhancing the regulation over Mainland inbound tours.

29. Ms YU Li-hua of PTGGU said that while PTGGU welcomed TIC's initiative in setting up the two new committees, it had urged TIC to include a sufficient number of representative from tourist guide associations as members to various committees so as to enhance their representation in the regulatory regime. In this connection, Mr CHAN Kam-lam agreed that incorporating tourist guides to the regulatory regime would help enhance protection for consumers' interest. He considered that the concerned parties should follow-up on the suggestion.

30. Mr KWONG Chi-kin referred to complaints about insufficient representation of tourist guides in the existing self-regulatory mechanism of TIC and enquired about the involvement of tourist guides in TIC's committees. SEDL re-iterated that TIC was considering inviting experienced tourist guides to join the newly established MCITCC and the Training Committee.

Setting minimum fares for tours

31. Mr KWONG Chi-kin agreed that market malpractices relating to Mainland "zero fare" tours were stemmed from marketing strategy to attract more clients by offering extremely low tour fare. As such, he asked whether the Government would consider suggestions of setting a minimum fare for inbound Mainland tours and specifying a minimum pay for local tourist guides for receiving such tours.

32. C for Tourism said that the Administration had exchanged views with CNTA and the travel industry on setting minimum fare for tours but considered the suggestion undesirable because of the negative impact on Hong Kong as a free market economy and that a minimum fare did not necessarily guarantee quality service. She pointed out that the policy of "honest and quality tourism" pursued jointly by HKTB and CNTA aimed to provide prospective Mainland visitors with useful references on the itineraries through the offer of quality tours and information on consumer protection measures in Hong Kong. To tackle the problems associated with "zero fare" tours, C for Tourism re-iterated the importance of enhancing consumer education and promoting consumer rights among Mainland visitors through various channels. As regards protection for the interests of tourist guides in receiving inbound tours from the Mainland, SEDL agreed that there should be tourist guide representatives in the committees of TIC. In this connection, Mr Joseph TUNG of TIC confirmed that the membership of some TIC committees had already included tourist guide representatives.

Commissions for tourist guides and travel agents

33. Given that tourism industry was one of the economic pillars of Hong Kong, Mr Vincent FANG urged the Government to spare no effort in protecting the images of Hong Kong as a premier tourist destination and a "Shoppers' Paradise". He shared the view that the root of the problem of Mainland "zero fare" tours was market strategy to attract more clients by offering extremely low tour fare. When the reception agents in Hong Kong received no payment of reception fees in "zero fare" tours, the tourist guides would press visitors to make purchases so that they could earn more commission to compensate the cost arising from reception services that they had paid. Shops would also mark up the price of goods to pay for the commissions to the tourist guides concerned. In enhancing the protection for Mainland visitors, Mr FANG appreciated the initiative of HKTB and CNTA in organizing "Honest and Quality Hong Kong Tour" and called on the Administration to work with CNTA in further promoting such tours and alerting prospective Mainland visitors about the malpractices related to Mainland "zero fare" tours.

34. C for Tourism agreed with CC's view on the need to draw Mainland consumers' attention not to go for low-price tours blindly and be aware of associated low-price traps. Consumers should also be advised that when problems arose, they should pursue the issue with the Mainland designated agents, including the one with which they had signed up for the tours. TC and CC would continue to work in collaboration with CNTA and China Consumers' Association to promote consumers' awareness about the malpractices related to "zero fare" tours to Hong Kong.

35. Mr Ronny TONG considered it undesirable to enact legislation for regulating "zero fare" tours if the travel industry could enhance its self-regulatory regime to address the problems. He noted that in order to offset the reception costs for "zero fare" tours and to make profits, some tourist guides and travel agents would press the Mainland visitors to make purchases so as to earn more commissions as compensation. To address the problem, Mr TONG suggested increasing the transparency of the commission charging arrangement for information of Mainland visitors. For instance, visitors should be notified of those shops where commissions would be charged on the purchases they made and the relevant details. Consideration should also be given to require travel agents and/or tourist guides to obtain the consent of visitors before accepting commissions relating to the purchases. This would prevent the travel agents and/or tourist guides to exploit Mainland visitors indirectly through charging commissions.

36. Mr Ronnie HO of TIC pointed out that Mr Ronny TONG's suggestions would have far-reaching impact on the travel industry in Hong Kong as the commission system was a common practice of the industry which had existed for years as a means for subsidizing agents' operating costs. Nonetheless, Mr HO took note of the concerns expressed by members and agreed to convey them to TIC Board for consideration. While highlighting the difficulty in prohibiting the charging of commissions in the travel industry, SEDL remarked that the suggestion on enhancing

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transparency of the commission charging arrangement would worth pursuing subject to agreement by relevant stakeholders.

37. Referring to the proposed measure of forbidding travel agents to arrange designated shopping activity at registered shops of which had become the subject of serious complaints by tourists, Mr WONG Ting-kwong expressed concern about the effectiveness of the measures given that the concerned shops might move their locations and/or change their names. He further asked whether travel agents could arrange shopping activity for tour groups at non-registered shops.

38. In response, Mr Joseph TUNG of TIC said that under existing TIC's code of conduct, tourist guides should only arrange shopping activities to those shops which had been designated by their travel agents. These shops had to be registered with TIC through the travel agents concerned and undertake to provide full refund to visitors who were not satisfied with their purchases and made a request for a full refund within 14 days. The travel agents concerned would be subject to severe penalties should they arrange visitors to patronize non-registered shops. Under the Demerit Point System for Registered Shops, if a registered shop had accumulated 30 demerit points, TIC would consider issuing a directive to all member travel agents informing them that they were not allowed to take visitors to these shops. In the wake of complaints lodged by Mainland visitors about forced shopping activities, registered shops had been requested to print out product description and the undertaking of 100% refund guarantee within 14 days on the original receipt to visitors. Mr TUNG said that registered shops took the Demerit Point System seriously and a shop at the same registered address would be subject to the same penalty even if the name had been changed. In reply to Mr WONG Ting-kwong's further enquiry, Mr TUNG remarked that arrangement had been made to allow TIC staff to enter the registered shops for inspection. He stressed that it was unlikely that the registered shops could detain visitors and force them to make purchases.

Complaint mechanism of TIC

39. Pointing out that the malpractices of some travel agents and tourist guides forcing Mainland visitors to make purchases at designated shops or deserting them on the street when they refused to shop were uncovered by media reports, Miss TAM Heung-man expressed concern about the effectiveness of the existing complaint receiving mechanism of TIC. To enhance protection for visitors, Miss TAM considered that TIC and CC should set up dedicated hotlines for handling complaints lodged by visitors.

40. Mr Joseph TUNG of TIC said that TIC had stepped up publicity on its 24-hour complaint hotline through TC and HKTB, including distributing relevant information pamphlet to visitors at border control points. Upon receipt of any complaints, TIC would contact the complainants and deal with the problem at the first instance.

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41. SEDL considered it most effective to include information on channels for help or lodging complaints, such as complaint hotlines, on the tour details provided by the travel agents upon visitors' arrival to Hong Kong.

42. On the number of complaints received by TIC, the Chairman enquired whether TIC had included in its complaint record disputes which had finally been settled between the travel agents/tourist guides and Mainland visitors themselves.

43. In reply, Mr Joseph TUNG of TIC stressed that all complaints received by TIC were put on record. He said that the Executive Office of TIC would deal with each complaint it had received and refer to appropriate committees for follow-up. Where appropriate, cases of non-compliance would be sent to CNTA to ensure aligned regulatory actions taken by the two sides.

Conclusion

44. To conclude, the Chairman thanked the deputations and the Administration to the meeting. He urged the Administration and relevant parties to take note of the views expressed by members and deputations and consider appropriate follow-up actions to address their concerns.

V. Development of new cruise terminal facilities in Hong Kong

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|----------------------------------|---|
| (LC Paper No. CB(1)161/06-07(01) | — Information paper provided by the Administration (annexed with the LegCo Brief on the subject (EDB CR 5/7/2091/04(06) Pt.4) |
| LC Paper No. CB(1)344/06-07(08) | — Supplementary note on Development of New Cruise Terminal Facilities in Hong Kong |
| LC Paper No. CB(1)344/06-07(09) | — Background brief on the development of new cruise terminal facilities in Hong Kong prepared by the Secretariat) |

Briefing by the Administration

45. With the aid of power-point presentation, the Assistant Commissioner for Tourism 2 briefed Members on the Government's plan in developing new cruise terminal facilities in Hong Kong. Members noted the salient points, as follows:

- (a) In order to capture the growth of the cruise industry in the Asia Pacific Region and sustain Hong Kong's development as a regional cruise hub, the Government had decided to develop new cruise terminal facilities on the 7.6 hectares of land earmarked at the southern end of the former runway at Kai Tak. An incremental approach would be adopted for developing the

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project. The development would include berthing facilities (e.g. two alongside berths of 800 metres (m) in length, passenger gangways and baggage supplies), and supporting facilities (e.g. ticketing offices, waiting areas, customs, immigration and health quarantine facilities);

- (b) The Government would offer the site for new cruise terminal facilities to the market through open land tender. The successful bidder would, at his own cost, form the site as well as design, build, and operate the new cruise terminal facilities. The bidder would own the land and facilities thereon for 50 years and would set berthing fees and charges. Flexibility would also be allowed for the bidder in developing the commercial area (with a total gross floor area (GFA) of 50 000 m²) inside the cruise terminal building within a fixed period in phases;
- (c) The Administration would adopt a two-envelop tender scheme with bids assessed on the basis of highest aggregated score on financial criteria and non-financial criteria, and due consideration would be given to both the financial and qualitative aspects with the aim to develop a world-class cruise terminal;
- (d) The Kai Tak Outline Zoning Plan (KTOZP) was gazetted on 24 November 2006. The Administration would conduct a pre-tender consultation with the tourism industry and the cruise industry in the first half 2007 in parallel with the statutory procedures for the Kai Tak Development. Tender for the project would be invited in the fourth quarter of 2007 and expected to be awarded in the second quarter of 2008. According to the development timeframe, the first berth at the Kai Tak Development would be commissioned in 2012; and
- (e) The Administration planned to create a dedicated team in TC from April 2007 to take forward the project. The team would be led by a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2). The dedicated team's top priority would be to ensure timely preparation of the tender document, assessment of the bids received and award of the tender. In particular, it would seek to co-ordinate the work of various bureaux and departments (B/Ds), with necessary expert advice from consultants, in addressing issues raised by stakeholders in the pre-tender consultation exercise. The team would also need to ensure good co-ordination in securing necessary statutory approvals for works on the new cruise terminal to commence. After awarding the tender, the team would coordinate, monitor and oversee the work of various parties inside and outside the Government (including liaison with the successful bidder) to ensure timely commissioning of the first berth. The supernumerary D2 post would be created for two years and the Administration would review the workload of the dedicated team at the end of the two-year period.

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(*Post-meeting note:* The power-point presentation material provided by the Administration was circulated to Members on 29 November 2006 vide CB(1)392/06-07(06).)

Discussion

Disposal of land and related facilities

46. Mr Ronny TONG was concerned whether the proposed 50-year land grant for the new cruise terminal facilities, which would extend beyond 2047, was in conformity with the Basic Law. As far as he understood, the granting of land rights should end on 30 June 2047 (i.e. 50 years after the Handover in 1997). Mr TONG sought information on the justification and legal backing for the Government to offer a 50-year land grant to the successful bidder.

47. PS/ED advised that according to Article 7 of the Basic Law, the Government of the Hong Kong Special Administrative Region (HKSAR) should be responsible for the management, use and development of the land and natural resources within HKSAR and for their lease or grant to individuals, legal persons or organizations for use or development. In working out the proposed 50-year land grant, the Lands Department had been consulted, which had confirmed that the arrangement was in line with the Government's existing practice in granting land leases. In reply to Mr Ronny TONG's further enquiry, PS/ED confirmed that as she understood, some existing land leases also ended beyond 2047.

48. Mr LEE Wing-tat considered that the proposed 50-year land grant too long. Given possible fluctuations in the global economy in 50 years' time, Mr LEE asked whether consideration would be given to conduct an interim review on the operating rights with the successful bidder, say after 20 or 25 years, so as to better protect the interests of the Government. In response, PS/ED explained that as other projects in the Kai Tak Development would be in their preliminary stage of development when the first berth was commissioned and the development of the cruise terminal facilities would involve huge investment with estimated cost amounting to \$2.4 billion, the Administration considered that a 50-year land grant would be appropriate to provide the successful bidder with reasonable returns against the long-term risks it had to undertake.

49. While agreeing that a 50-year land grant might provide incentives to potential bidders, Mr Fred LI however pointed out that build-operate-transfer (BOT) projects in general lasted for 30 years. To ensure the satisfactory performance of the operator over a long period, he opined that consideration should be given to include provisions in the land grant providing the successful bidder with a fixed 30-year period of operating right and further extension subject to regular reviews in the remaining 20 years. Mr LI also expressed concern about the estimated return for the commercial area in the cruise terminal building in 50 years.

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50. On the proposed land grant for the new cruise terminal facilities, PS/ED pointed out that it was not a BOT project and the land and facilities concerned would be disposed of through an open land tender. Highlighting the estimated huge investment cost of about \$2.4 billion for the project, SEDL believed that the successful bidder had a stake and would do the best to operate the facilities to a world-class standard.

51. Mr SIN Chung-kai and Mr LEE Wing-tat welcomed the Administration's proposal to dispose of the site for the development and operation of the new cruise terminal facilities through an open tender to enhance the transparency of the land grant process.

Development timeframe

52. Pointing out that the development of a new cruise terminal was first mooted in the late 1990s, Ms Miriam LAU considered that the project had been long overdue and highlighted the importance for the Administration to speed up the progress to enhance Hong Kong's competitiveness in the world's rapid growing cruise market. Indicating support of the tourism industry for the Government to take forward the new cruise terminal project, Mr Howard YOUNG shared the view on the need to expedite the development programme so that Hong Kong could establish a competitive advantage as early as possible and meet the challenges of competition from neighboring cruise centres, such as Singapore. In this connection, Mr SIN Chung-kai urged the Administration to tighten its work schedule with a view to advancing the commissioning of the first berth by one or two years before the target of 2012.

53. Noting members' concern, SEDL remarked that it was also the Government's intention to commission the first berth as early as possible. The target commissioning date of 2012 was already the earliest possible taking into account the time required for completing the relevant statutory procedures, including conducting an environmental impact assessment, approval of the KTOZP, and planning essential supporting infrastructure for the cruise terminal etc. He stressed that the Administration had spared no effort and would carry out the relevant tasks in parallel.

54. Given that the Tourism Node to be developed in the vicinity of the new cruise terminal would include commercial and retail facilities, Mr CHAN Kam-lam raised concern about possible competition with the commercial area inside the new cruise terminal building. He further considered that the Administration should inform potential bidders about the timeframe for developing the Tourism Node and other facilities in the Kai Tak Development to facilitate bidders in planning their development programme ahead.

55. On the development timeframe for the various components in the Kai Tak Development, PS/ED advised that under the current plan, the KTOZP, which set out the planning framework of the Tourism Node and essential infrastructure, would be approved in the fourth quarter of 2007. This would enable the potential bidders to take into account the details in preparing their submissions before the closure of the tender in the first quarter of 2008. As regards the provision of commercial area in the

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new cruise terminal building, C for Tourism said that this had been worked out with reference to the results of consultancy studies commissioned by TC and HKTB on cruise market development in recent years. She highlighted that the public had in general supported the development of tourism-related facilities in the vicinity of the new cruise terminal facilities to create synergy and attract visitors.

56. The Deputy Director of Planning/District (DD of P/D) advised that the Tourism Node had been included in the original Kai Tak Development in 2002. In the revised Preliminary Outline Development Plan (PODP) (Annex C of the LegCo Brief (File Ref.: EDB CR 5/7/2091/04(06) Pt.4)), the scale of development for the Tourism Node had been increased from GFA of 160 000 m² to 190 000 m² with a view to accommodating more tourism-related facilities including an observation gallery. She stressed that the revised proposal was made having regard to public views, feedback from the market and study on market needs.

Connectivity with other districts

57. Mr SIN Chung-kai expressed concern about remoteness of the new cruise terminal from other tourism facilities and attractions, such as shopping districts like Mongkok, Tsim Sha Tsui and Causeway Bay. He stressed the need for the Administration to provide adequate transport infrastructure in Kai Tak to enhance its connectivity with other districts. Pointing out that large cruise vessels could accommodate some 2 000 to 3 000 passengers, Mr SIN opined that consideration should be given to provide mass transportation systems, such as monorail, to facilitate cruise passengers. The Chairman further considered it necessary for the Administration to review the land uses and transport infrastructure planning of neighboring districts, including Kowloon City and Kwun Tong, to tie in with the future development of the new cruise terminal and other facilities in the Kai Tak Development.

58. While taking note of members' views on the need to enhance transport link of the new cruise terminal, SEDL pointed out that some overseas cruise terminals were also not close to tourist facilities and attractions and passengers had to travel to city centres through other transportation means. He added that there would be commercial and retail facilities within the new cruise terminal building as well as in the Tourism Node to meet the needs of cruise passengers. DD of P/D highlighted that apart from cruise terminal facilities, a Tourism Node, a hotel belt, a multi-purpose stadium complex and a metro park would also be provided in the Kai Tak Development. On the concern about connectivity of Kai Tak, DD of P/D said that the revised POPD had incorporated a reserve for possible rail-based environmentally friendly transport system (EFTS), e.g. a monorail system with eight stations, to serve the entire Kai Tak Development, and subject to further feasibility study, the proposed EFTS might be connected to the mass transit railway system in Kwun Tong as well as the future Sha Tin to Central Link. DD of P/D further advised that as part of the EFTS proposal, the revised POPD had also incorporated a bridge link between Kwun Tong waterfront and Kai Tak Point.

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59. Echoing the need to enhance the connectivity of the new cruise terminal with other districts, Mr Howard YOUNG remarked that as cruise passengers generally bring along large pieces of luggage, road transportation facilities might better meet their needs than a rail-based EFTS. In this connection, DD of P/D advised that subject to the re-provisioning of the Kwun Tong Public Cargo Working Area (KTPCWA), the proposed bridge link to Kwun Tong, subject to detailed investigation, might cater for vehicular and pedestrian uses in addition to the monorail system.

60. Ms Miriam LAU urged the Administration to make arrangements for re-provisioning KTPCWA and the nearby typhoon shelter as early as possible. She further reflected the industry's concern on the re-provisioning proposal and called on the Administration to work out the details in consultation with the industry and operators to be affected. In response, SEDL said that the Administration would address the concerns of the operators in order to minimize the impact on them if KTPCWA had to be closed/relocated in the interest of future development.

Design of the new cruise terminal

61. Noting the international trend of building mega cruise vessels with displacement tones over 50 000, Miss Mandy TAM was concerned whether the design of the new cruise terminal could meet the requirements of the cruise industry. She also enquired whether consideration would be given to designate the new cruise terminal for the berth of mega cruise vessels, while the Ocean Terminal would serve smaller vessels.

62. SEDL stressed that the new cruise terminal would be a world-class facility meeting the needs of cruise line operators and future technical requirements of mega cruise vessels. To this end, the Administration had decided to adopt a market-driven approach in taking forward the development through an open land tender. The approach would better ensure the new cruise terminal facilities would meet the requirements of the cruise industry and respond to changing needs of the market. As regards the future operation of the new cruise terminal and the Ocean Terminal, SEDL said that the cruise market in Hong Kong was a free market. The terminal operators would set their own berthing fees and charges in response to changing market situations.

63. Mr Vincent FANG declared interest as a non-executive director of Wharf. Pointing out that mega cruise vessels had to berth at the Kwai Chung Container Terminal as they were too big to be berthed at the Ocean Terminal due to the latter's limited structural capacity, Mr FANG enquired about the water depth at Kai Tak vis-à-vis that of the Kwai Chung Container Terminal and whether the water depth at Kai Tak could meet the technical requirements of mega cruise vessels.

64. C for Tourism advised that without reclamation, the sea bed at Kai Tak was the deepest among other sites in the Victoria Harbour which had been considered for the development of the new cruise terminal facilities. Dredging work for the cruise terminal facilities would increase the water depth to accommodate cruise vessels of 8

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to 10 m draft. She added that the water depth of the new cruise terminal facilities at Kai Tak would be comparable to that at the Kwai Chung Container Terminal.

65. Given that the new cruise terminal facilities would become a major landmark of the Kai Tak Development, Mr Fred LI enquired about parameters on the design of the new facilities. PS/ED said that in developing the new cruise terminal, which would be a world-class facility, the Administration attached importance to meeting the needs of the tourism industry and the cruise market. Hence, apart from the land premium offered, the quality of the bids, including the technical and operational aspects, would be assessed and given sufficient weighting in the tender evaluation.

Environmental concerns relating to the new cruise terminal

66. Pointing out that pollution at Kai Tak waterfront, including problems of sea pollution and bad odour from the Kai Tak Approach Channel (KTAC), had been of concern to the public, Mr Vincent FANG was concerned that such problems would have adverse impact on the attractiveness of the new cruise terminal. While welcoming the Administration's move to take forward the development project, Mr LEE Wing-tat echoed the concern about the pollution at Kai Tak waterfront and urged the Administration to implement measures to address the problems.

67. SEDL agreed with members' view on the need to resolve the odour problem of KTAC. He assured members that concerned B/Ds, in particular the Environment, Transport and Works Bureau, would work closely to deal with the problem. C for Tourism supplemented that the Administration was mindful of the need to deal with the environmental problems associated with the KTAC in taking forward the Kai Tak Development. She stressed that in developing the new cruise terminal, the Administration would endeavour to minimize any impact on the environment. The successful bidder would be required to implement measures to mitigate possible adverse impact on the environment arising from marine and construction works in developing the new cruise facilities. She further advised that to enable early commencement of the development programme, associated preparatory work involving environmental impact assessment and development of appropriate mitigation measures would proceed in parallel.

Staffing proposal

68. Ir Dr Raymond HO expressed support in principle for the proposed creation of a dedicated team in the TC, to be headed by a supernumerary AOSGC officer, to take forward the development project. Given the large scale and complexity of the Kai Tak Development, Ir Dr HO considered it essential for the dedicated team to maintain close coordination and enhance communications with relevant government B/Ds and stakeholders involved in the Kai Tak Development. He sought further details on the manpower resources for the Kai Tak Development.

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69. C for Tourism advised that the dedicated team would service an inter-departmental committee (involving some 20 B/Ds and underpinned by two working groups) set up to oversee implementation of the project. The team's top priority would be to ensure timely preparation of the tender document, assessment of the bids received and award of the tender. C for Tourism further advised that the team leader would be a supernumerary AOSGC officer and he/she would be supported mainly by team members re-deployed from existing manpower in TC. The team would also seek expert advice and technical input from concerned departments, such as the Civil Engineering and Development Department, Lands Department and Planning Department. She ensured that there would be effective coordination and communication with the task force for the Kai Tak Development and relevant parties with a view to expediting the development of the project.

70. Mr Howard YOUNG indicated support for the staffing proposal associated with the development of the new cruise terminal. Mr CHAN Kam-lam said that LegCo Members belonged to the Democratic Alliance for the Betterment and Progress of Hong Kong were in support of the staffing proposal.

71. Mr LEE Wing-tat enquired about the need for the leader of the dedicated team to be pitched at D2 level. In response, SEDL said that to ensure the timely commissioning of the first berth in 2012, an officer with strong leadership, negotiation skills and strategic planning capabilities would be needed to coordinate different Government departments, and engage the tourism and cruise industries as well as other stakeholders. He remarked that the staff cost involved was justified having regard to the substantial economic benefits to be brought by the new cruise terminal project, which according to estimates, might reach \$1.4 billion to \$2.2 billion per annum and create some 10 900 employment opportunities by 2020. SEDL added that for prudent deployment of public resources, the Administration was prepared to review the workload of the dedicated team at the end of the two-year period. In this connection, Mr Fred LI opined that the Administration should endeavour to complete the required work within the two-year period and avoid seeking extension for the supernumerary post.

72. Summing up, the Chairman concluded that the Panel in general supported the staffing proposal relating to the development of the new cruise terminal.

VI. Any other business

73. There being no other business, the meeting ended at 12:50 pm.