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Panel on Economic Development

**Minutes of special meeting
held on Friday, 16 October 2009, at 10:30 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Paul TSE Wai-chun (Deputy Chairman)
Hon Fred LI Wah-ming, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Albert CHAN Wai-yip
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Starry LEE Wai-king
Hon Paul CHAN Mo-po, MH, JP
Hon Tanya CHAN
Dr Hon LEUNG Ka-lau
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon Samson TAM Wai-ho, JP
- Members attending** : Hon James TO Kun-sun
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Cyd HO Sau-lan
- Members absent** : Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Vincent FANG Kang, SBS, JP

**Public officers
attending**

: Agenda Item I

Mrs Rita LAU, JP
Secretary for Commerce and Economic Development

Miss Yvonne CHOI, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Miss Margaret FONG, JP
Commissioner for Tourism

Ms Linda LAI, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)¹

Ms Linda SO, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)³

Agenda Item II

Ms Eva CHENG, JP
Secretary for Transport and Housing

Mr Francis HO, JP
Permanent Secretary for Transport and Housing
(Transport)

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Roger TUPPER, JP
Director of Marine

Mr Y K LEUNG
Acting Director-General of Civil Aviation

Ms Doris CHEUNG, JP
Deputy Secretary for Transport and Housing
(Transport)⁵

Mr Esmond LEE, JP
Deputy Secretary for Transport and Housing
(Transport)⁴

Agenda Item III

Mr Edward YAU, JP
Secretary for the Environment

Ms Anissa WONG, JP
Permanent Secretary for the Environment

Mr Roy TANG, JP
Deputy Secretary for the Environment

Miss Linda CHOY
Political Assistant to Secretary for the Environment

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (1)6

Staff in attendance : Ms Angel SHEK
Senior Council Secretary (1)1

Ms Michelle NIEN
Legislative Assistant (1)9

Action

I Briefing by the Secretary for Commerce and Economic Development on relevant policy initiatives in the Chief Executive's 2009-2010 Policy Address

(LC Paper No. CB(1)18/09-10(01) — Administration's paper on policy initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau

LC Paper No. CB(1)56/09-10(01) — Speaking note of the Secretary for Commerce and Economic Development (Chinese version only)
(tabled at the meeting and subsequently issued on 19 October 2009)

Briefing by the Secretary for Commerce and Economic Development

At the invitation of the Chairman, the Secretary for Commerce and Economic Development (SCED) highlighted the major initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau (CEDB) in the Chief Executive's 2009-2010 Policy Address, in particular in respect of cross-sector competition law, tourism and consumer protection. Details of the initiatives were set out in the Administration's paper (LC Paper No.

CB(1)18/09-10(01)) issued on 15 October 2009 and the speaking note of SCED tabled at the meeting.

(Post-meeting note: The speaking note of SCED was circulated to members vide LC Paper No. CB(1)56/09-10(01) after the meeting.)

Discussion

Tourism

2. Ms Emily LAU noted that the Former Marine Police Headquarters Historic Compound was featuring high-end shopping, whereas the Woo Cheong Pawn Shop was offering food hardly affordable to the general public. Ms LAU expressed concern that the revitalization initiatives had failed to preserve the original features and ambience of the heritage sites for the enjoyment and appreciation of the public. She also suggested that the opening hours of the Noah's Ark in Ma Wan should be improved to cater for the needs of the public.

3. Referring to the Former Marine Police Headquarters Historic Compound, SCED pointed out that in line with the guiding principle of heritage conservation and revitalization and the community's aspiration for more open space, it was necessary to strike a balance between preserving the original appearance of the historic structures, and introducing creative elements to enhance the attractiveness of the facility to both locals and visitors. These were essential for the development of sustainable tourism products. She added that members of the public had free access to the public areas in the Compound and could join the guided tours provided free of charge by the facility operator. As regards the Noah's Ark, SCED said that the operator offered customized group programmes and tour packages for companies and schools in addition to regular admission tickets.

4. Mr LEE Wing-tat considered that the existing cultural policy of Hong Kong was not conducive to the freedom of artistic expression nor to the development of tourism. It appeared to him that the Administration had adopted a "sterilizing policy" for street arts and culture. For instance, section 4 of the Summary Offences Ordinance (Cap. 228) had hampered the staging of street performances by imposing prohibitions on nuisance, annoyance or obstruction in any public place to people and/or traffic. He enquired whether the Administration had any plans to encourage more street performances so as to enhance the vibrancy of Hong Kong as a tourist attraction. SCED said that the Home Affairs Bureau had set up an inter-departmental working group, comprising the Tourism Commission (TC), Leisure and Cultural Services Department and the district councils, to explore and introduce designated zones suitable for staging street performances. The Administration aimed at launching a pilot scheme in certain districts by end 2009, with a view to extending the scheme to more districts in future.

5. Mr CHAN Kam-lam considered it pivotal to provide adequate infrastructures to take forward the development of tourism, and highlighted the need to build more hotels to capture the increasing number of Mainland travellers under the Individual Visit Scheme (IVS). SCED advised that the number of hotel rooms in Hong Kong had been increasing in recent years, reaching over 57 000 as at August 2009, with an average occupancy rate of around 74%. More new hotels would be built in the years to come.

6. Mr CHAN Kam-lam suggested the Administration discuss with the Central Government further facilitation measures for Mainland residents to visit Hong Kong, such as extending the one-year multiple-entry IVS endorsement to all Guangdong residents. He also considered it necessary to allocate more resources to strengthen tourism promotions in the Mainland. Ms Miriam LAU shared similar views and urged for the enhancement of IVS to cover more Mainland cities in the long run. Dr LEUNG Ka-lau said that the facilitation measures should be flexible enough to allow the Mainland visitors to lengthen their stay in Hong Kong on grounds of hospitalization or other emergencies.

7. SCED said that the Administration had been liaising with the Mainland authorities on the arrangement for non-Guangdong residents in Shenzhen to apply for IVS endorsement there (which was aimed to be implemented by end 2009 pending the setting up of the database and administrative mechanism) as well as the possibility of extending the one-year multiple-entry IVS endorsement to the entire Guangdong province. As for the duration of stay of the Mainland visitors under IVS, she said that under the existing policy, the Immigration Department would allow flexibility to cater for special requests for extension where justified. As regards tourism promotion in the Mainland, SCED advised that the Hong Kong Tourism Board (HKTB) had been strengthening its marketing efforts to cover more Mainland cities, together with an increase in the promotion budget with a view to boosting Mainland arrivals. The Chairman remarked that the Hong Kong Trade Development Council (TDC) could complement HKTB in promoting Hong Kong in the Mainland or overseas.

8. Noting the significant growth of visitors from Russia since the implementation of visa-free access arrangement in July 2009, Mr Paul TSE suggested that the Administration should consider implementing similar facilitation measures to visitors from other areas, such as Taiwan and South East Asia, so as to induce tourist arrivals. The Administration took note of the suggestion.

9. Mr Paul TSE commented that the tourism policy in general and the tourism initiatives under the 2009-2010 Policy Agenda in particular had placed too much emphasis on the Mainland market. He opined that the Administration should strike a balance and deploy adequate resources to tap the overseas market in order to maintain a more balanced portfolio of visitors, as this was strategically essential for upholding Hong Kong's image as an international cosmopolitan city. SCED stressed that the Administration aimed at diversifying Hong Kong's visitor source markets and had been adopting a multi-pronged and flexible strategy in tourism

promotion. While focusing on the high-growth Mainland market, resources were also deployed for tapping the emerging or growth markets (e.g. India).

10. Referring to the 29th TDC Hong Kong Electronics Fair which was the world's largest electronic fair with more than 2 700 exhibitors from 25 countries, Mr Paul TSE noted that there was a lack of coordination between TDC and HKTB to promote tourist attractions among participants. He considered that there was still room for improving the cooperation between the two agencies so that they might complement each other's initiatives to yield more benefits from MICE (meetings, incentive travels, conventions and exhibitions) activities for Hong Kong. In particular, HKTB should take the opportunity to work with hotels and airlines to offer travel packages and programmes to exhibition participants and their accompanying spouses and family members. SCED said that HKTB and TDC had been working closely as strategic partners in promoting Hong Kong's MICE offerings to maximize synergies. She would look into the issue raised by Mr TSE concerning the Electronics Fair and ask HKTB to make improvements where warranted.

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11. Mr Albert CHAN commented that the current distribution of power and responsibilities among the different bureaux/departments had hampered the formulation of effective policies for the development of tourism. For instance, the road access restrictions on Lantau South and the quota limit on coaches accessing the area as implemented by the Transport Department were not conducive to promoting tourism and local economy on the island. Similarly, the prohibition on cycling activities in the country parks had stifled the room for promoting cycle tourism. Referring to his difficulty in lining up the relevant bureaux/departments to discuss the issues in question, Mr CHAN suggested CEDB take the lead and liaise with the bureaux/departments concerned to devise a comprehensive policy on the development of cycle and green tourism, including the provision of cycle track networks linking the country parks. Referring to the lukewarm response of the Development Bureau to a previous proposal on the development of cycle tourism submitted by the Hong Kong Federation of Trade Unions, Mr IP Wai-ming urged the Administration to act more proactively to the call from the community for promoting cycle tourism.

12. SCED acknowledged the potential development of green tourism in South Lantau. However, the Administration had to take into consideration environmental protection and transportation support in taking forward the initiatives. As for cycle tourism, SCED highlighted the Administration's plan to connect the cycle tracks in the New Territories, which would have a positive impact on the promotion of cycle tourism. The network was being implemented in phases so as to bring forward the completion of individual sections, such as those in Tsuen Wan and Tsing Yi, for the early enjoyment of the public.

13. Ms Miriam LAU expressed disappointment that despite her repeated requests over the years, the Administration had not taken heed of the suggestion to expedite the development of tourism on the outlying islands. She believed that the initiative would bring benefits to the local economy while attracting more

patronage to the island ferry services and hence improving their viability and quality. As such, she requested the Administration to expedite its pace in promoting outlying island tourism. In this connection, Mr Paul CHAN enquired about the progress of the implementation of the Concept Plan for Lantau.

14. SCED said that the Administration recognized the development potential of Lantau and other outlying islands. She highlighted that the Concept Plan proposals for the future development of Lantau had undergone public consultation at different stages, with development themes being fine-tuned in response to public comments and suggestions received. As the Plan was conceptual in nature, it required further deliberation on the implementation model and timetable according to actual circumstances. SCED pointed out that while an overall planning framework was in place, the implementation or otherwise of individual projects (e.g. spa resort) under the Plan would be determined by market forces and investment from the private sector. In the interim, the Administration would continue to collaborate with local groups and tourism agencies in making use of the resources in the outlying islands to generate or renew the interests of Hong Kong residents and tourists in the scenic attractions and local cultures in the area. As for the Chairman's concern about the fare level and quality of outlying ferry services, SCED said that she would relay the concern to the Transport and Housing Bureau. Ms Miriam LAU said that while individuals and local communities would be eager to provide input on the tourism initiatives for the outlying islands, it was essential that the Administration would take the lead to coordinate these efforts and provide overall planning direction.

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15. Mr WONG Ting-kwong said that he was pleased to note that the Ministry of Land and Resources had given approval for the Hong Kong Geopark to be listed as a national geopark. He enquired about the measures devised to support and promote the geopark spots as tourist attractions. SCED said that TC and the Agriculture, Fisheries and Conservation Department (AFCD) had been working closely on the resource management, publicity and other supporting measures, including the provision of training courses for the tourism workforce to help them conduct eco-tours, and some 500 tour conductors had been trained so far. More specific training targeting at conducting geopark tours would be provided in future. TC and AFCD were also identifying suitable transport facilities to improve access to places with special geological features, taking into account the codes of geoconservation and protection of the natural environment.

16. Mr Abraham SHEK expressed support for the various tourism initiatives under the Policy Agenda. Making reference to the Mainland and overseas experience, Mr SHEK suggested the Administration consider utilizing public open space to promote alfresco dining as one of the tourism attractions in Hong Kong. SCED agreed that the promotion of alfresco dining should be encouraged to enrich visitors' experience. The Administration would take forward suitable measures in accordance with the relevant licensing system under the Food and Environmental Hygiene Department.

17. Noting the favourable response in the number of applications for the Mega Events Fund, Miss Tanya CHAN enquired whether CEDB had coordinated with the Home Affairs Bureau in vetting the proposals on hosting cultural, arts and sports events in Hong Kong. In her view, decisions on the type of events to be staged should base on a coherent and sustainable approach instead of taking a "piecemeal" fashion. The Fund should be deployed to help nurture long-term partnership with the event organizers to raise the international profile of Hong Kong. There was also a need for the events to tie in with the development of the West Kowloon Cultural District Project. SCED said that the vetting procedures, which followed a set of criteria, had been completed. The Government would closely monitor the implementation of the funded events.

18. In response to the Chairman's enquiry, the Administration advised that it would seek funding approval from the Legislative Council (LegCo) of about \$2.3 billion in money-of-the-day prices in November 2009 to allow the site formation works of the new cruise terminal to start by end 2009 and would ensure that the first berth would commence operation in mid 2013.

19. Noting that the Administration would continue the promotion of honest tourism and hospitality culture to further uplift the quality of Hong Kong's tourism services, Mr IP Wai-ming considered that these initiatives were important in boosting tourists' confidence in Hong Kong tourism. He recalled that the Administration had undertaken to review the operation of the Travel Industry Council of Hong Kong (TIC) in six months' time, and enquired about the way forward in enhancing the representation of the travel trade employees in TIC so as to protect their rights and interests. SCED agreed to take this into consideration when appointing independent directors to the TIC Board.

Consumer protection

20. Mr WONG Kwok-hing requested the Administration to combat direct selling scams in Hong Kong by means of legislation. He pointed out that the problem had worsened locally as victims of the scams were not confined to Hong Kong people but also the Mainlanders and other visitors.

21. Mr Fred LI expressed grave concern about the proliferation of advertising bluffs in the print media, especially the weekly magazines which were not subject to any regulatory control. He was very dissatisfied about the Administration's inaction which had indirectly led to the present flourishing publication of advertising bluffs, in particular on areas of beauty and slimming. As currently the Consumer Council (CC) was not empowered to tackle these unscrupulous sales practices, Mr LI urged the Administration to expedite the legislative process of extending the Trade Descriptions Ordinance (Cap. 362) (TDO) to cover the supply of services. He also suggested that more resources should be deployed for the Customs and Excise Department to take enforcement actions and for CC to handle complaints arisen from the new legislations in future. Ms Starry LEE supported expediting the review of the consumer protection legislation in face of the increasing number of consumer complaints relating to the supply of services and in

view of the lack of enforcement power of CC to crack down the malpractices at roots.

22. SCED said that in conducting the review of the consumer protection legislation, the Administration would endeavour to enhance safeguards for consumers by strengthening the current legislative regime in a timely manner. While CC had recommended the enactment of an omnibus bill to prohibit unfair trade practices in the supply of all goods and services, the Administration was mindful that enacting such a new piece of standalone legislation would be more complex and time-consuming. As such, the Administration considered it appropriate to amend the TDO to extend its coverage to the supply of services so as to combat the most prevalent unfair trade practices more promptly. She assured members that the Administration would endeavour to complete the review as soon as possible, with a view to consulting the public by end 2009 or early 2010. SCED further advised that in formulating the legislative proposals, the Administration would take into consideration the need to introduce a variety of enforcement tools to enable the enforcement authority to effectively carry out its duties.

23. Mr Paul CHAN enquired whether the review of consumer legislation would cover enactments to prohibit unfair trade practices in the supply of residential properties, given the prevalence of unscrupulous sales tactics in the trade. Miss Tanya CHAN urged the Administration to enhance regulation on sales descriptions and brochures of residential properties. Ms Starry LEE expressed support for stepping up control on the sale of private estates, in particular the high-pressure tactics and the disclosure of adequate information on the price of properties.

24. SCED pointed out that there were existing legislation and code of practices to regulate the estate agency and property transaction. Estate agents and salespersons had to comply with the regulations and code of ethics and practice issued by the Estate Agents Authority. Besides, property developers were required to comply with the requirements of the Real Estate Developers Association of Hong Kong (REDA) to provide specific information in the sales brochures, as well as REDA's guidelines in relation to the sales arrangements. A pragmatic approach was to refine the existing regulatory regime over the property sector where necessary while focusing the consumer legislation review on those unfair trade practices that had yet to come under regulatory control. It would require time to study and define "unfair" trade practices clearly in the new legislation to facilitate enforcement. As enhancing consumer awareness was equally important as legislative oversight, the Government was stepping up publicity and consumer education in parallel. The Chairman advised that issues relating to the sales of private residential properties could be further discussed at the meetings of the Panel on Housing in future.

25. Noting that the Administration was preparing a cross-sector Competition Bill for introduction into LegCo in the 2009-2010 legislative session, Dr LEUNG Ka-lau said that the existing practice of hospital bed allocation in private hospitals,

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which tended to give priority to the resident doctors of the hospitals concerned, had posed unfair competition to private independent medical practitioners. He requested the Administration to address the unfair practice when drawing up the legislative proposals. SCED replied that the issues warranted discussion among the bodies of healthcare professionals to identify the problems and make suggestions for improvement. She would convey the concerns expressed by Dr LEUNG to the Secretary for Food and Health for him to consider if the present allocation system would give rise to unfair competition.

Other issues

26. Mr Albert CHAN expressed concern that the Under Secretary for Commerce and Economic Development (USCED) rarely attended the meetings of the Panel. SCED said that USCED had been actively sharing the policy responsibilities in CEDB. He could not attend the current meeting as he was now in Frankfurt promoting Hong Kong at a book fair there. She believed that there would be many opportunities for USCED to meet and exchange views with Panel members in future.

27. Mr WONG Kwok-hing enquired about the number of job opportunities to be created under the initiatives in the portfolio of CEDB relating to the development of the six industries highlighted in the Chief Executive's 2009-2010 Policy Address. SCED responded that the six industries in question were currently offering about 350 000 jobs in the market. Additional job opportunities would hinge on the potential and progress of development of the respective industries, the growth rate in the recent years and the market response. While the Administration had yet to assess and quantify the number of additional employment opportunities to be created by the new policy initiatives in question, it was envisaged that there would be more significant growth if clear strategies and specific measures were developed to promote the industries. For example, it was expected that the testing and certification services might grow by 5% to 10% a year having regard to the trend in the past few years.

28. Mr Andrew LEUNG enquired about the details and the expected benefits of the Research and Development (R&D) Cash Rebate Scheme to be launched with an allocation of \$200 million. SCED explained that under the scheme, enterprises conducting applied R&D projects with the support of the Innovation and Technology Fund or in partnership with local designated research institutions would enjoy a cash rebate (i.e. equivalent to 10% of their investments in the projects). Given the steady increase in the share of enterprises in Hong Kong's total expenditure on R&D, the Administration was confident that the scheme would provide incentives to inculcate a research culture among enterprises and encourage them to establish long-term partnerships with research institutions.

29. Mr Ronny TONG enquired about the timeframe to take forward the Phase 3 expansion of the Hong Kong Convention and Exhibition Centre (HKCEC). He expressed concern that TDC was competing unfairly with other private service providers in MICE activities, and it appeared that the venue hiring and booking

policy of the HKCEC (Management) Limited had favoured TDC, and helped it to maintain its dominant position in the market. Miss Tanya CHAN said that the Government should address public concern that the existing operation agreement between TDC and the operator of HKCEC contained non-competition clauses which might prohibit TDC from granting the management right of any extension of HKCEC to another company while the contract was in force.

30. SCED said that as only about 25% of the trade exhibitions last year were organized solely by TDC, she did not consider there was an issue of monopoly in the booking of MICE venues. She emphasized that it was incumbent upon the Government to develop the necessary hardware for the MICE industry to meet market demand, while ensuring existing venues were fully utilized. The Government and TDC were examining the feasibility of HKCEC's phase 3 expansion, and an inter-departmental task force had been set up to oversee the studies that covered both planning matters as well as impacts on the traffic, environment and other public facilities in the vicinity. The Government would consider an appropriate time for public consultation when there was a concrete proposal.

31. The Chairman advised that as the R&D Cash Rebate Scheme and HKCEC's phase 3 expansion were subjects under the purview of the Panel on Commerce and Industry, members might wish to pursue the matters at the relevant policy briefing session.

32. Mr Ronny TONG commented that more time should be allocated for policy briefing for this Panel, in particular the policy briefing session by SCED. The Chairman took note of the suggestion for future arrangements and advised that the meeting could be extended if necessary.

II Briefing by the Secretary for Transport and Housing on relevant policy initiatives in the Chief Executive's 2009-2010 Policy Address

(LC Paper No. CB(1)18/09-10(02) — Administration's paper on policy initiatives of the Transport Branch of the Transport and Housing Bureau

LC Paper No. CB(1)56/09-10(02) — Speaking note of the Secretary for Transport and Housing (Chinese version only)
(tabled at the meeting and subsequently issued on 19 October 2009)

Briefing by the Secretary for Transport and Housing

33. At the invitation of the Chairman, the Secretary for Transport and Housing (STH) briefed members on the on-going policy initiatives relating to the air and maritime transport portfolio in the 2009-2010 Policy Agenda of the Transport and Housing Bureau. Details were set out in the Administration's paper

(CB(1)18/09-10(02)) issued on 15 October 2009 and STH's speaking note tabled at the meeting.

(Post-meeting note: The speaking note of STH was circulated to members vide LC Paper No. CB(1)56/09-10(02) after the meeting.)

Port and logistics

34. Mr WONG Kwok-hing enquired about the timeframe in taking forward the development of the Lantau Logistics Park (LLP), and the details of the plan to develop a logistics cluster in the Kwai Tsing area, in particular whether it would take into account the traffic and noise impacts on the Kwai Tsing and Tsuen Wan districts. STH explained that having regard to the needs of the logistics sector for convenient access to both the port and the airport, the global economic situation and market response, the Government had identified a number of permanent sites in the Kwai Tsing area suitable for the provision of logistics services, with a total site area of some 29 hectares (including about 15 hectares near the Stonecutters Island which had previously been reserved for the Port Rail Terminal). She stressed that these prospective permanent sites were currently deployed for logistics use on a short-term tenancy basis. The Government would include in the land lease terms conducive to the anchoring of professional third party logistics service providers and leading brands as appropriate. In releasing the land for permanent logistics use, the Administration would follow the statutory procedures to conduct traffic and environmental impact assessments. In addition, about 67.2 hectares of land was let out by way of short term tenancies for the use of the industry as adjacent port back-up land and container storage while another 24.5 hectares was used for container truck parking. In parallel, the Administration would keep in view the development of LLP. At the request of Mr WONG, the Administration agreed to provide further information on the permanent sites in the Kwai Tsing area, including details on the sizes and locations of the sites.

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(Post-meeting note: The information provided by the Administration was circulated on 30 October 2009 vide LC Paper No. CB(1)215/09-10(01).)

35. In reply to Mr Paul CHAN, STH further explained that in leasing the land in the logistics cluster, the tenders would specifically target the professional third party logistics service providers. The tenders would set out requirements for the operators to deliver high value-added logistics services in Hong Kong, with a view to enhancing the competitiveness of the Hong Kong Port (HKP) in terms of quality and efficient services.

36. Ms Miriam LAU said that she was pleased to note that the Administration had come up with a more specific plan to make available more land for long-term and short-term logistics use, and urged the Administration to follow through the implementation. As the total area of land to be released was only equivalent to some 60% of LLP's planned gross floor area, she requested the Government to provide more land for the use of the logistics sector in the interim before LLP could be taken forward.

37. Mr IP Wai-ming referred to the Chief Executive's 2009-2010 Policy Address that the logistics sector in Hong Kong should gradually shift to high-value goods and services. With the provision of suitable incentives and attractive lease terms, he believed that LLP would be in a better position to attract professional third party logistics service providers to anchor and provide high value-added logistics services there.

38. STH remarked that as land reclamation was not required and supporting facilities were already in place, it was expected that the land in the prospective Kwai Tsing logistics cluster could be gradually released from 2010 to 2013 for the development of the cluster. Meanwhile, the Government would review with the industry the way forward for making available more land for long-term logistics use in future. Besides, the Airport Authority Hong Kong (AA) was studying how the land use on the Airport Island could be optimized to support the logistics industry. The Government would keep in view the development of LLP in the light of the needs of the logistics sector and the global and local economic situation.

39. Mr Paul CHAN supported the Administration's initiatives in respect of the development of the Hong Kong International Airport (HKIA) and HKP. In particular, he welcomed the promotion of ship finance for Hong Kong shipowners. He enquired about the timeframe in taking the initiative forward. STH advised that to enhance the attractiveness of HKP, it was important to provide comprehensive and quality services including ship finance, ship insurance, legal services, shipping arbitration, ship brokering and management, and ship surveying. It was expected that by enhancing the support for financing of vessels owned by Hong Kong companies, the demand for other maritime services would also be stimulated. This would open up great opportunities for Hong Kong's maritime service clusters and strengthen the position of Hong Kong as an international maritime centre. The Deputy Secretary for Transport and Housing (Transport)⁵ supplemented that a working group to promote ship finance for Hong Kong was formed under the Hong Kong Maritime Industry Council. Members included representatives of shipowners, marine insurers and bankers, and the Hong Kong Export Credit Insurance Corporation. The working group was currently collating views from the stakeholders on the parameters and requirements for facilitating ship finance.

Air transport

40. While appreciating the Government's recent announcement to improve the use of airspace by shortening some arrival routes for aircrafts to Hong Kong, Ms Miriam LAU said that it was also necessary to improve the coordination of air traffic management in the Pearl River Delta (PRD) Region, so as to enhance the air traffic control capacity and efficiency to cater for flights overflying or landing at Hong Kong. STH responded that the tripartite working group formed by the civil aviation authorities of the Mainland, Hong Kong and Macao would continue to work on improving the use of airspace in the region. She highlighted that with the progressive increase of the runway capacity to 68 movements per hour by 2015, AA

would carry out a midfield expansion project to provide additional aircraft stands and apron facilities and a new passenger concourse. The project would maximize the use of the two existing runways and increase the handling capacity of the airport to 70 million passengers and 6 million tonnes of cargo per annum, which was expected to cope with air traffic demand up to 2020. As these projections were based on the existing arrangements for the use of airspace, it was envisaged that the runway capacity and hence HKIA's handling capacity could be increased as a result of improvements in the coordination of air traffic management.

41. Mr CHAN Kam-lam held the view that the handling capacity of HKIA should be increased more expeditiously to cope with the anticipated rising demand by 2020. He enquired about the possibility of and timeframe for increasing the aircraft movements beyond 68 movements per hour shortly after 2015, and requested the Administration to speed up the feasibility study on building a third runway. Mr IP Wai-ming said that in view of the large share of air cargo handled by the logistics sector, the Administration should complete the study on the third runway as early as possible. He believed the implementation of the third runway would create more job opportunities and benefit the aviation and logistics industries.

42. STH said that it was envisaged that the midfield expansion project together with the replacement of the air traffic control system could meet the air traffic demand up to 2020. To increase the runway capacity to more than 100 movements per hour in the longer term, a third runway would be required at HKIA. In this regard, the engineering and environmental feasibility of building a third runway was being looked into in the studies commissioned by AA, which were scheduled for completion in 2010.

43. The Chairman remarked that as transport infrastructure played an important role in the development of the economy, he hoped that the commissioning of a third runway would cope with the air traffic demand in a timely manner. While the Administration would replace the air traffic control system and improve the coordination of air traffic management, he considered it equally important to ensure safe and efficient air transport services through adequate staff training.

44. STH said that the Administration attached great importance to providing adequate facilities to enhance HKIA's development, and the planned construction of the Hong Kong-Zhuhai-Macao Bridge and the proposal of the Hong Kong-Shenzhen Western Express Line (WEL) were cases in point. She assured members that the Government would continue to maintain a close dialogue with the Mainland authorities when taking forward cross-boundary initiatives. STH further said that the Administration was well aware of the importance of staff training in civil aviation and the Civil Aviation Department (CAD) had been delivering systematic and comprehensive training programmes in this connection. The current planning with regard to the progressive increase of the runway capacity and replacement of the existing air traffic control system had taken into account necessary staff training and deployment. The Acting Director-General of Civil Aviation (Atg DG/CAD) added that recruitment of air traffic control personnel was

conducted on an ongoing basis each year. The training in question covered both overseas and in-service training that spanned across some five to seven years, during which the trainees were required to obtain various requisite qualifications and licences.

45. Mr CHAN Kam-lam believed that the provision of a midway station in the Northwest New Territories (NWNT) for WEL would benefit the developments of the NWNT districts. He enquired about the tentative location of the station. STH said that under the current planning, a station was being considered at Hung Shui Kiu, which was one of the new development areas (NDAs) in NWNT. The location would be examined in the detailed studies, with regard to the latest development of the NDA concerned.

46. Miss Tanya CHAN enquired about the progress of the studies relating to WEL, including its estimated cost, projected patronage and alignment coverage. STH advised that the Government and the Shenzhen Municipal Government had signed a cooperation agreement on the project in August 2009 to take forward the WEL planning. It was a consensus of both governments to develop WEL as a multi-purpose railway in support of the future developments of the two airports, Qianhai, Shenzhen and NTNW.

47. Ms Cyd HO noted that the Government would not pursue the Port Rail Line further in view of the continuous drop in the throughput of cross-boundary rail freight. She agreed that the cost-effectiveness of the project was doubtful given the lower freight costs of using other existing or emerging Mainland ports. In view of the keen competition in the region, Ms HO urged the Government to act proactively to preserve Hong Kong's edge and safeguard its commercial interests when pursuing regional cooperation with Mainland authorities, such as the development of WEL having regard to the cooperation on modern service industries between Hong Kong and Shenzhen in Qianhai. As information disclosure on the agreement details regarding the Qianhai development was essential to enhance the public's and Members' scrutiny of the railway project, she requested the Administration to provide a copy of the full text of the agreement for Members' information.

48. STH stressed that in promoting regional cooperation in the PRD Region, it was an aim of the authorities concerned to achieve mutual benefits and synergies. She pointed out that the Shenzhen Airport had a wide domestic network covering some 70 Mainland cities, compared with HKIA's 40, whilst HKIA had an extensive international network connecting to 110 overseas destinations. It was envisaged that a rail link between the two airports would be conducive to complementing each other's strategic functions and service networks, and expanding their catchment. She assured members that the WEL project aimed to achieve a win-win situation for both places. As for Ms Cyd HO's request for the full text of the agreement regarding the Qianhai development, STH agreed to relay the request to the relevant bureau for consideration.

49. Noting that the Administration would continue to review the demand for air services and initiate air services negotiations with Hong Kong's aviation partners, Mr Paul TSE enquired about the discussion, if any, with the relevant authorities to enhance the cooperation on air services between Taiwan and Hong Kong, following the implementation of the "Three Direct Links". He conveyed the requests of some airline companies for strengthening the cooperation with the Taiwan aviation partners, such as increasing the flights between Hong Kong and Taiwan. The Deputy Secretary for Transport and Housing (Transport)⁴ said that the Administration had reviewed and expanded air services arrangements with 12 aviation partners in 2008-2009 to provide more growth and development opportunities for the civil aviation industry. The air services arrangements between Hong Kong and Taiwan were in the form of a commercial agreement between the airlines of Hong Kong and Taiwan. It was understood that the airlines had been in contact from time to time on the possible expansion of the air services arrangements.

50. On airline regulation, Mr Paul TSE noted that the role of the International Air Transport Association (IATA) had changed from a regulatory one to a more advisory one. He considered that CAD should enhance supervision of the airlines and deal with those issues which had long been the subjects of contention, such as traffic rights, level of fuel surcharge and remuneration to travel agents for the collection of various charges on behalf of the airlines. He said that these issues could not be left to IATA to resolve as it was providing services to the airline industry rather than regulating it.

51. Atg DG/CAD highlighted the major responsibilities of CAD, which included ensuring a high standard of safety in the provision of air traffic management services; conducting fair and impartial accident investigations to determine the circumstances and causes of accidents; and monitoring compliance of safety and other standards by the airlines. The remuneration agreements between travel agents and airlines did not fall within CAD's existing scope of duties in the regulation of civil aviation activities. Whether the role and function of CAD should be enhanced would be subject to future discussion and review where warranted.

III Briefing by the Secretary for the Environment on relevant policy initiatives in the Chief Executive's 2009-2010 Policy Address

(LC Paper No. CB(1)18/09-10(03) — Administration's paper on policy initiatives of the Environment Bureau)

Briefing by the Secretary for the Environment

52. At the invitation of the Chairman, the Secretary for the Environment (SEN) highlighted the major initiatives under the portfolio of the Environment Bureau in the 2009-2010 Policy Agenda. Details of the initiatives were set out in the Administration's paper (LC Paper No. CB(1)18/09-10(03)).

Power generation and energy conservation

53. Mr Fred LI expressed concern that the use of more natural gas in power generation would lead to a rise on the fuel cost of the power companies, and hence create a pressure for tariff increase. In the light of the agreement signed between the Government and the Mainland authorities on the latter's continuous supply of natural gas to Hong Kong for 20 years, Mr LI enquired whether the power companies would need to build new gas-fired generating units to support the use of natural gas in power generation, and if so, about the impact on electricity tariff.

54. SEN said that the use of cleaner fuel sources such as natural gas would inevitably call for new capital investment by the power companies. The Government would strike a balance between environmental protection and public affordability by taking forward the increase in natural gas consumption for power generation progressively, i.e. from 28% to 50% in the fuel source portfolio, to be adjusted in accordance with the air quality objectives reviewed from time to time. Other measures had also been taken to alleviate the impact on electricity tariff, such as increasing the supply of nuclear electricity from the Mainland to Hong Kong. The Government would continue to exercise prudence in considering the need, timing and budget of capital projects proposed by the power companies, having regard to the impact on tariff.

55. Ms Cyd HO opined that while energy-efficient lighting installations or using more natural gas for power generation should be encouraged, the Government should make sure that these initiatives, in particular those that involved only one-off capital investment, would not become the excuses of the power companies to increase tariff for good. SEN said that the Administration had been deploying substantial resources to promote public awareness and participation in energy saving through a series of comprehensive initiatives, such as the allocation of \$450 million to subsidize building owners to carry out energy-cum-carbon audits and energy efficiency projects. In view of the limited public resources, the Government considered it cost-effective to provide one-off incentives of relatively small expenditure, such as the proposed distribution of cash coupons on energy-efficient compact fluorescent lamps, to engage the public in energy conservation at the household level. While the power companies would serve as agents and partners in these measures, the Government would ensure that these measures would not be profit-making for them.

56. The Chairman held the view that, apart from lighting devices, the Government should also seek to reduce the energy consumption of other household appliances. SEN informed members that the initial phase of the Mandatory Energy Efficiency Labelling Scheme had already covered three major categories of products (i.e. room air conditioners, refrigerating appliances and lighting devices) that accounted for some 70% of household power consumption. To further facilitate the public in choosing energy-efficient products, the Government would introduce in 2009 amendments to the Energy Efficiency (Labelling of Products) Ordinance to include washing machines and dehumidifiers in the second phase of

the Scheme. Energy efficiency in buildings would also be further enhanced with the implementation of the mandatory Building Energy Codes, a bill of which would be introduced to Legco in 2009, and the continuation of the building energy efficiency funding schemes.

57. Mr LEE Wing-tat enquired whether there was any plan to develop the West Kowloon Cultural District into a low carbon or zero-carbon demonstrative zone in the territory. SEN responded that it was a prevailing policy to incorporate more energy-efficient features in the design of new development areas and districts to foster quality and sustainable development, as illustrated by the implementation of the district cooling system at the Kai Tak Development. The Government would take these initiatives forward prudently, with a view to achieving a high standard of energy efficiency and extending the measures to other new districts.

58. Mr Paul TSE considered that while environmental protection could complement economic development, they might at times conflict with each other. For instance, the proposed statutory ban against idling vehicles with running engines had raised concerns among the transport trades, whereas the "lights out" energy-saving measures might affect the vibrancy of Hong Kong as the "Pearl of the Orient". Mr TSE suggested that the Government should assess the impact on tourism and economic development before taking forward environmental protection measures.

59. SEN stressed that the promotion of a green environment would bring benefits to different sectors of the economy. For instance, the development of the Hong Kong Geopark would help enhance the tourism development of Hong Kong, while the regulation against idling vehicles with running engines and other energy saving measures would improve air quality, which would also be conducive to tourism. The Government would strike a balance between environmental protection and the interests of different stakeholders. It would adopt a pragmatic yet progressive approach in introducing environmental initiatives, with a view to preserving and enhancing the luster of Hong Kong as a quality tourist destination. Referring to a voluntary scheme introduced by a theme park to encourage motorists to switch off the idling engines of their vehicles, SEN noted that drivers of coaches were generally cooperative. The Government would conduct publicity programmes to enhance awareness of the regulation when it was implemented in the future.

Geopark

60. Mr WONG Ting-kwong enquired about the plan and timeframe to implement complementary measures for the development of the Hong Kong Geopark. He suggested a site visit to the geosites be arranged for Panel members. The Chairman opined that as the Hong Kong Geopark with its newly acquired national geopark status would appeal to more tourists, the Government should deploy resources to train up adequate manpower to conduct geopark tours.

61. SEN remarked that the recent acquisition of the national geopark status from the Ministry of Land and Resources had raised public interest in and patronage to the Hong Kong Geopark. In setting up the Hong Kong Geopark, the Government would design visitors' routes highlighting the geological features and landscape in the geosites, and deploy additional resources for the Agriculture and Fisheries Conservation Department (AFCD) to provide training courses for the tourism workforce in conducting eco-tours. Such training programmes had been underway before the setting of the Geopark. With the setting up of the Geopark, more courses focusing on the Geopark sites and geological themes would be launched. AFCD would engage local groups and professional organizations in the conduct of tours.

62. Miss Tanya CHAN sought information on measures to be taken to protect the geosites with a view to enlisting them as a world geopark. SEN advised that as some of the eight geosites fell within the country parks, the Government would make use of the existing Country Parks Ordinance and Marine Parks Ordinance for the protection and management of these geosites. The Government would also seek to designate the remaining sites as protected areas under the same legislative framework. An integrated management system would be developed, and dedicated teams would be set up in AFCD to focus on specific areas of regulation, education, publicity, research, planning, conservation as well as network building, with a view to preserving and highlighting the unique geological features. SEN further said that attaining the national geopark status was a prerequisite for membership application of the Global Network of National Geoparks under the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Government would focus on consolidating the national status of the Hong Kong Geopark at this stage.

Biodiesel as a motor vehicle fuel

63. Noting that the Administration would promote the use of biodiesel as a motor vehicle fuel, Ms Cyd HO enquired whether there was coordination between the Government and the Mainland authorities to regulate the use of biodiesel under the same specifications and standards, so as to reduce greenhouse gas emissions in the region more effectively. Drawing the lesson from the promotion of using liquefied petroleum gas as auto-fuel, Ms HO highlighted the need to ensure fair competition in the provision of filling stations for biodiesel refuelling.

64. SEN said that the use of biodiesel as a motor vehicle fuel had been getting more popular due to its lower greenhouse gas emissions. To ensure the quality of the fuel and enhance consumer confidence, the Administration would introduce regulatory control on motor vehicle biodiesel, which would cover, inter alia, product definition and specifications. It was expected that the promotion of biodiesel as a motor vehicle fuel would in turn stimulate recycled business for used oil in Hong Kong. As for the standardization of the specifications of auto-fuel products, including the motor vehicle biodiesel, across the boundary, the Government would continue to discuss with the Mainland authorities in this regard.

Green procurement and electric cars

65. Mr WONG Kwok-hing noted that the Government had made arrangement to procure ten electric vehicles from the first batch of electric vehicles to be made available in the market by late 2009. He enquired whether the use of electric vehicles by the Government departments would be mandatory in future to promote the green procurement policy. Mr WONG suggested providing more re-charging facilities at the carparks of Government/public buildings to encourage the use of electric cars among the general public. SEN said that eco-vehicle was an example of the Government taking the lead in green procurement. Apart from the ten electric cars to be delivered to Hong Kong, most of the Government vehicles bought in recent years were of high environmental standards. While the costs of hybrid/electric vehicles were relatively higher than conventional vehicles, the Government was committed to playing a pioneer role in promoting a wider use of hybrid/electric vehicles, and had provided first registration tax concession for them. It was expected that a total of around 200 electric vehicles would be supplied to the local market in the financial year of 2010-2011.

66. Mr LEE Wing-tat enquired whether annual targets would be set in the guidelines to achieve expansion of green procurement in the Government. SEN advised that the Stores and Procurement Regulations were amended in 2000 to require Government departments to give consideration, as far as possible, to purchase products with green features. Green specifications for over 60 products commonly procured by Government departments had been developed over the years and the list was expected to increase in future, having regard to introduction of new products in the market.

Green lunch charter

67. Mr WONG Kwok-hing expressed concern that only 40 schools were adopting green lunch initiatives and centralized lunch distribution. Noting that as much as \$50 million from the Environment and Conservation Fund (ECF) had been earmarked for providing financial and technical assistance to schools in switching over to on-site meal portioning, Mr WONG enquired about the details of the Administration's plan. SEN said that the Government had been encouraging schools to avoid using disposable containers and cutlery, and reduce food waste. Many lunch box suppliers had been promoting green catering arrangements at schools to grab business opportunities. The Government planned to launch the green lunch charter to enlist support of schools in adopting the practices of centralized lunch distribution and washing containers on site. The funding reserved under ECF would be used for the necessary retrofitting works in schools.

Cleaner Production Partnership Programme

68. Referring to the Cleaner Production Partnership (CPP) Programme which provided professional and technical support to Hong Kong-owned factories in the PRD Region for the adoption of cleaner production technologies, Mr WONG

Ting-kwong suggested the Government consider providing subsidies or loans to factory owners for the purchase of relevant facilities, or promoting the shared-use of these facilities so as to alleviate their financial burden. SEN advised that the CPP Programme aimed at encouraging and facilitating Hong Kong-owned factories in the PRD Region to adopt cleaner production technologies and practices through awareness promotion activities; on-site improvement assessment for participating factories; demonstration projects on the technologies; and third party verification service on improvement projects implemented by the participating factories. The Programme scope would be expanded to the area of effluent reduction and control. SEN apprised members that the existing programme already provided financial assistance to the participants, as the cost of on-site assessment and demonstration projects would be shared between participating factories and Government on an equal basis while other activities were generally free of charge.

IV Any other business

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