

**立法會**  
**Legislative Council**

LC Paper No. CB(4)386/17-18  
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by the Administration)

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**Panel on Economic Development**

**Minutes of policy briefing**  
**held on Monday, 30 October 2017, at 8:30 am**  
**in Conference Room 1 of the Legislative Council Complex**

**Members present** : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)  
Hon Alvin YEUNG (Deputy Chairman)  
Hon James TO Kun-sun  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon Kenneth LEUNG  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Andrew WAN Siu-kin  
Hon Jimmy NG Wing-ka, JP  
Dr Hon Junius HO Kwan-yiu, JP  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon CHAN Chun-ying  
Hon LUK Chung-hung  
Hon Jeremy TAM Man-ho

**Members absent** : Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon CHU Hoi-dick

**Public Officers attending** : Agenda item I

Mr Edward YAU, GBS, JP  
Secretary for Commerce and Economic  
Development

Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Miss Cathy CHU, JP  
Commissioner for Tourism

Ms Vivian SUM, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry) 1

Agenda item II

Mr WONG Kam-sing, GBS, JP  
Secretary for the Environment

Mr TSE Chin-wan, BBS, JP  
Under Secretary for the Environment

Mr Vincent LIU, JP  
Deputy Secretary for the Environment

Agenda item III

Mr Frank CHAN, JP  
Secretary for Transport and Housing

Mr Joseph LAI, JP  
Permanent Secretary for Transport and Housing  
(Transport)

Dr Raymond SO, BBS, JP  
Under Secretary for Transport and Housing

Ms Maisie CHENG, JP  
Director of Marine

Mr Simon LI, JP  
Director-General of Civil Aviation

Mr Wallace LAU, JP  
Deputy Secretary for Transport and Housing  
(Transport) 4

Ms Angela LEE  
Deputy Secretary for Transport and Housing  
(Transport) 5

Mr Raymond CHENG  
Head (Airport Expansion Project Coordination  
Office), Transport and Housing Bureau

**Clerk in attendance :** Ms Shirley CHAN  
Chief Council Secretary (4)5

**Staff in attendance :** Ms Shirley TAM  
Senior Council Secretary (4)5

Ms Lauren LI  
Council Secretary (4)5

Ms Zoe TONG  
Legislative Assistant (4)5

Miss Mandy LUI  
Clerical Assistant (4)5

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**I. Briefing by the Secretary for Commerce and Economic Development on the Chief Executive's 2017 Policy Address**

(LC Paper No. CB(4)20/17-18(01) — Administration's paper on 2017 Policy Address — Policy Initiatives of the Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau

LC Paper No. CB(4)60/17-18(01) — Administration's paper on "Development Blueprint for Hong Kong's Tourism Industry")

Presentation by the Administration

At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the policy initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau ("CEDB").

Declaration of interest

2. Mr Frankie YICK declared that he was a director of The "Star" Ferry Company, Limited.

Discussion

*Development of tourism products and projects*

3. As regards the Administration's initiative of enhancing the tourism characteristics of the Victoria Harbour and harbourfront promenades, Mr CHAN Chun-ying enquired about the Administration's plans in instilling leisure-cum-tourism elements into more local promenades like the ones in Tsuen Wan and Kwun Tong in order to attract more tourists.

4. In response, SCED advised that this initiative was related to Strategy 2 of the Development Blueprint for Hong Kong's Tourism Industry ("the Blueprint") proposed by the current-term Government. This strategy aimed to develop and explore tourism products and projects with local and international

characteristics. Under this strategy, the Administration would strive to provide more choices to tourists and enhance their experience in Hong Kong by developing tourist attractions in different districts.

5. Mr LUK Chung-hung welcomed the Administration's adoption of certain suggestions made by the Hong Kong Federation of Trade Unions in the Blueprint. He referred to a motion, which urged the Administration to set up a fund for the development of tourism with local features, proposed by him and passed at the meeting of the Panel on Economic Development ("the Panel") on 28 November 2016, and enquired about the progress of implementing the suggestions made in the motion.

6. Mr LUK Chung-hung also noted CEDB's initiative in developing green tourism and eco-tourism. He was of the view that the transport support for some green attractions, for example, the Hong Kong Geopark, was inadequate, and urged the Administration to make enhancements in this regard.

7. SCED advised that under Strategy 2 of the Blueprint, the Administration would nurture and develop tourism products and initiatives with local and international characteristics, including green tourism. Under this strategy, the Administration was making an effort in exploring options for enhancing land transport services, for example bus services, to the Hong Kong Geopark.

8. Mr CHAN Chun-ying opined that the lack of supporting facilities at the Kai Tak Cruise Terminal ("KTCT") had undermined its utilization. In this regard, he referred to the implementation goal outlined in the Administration's paper on attracting cruise lines to deploy more ships to Hong Kong, and enquired about the details of the Administration's measures to enhance the attractiveness of KTCT to the cruise lines by increasing the supporting facilities at KTCT.

9. Commissioner for Tourism ("C for T") advised that the Administration had all along been making enhancements to the transport connectivity, transport services and facilities at KTCT. Specific efforts included the construction works of Road D3 in the Kai Tak Development which would connect KTCT and Kowloon Bay and would commence construction in mid-2018; a new bus route plying between Kowloon Tong MTR station and KTCT would be in operation in the first half of 2018; and improved road signs would be erected in the vicinity to facilitate the public who drove to KTCT. C for T added that an inter-departmental high-level tourism co-ordinating meeting had been convened by the Financial Secretary to coordinate such efforts amongst bureaux and departments. She further advised that the number of ship calls at KTCT was expected to reach 190 in 2017, meaning a 100% increase from 2016.

10. Mr Holden CHOW welcomed the Administration's proposal of exploring the provision of water taxi serving locations with major tourist attractions within the Victoria Harbour as outlined in the Blueprint. He considered that water taxi would help boost the visitor flow in KTCT.

11. Mr YIU Si-wing welcomed the Blueprint, which allowed the travel trade to plan ahead for their businesses. He referred to an assessment relating to tourists conducted by CEDB in 2014, and enquired if the Administration would conduct similar assessment based on the proposals in the Blueprint so as to facilitate future planning of the travel trade and address the public's concern about the impact of an increase in inbound tourists.

12. SCED considered that an assessment relating to tourists should take into consideration, apart from the number of visitors, the adjustment in the travel trade in the past few years to make it a useful reference for the industry. In view of the recent development in Hong Kong's tourism, SCED advised that there was a need for Hong Kong to diversify its source markets to regions other than the Mainland, and that the efforts in developing "multi-destination" itineraries and products should be strengthened.

13. Mr WONG Ting-kwong pointed out that a number of selected operators under the Food Truck Pilot Scheme were not making a profit. He considered the stringent requirements imposed on the operators by the Administration under the Scheme were the major reason for the poor business performance. In this connection, he urged the Administration to relax such requirements, and considered that a review on the Scheme necessary.

14. In response, SCED advised that the two-year Food Truck Pilot Scheme, which was positioned as a tourism project, commenced in February 2017. Since it was only eight months after the launch of the Scheme, the Administration would need to wait and see how things would turn out in the remaining period. He further advised that five out of the 15 food truck operators were each making total revenues exceeding \$1 million. C for T added that refinement measures to the Scheme had been introduced from time to time to facilitate the trucks' operation. For example, in view of the pedestrian flow, some venues were turned into optional venues to facilitate the operators to participate in more self-identified tourism events.

*Expansion of visitor source markets*

15. Mr Frankie YICK noted that the Hong Kong Tourism Board launched the Hong Kong Transit Programme ("HKTP") and the Hong Kong Extended

Stay Programme ("HKESP") in September 2017. Such programmes aimed to entice passengers who transferred/transited through the Hong Kong International Airport ("HKIA") for other destinations to explore Hong Kong beyond the airport and spend more in Hong Kong while staying in town through offering benefits for them. In this connection, he sought information on the outcomes of these programmes.

Admin

16. C for T advised that HKTP targeted transit visitors arriving Hong Kong during day time with a stopover of more than six hours, while HKESP aimed to prolong visitors' length of stay by encouraging them to stay in Hong Kong hotels for three nights or more. Offers included Airport Express Line tickets under HKTP and special offers from tourist attractions under HKESP. The two programmes were so far well received by the travel trade in attracting tourists to stay longer and spend more in Hong Kong. At the request of Mr Frankie YICK, the Administration agreed to provide information on the outcome of implementing HKTP and HKESP in due course.

17. Mr Holden CHOW said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") welcomed the Administration's introduction of the Blueprint, which served to be a good step towards enhancing the development of tourism in Hong Kong. He hoped that the Administration would take into consideration the suggestions made by DAB on the sustainable development of Hong Kong's tourism. Mr CHOW pointed out that the "144-hour Convenient Visa" ("the Visa") offered simplified procedures for overseas visitors to visit Guangdong cities via Hong Kong, and that the arrangement under the Visa had had positive impact on the promotion of "multi-destination" itineraries and products which was beneficial for the development of Hong Kong's tourism. In this connection, he suggested the Administration discuss with the relevant Mainland authorities to explore the possibility of extending the time of stay for the tourists under the Visa.

18. C for T advised that the Administration would take into consideration all relevant factors, including the suggestion of extending the time of stay, before making any proposals on the Visa's arrangements to the relevant Mainland authorities.

19. Noting that the Administration planned to assist the trade to seize the business opportunities arising from the development of the Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), Mr YIU Si-wing enquired about the details of the cooperation in this respect, in particular the specific measures and timetable.

20. SCED advised that in August 2017, the Hong Kong Special

Administrative Region ("HKSAR") Government and the China National Tourism Administration ("CNTA") signed the "Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong" ("the Agreement") to further strengthen mutual collaboration. In the year ahead, the two sides would progressively take forward the Agreement, which included, among other things, promoting Bay Area cities to jointly develop "multi-destination" tourism products with Hong Kong, and conducting joint promotion of "multi-destination" itineraries and products in overseas markets. He further advised that the trade associations of Hong Kong should discuss with their Mainland counterparts in the Bay Area on their mode of cooperation.

21. The Chairman sought information on how the Administration would take forward the Agreement. In response, SCED advised that the two sides would meet regularly to further strengthen mutual collaboration under the Agreement, which included facilitating Hong Kong solely owned travel agents to carry on outbound travel business on the Mainland for Mainland residents.

*Promotion of smart tourism*

22. Noting the Administration's initiative to explore providing free Wi-Fi spots in various tourist attractions in Hong Kong for the purpose of promoting smart tourism, Mr Frankie YICK enquired if the Star Ferry Piers would be considered as the targeted spots.

23. In response, C for T advised that Star Ferry services were popular among tourists. Therefore, the Administration would consider making the Central piers one of the targeted Wi-Fi spots when considering the free Wi-Fi spots provided in Central.

24. The Deputy Chairman pointed out that since most public transport in Hong Kong did not accept credit card payment, it might cause inconvenience to tourists especially those who did not have cash when they just arrived in Hong Kong. Noting the Administration's initiative in promoting smart tourism, the Deputy Chairman urged CEDB to discuss the issue with the relevant bureau(x) with a view to bringing greater convenience to tourists.

25. C for T advised that smart technology would be used to provide tourists with the useful tourist information. She also undertook to liaise with the relevant stakeholders to address the Deputy Chairman's concern about exploring more means of payment other than cash. SCED added that since payment by non-cash means would also involve the policy areas of other bureaux, he would bring the matter to the attention of the relevant bureaux.



*Regulation on the travel trade and other tourism-related matters*

26. Mr LUK Chung-hung noted an increasing trend that outbound tours to the Mainland assembled and dismissed in Shenzhen instead of Hong Kong. He pointed out that tourists joining this type of tours were not covered by the protection under the Travel Industry Compensation Fund ("TICF"). In this connection, he urged the Administration to step up its regulation on this type of tours, in particular their advertising, and to widen the scope of protection under TICF to better protect outbound tourists.

27. SCED referred to the Agreement signed by the HKSAR Government and CNTA in August 2017, and advised that relevant authorities in Hong Kong and the Mainland would map out the joint effort in stepping up the regulation on the trade both in Hong Kong and the Mainland. He further advised that the Travel Industry Bill, which was introduced into the Legislative Council ("LegCo") in early 2017, sought to safeguard the rights of tourists and to promote good business practices in the travel industry.

28. Mr WONG Ting-kwong considered that certain situations relating to tourism had affected the daily life of the Hong Kong public. Such situations included that some homeowners in Hong Kong rented their flats to visitors, and that some tourists camped in the country parks instead of engaging in proper accommodation. He enquired about the measures devised by the Administration to tackle the problems.

29. SCED said that he noted the situation where homeowners rented their flats to visitors through Airbnb. He said that such new development was due to the development of shared economy and the advance in technology. He advised that any such activities should be legally conducted, and that other accommodation options for tourists like developing home-stay lodgings in rural areas were being explored.

*Competition policy*

30. Mr Frankie YICK pointed out that retail prices of auto-fuel were always the same across companies, and that oil companies were "quick going up, slow coming down" in adjusting these prices. He also noted that the land leases of 28 petrol filling station ("PFS") sites would expire in 2018, and these PFS sites would be available for retendering by then. The Administration had earlier advised that it would be an opportune time to introduce changes to the auto-fuel market in the retendering exercise. Referring to his earlier suggestion that the Administration could consider introducing a pricing adjustment mechanism similar to the ceiling prices adjustment mechanism adopted for liquefied

petroleum gas ("LPG") at dedicated taxi LPG filling stations, Mr YICK enquired if the Administration would adopt his suggestion or any other suggestions for regulating the auto-fuel market in Hong Kong.

31. SCED referred to a recommendation made by the Competition Commission ("the Commission") in its report on study into Hong Kong's auto-fuel market released in May 2017 that the expiry of the leases of 28 PFS sites in 2018 would provide an opportune time for the Government to review the tendering system for such sites with a view to introducing more competition to the Hong Kong auto-fuel market. He anticipated that with more competition in the auto-fuel market and higher transparency in retail prices of auto-fuel, consumers would be able to make better choices. He undertook to relay Mr Frankie YICK's concern about auto-fuel prices to the Environment Bureau ("ENB"), which was the leading policy bureau of the subject matter.

32. The Deputy Chairman enquired about the timetable for the Administration to review the Competition Ordinance (Cap. 619) ("the Ordinance"), in particular matters relating to mergers within the same trade. He also asked if there was a manpower shortage in the Commission, given the cap on headcount imposed on the Commission and the wide range of functions it had to undertake.

33. SCED advised that the Administration had undertaken to conduct a review on the Ordinance after it had been in operation for three years. He added that the Administration gave full support to the Commission for it to discharge its duties under the Ordinance. In this regard, the Government would increase the annual subvention allocated for the Commission which would cover an increase in manpower, and provide a dedicated funding of about \$200 million for supporting the Commission's litigation expenses in the coming years.

*Economic development and external trade*

34. Mr CHUNG Kwok-pan noted from media reports that a team responsible for coordinating matters related to the Belt and Road Initiative ("B&RI") would be set up under CEDB. It was also reported that SCED hoped to make Hong Kong a "launching pad" for B&RI. In this regard, Mr CHUNG sought details on the expected outcomes brought by the team and making Hong Kong a "launching pad" for B&RI.

35. SCED advised that work related to B&RI included business promotion to and attracting investments from some 100 Belt and Road countries. The work could be better coordinated under one bureau, i.e. CEDB in this case.

Since such work would increase CEDB's workload, more manpower would be required. In this connection, CEDB would make a submission to the relevant LegCo Panel in end 2017 on creation of directorate posts in the Belt and Road Office.

36. SCED further advised that CEDB would help corporations develop their B&RI projects devising on Hong Kong's edges in the systems, financing and various services. In this regard, Hong Kong would play the "launching pad" role by helping these corporations to "go global".

37. Mr CHUNG Kwok-pan noted the initiative of the Administration to further develop cross-border logistics and delivery services in order to meet the growth of e-commerce. He considered that the promotion and development of e-commerce itself was equally important, and thus urged the Administration to explore the various aspects of developing e-commerce in Hong Kong. SCED replied that Hong Kong had quality infrastructure to support the development of e-commerce and the future development of 5G technology would help in this aspect.

38. The Chairman noted that in June 2017, approval had been given by Mainland authorities for the proposals relating to the use of the waters in the China (Guangdong) Pilot Free Trade Zone by yachts from Hong Kong and Macao. In this connection, the Chairman enquired if the Administration would consider adopting similar measures in Hong Kong, including opening more Hong Kong waters for yachts from Mainland and Macao, lowering the relevant tariffs for these yachts, and opening more berthing spaces for them. He considered that such measures would facilitate the development of yacht tourism within the Bay Area. SCED advised that the suggestions touched on the capacity of Hong Kong waters in handling the increase in the number of yachts and the relevant immigration work. As the regulation of yachts and related matters were under the purview of the Marine Department ("MD"), SCED undertook to refer the matters to MD for follow-up.

### Motions

39. Members noted that three motions were to be moved by members under this agenda item, of which two were by Mr Michael TIEN and one by Mr Holden CHOW.

40. The Chairman ruled that the following motion proposed by Mr Michael TIEN was not directly related to the agenda and therefore it should not be dealt with at the meeting.

"為促進工商發展，本委員會促請政府當局與內地政府研究，為在大灣區工作的港人提供交通和稅務優惠：

1. 研究設立來往香港至深圳北段的高鐵月票，讓跨境人士可在一個月內無限次來往香港、福田和深圳北站；
2. 目前港人在內地工作累計停留超過 183 日須繳付內地稅款，研究如港人在大灣區工作並即日來回，不論其在境外是否有職務，均可按半日計算內地停留天數及相關稅款，盡量令有關人士不會超越須繳付內地稅款的工作日數上限，只須繳交香港稅款，減輕負擔。"

(Translation)

"In order to promote the development of commerce and industry, this Panel urges the Administration to explore with the Mainland Government the provision of concessions on transport and tax to Hong Kong people working in the Bay Area:

1. to explore the introduction of monthly passes for the Hong Kong-and-Shenzhen North section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link so that cross-boundary travellers are entitled to unlimited rides from Hong Kong to Futian station and Shenzhen North station within a month;
2. given that Hong Kong residents are chargeable to Mainland tax if they work on the Mainland for periods exceeding in the aggregate 183 days in any 12-month period, the Administration should explore with the Mainland authorities to count the days of presence on the Mainland for Hong Kong residents working in the Bay Area with same-day return, regardless of whether they are engaged in work-related activity outside Hong Kong, at a half-day rate and hence the tax chargeable so that they will not exceed the 183-day threshold for Mainland tax and are chargeable to Hong Kong tax only, thereby relieving their burden."

41. The Chairman ruled that the second motion moved by Mr Michael TIEN and the motion moved by Mr Holden CHOW were directly related to the agenda item under discussion. Members agreed that these two motions should be dealt with at the meeting.

*Motion moved by Mr Michael TIEN*

42. Mr Michael TIEN moved the following motion –

"本委員會促請政府當局，透過跨部門合作開拓嶄新旅遊景點，包括但不限於研究發展多用途道路活動場地和文化創意園區，以增加香港的國際吸引力和旅遊競爭力、吸納新客源、帶動新產業發展、創造中小企營商空間，以及為港人(尤其是接受職業專才教育的年輕人)提供更多元化的就業和發展機會。"

(Translation)

"This Panel urges the Administration to create new tourism attractions through inter-departmental cooperation, including but not limited to exploring the development of multi-purpose venues for holding road events and cultural and creative parks, so as to enhance Hong Kong's international appeal and competitiveness in tourism, open up new visitor sources, boost the development of new industries, create business prospects for small and medium enterprises, as well as provide more diversified job and development opportunities to Hong Kong people, in particular young people with vocational and professional education."

43. The Chairman put the motion to vote. Seven members voted for the motion, and no members voted against the motion or abstained from voting. The Chairman declared that the motion was carried.

(*Post-meeting note:* The Administration's response to the motion was issued to members vide LC Paper No. CB(4)317/17-18(01) on 1 December 2017.)

*Motion moved by Mr Holden CHOW*

44. Mr Holden CHOW moved the following motion –

"本委員會促請特區政府積極與內地政府磋商及爭取放寬目前外國旅客到香港後再到廣東省旅遊可享的'144小時便利簽證'安排，即放寬這144小時規定，吸引更多國際旅客訪港體驗一程多站旅程。"

(Translation)

"This Panel urges the HKSAR Government to actively discuss with the

Mainland authorities on and strive for the relaxation of the '144-hour facilitation visa' arrangement currently imposed on overseas visitors who travel to Guangdong province via Hong Kong. The relaxation of this 144-hour requirement would attract more international visitors to Hong Kong for experiencing multi-destination travel."

45. The Chairman put the motion to vote. Nine members voted for the motion, and no members voted against the motion or abstained from voting. The Chairman declared that the motion was carried.

*(Post-meeting note: The Administration's response to the motion was issued to members vide LC Paper No. CB(4)317/17-18(02) on 1 December 2017.)*

## **II. Briefing by the Secretary for the Environment on the Chief Executive's 2017 Policy Address**

(LC Paper No. CB(4)7/17-18(01) — Administration's paper on 2017 Policy Address — Policy Initiatives of the Environment Bureau: Energy)

### Presentation by the Administration

46. At the invitation of the Chairman, Secretary for the Environment ("SEN") briefed members on the policy initiatives of ENB.

### Discussion

#### *Tariffs and power supply*

47. Mr LUK Chung-hung was of the view that the two power companies had always overestimated the fuel cost, hence leading to huge surpluses in their Fuel Clause Recovery Accounts ("FCAs"). He noted that according to the arrangements under the new Scheme of Control Agreements ("SCAs") signed between the Government and the two power companies, a more frequent Fuel Clause Charge ("FCC") adjustment mechanism would be introduced so that actual fuel costs borne by the power companies would be reflected in tariffs in a more timely manner. In this regard, Mr LUK sought information on the details of the relevant arrangement. He also suggested that a rebate mechanism should be put in place to govern the rebates of overcharged fuel cost, and that a cap should be imposed on the FCA balance.

48. Deputy Secretary for the Environment ("DSEN") advised that FCC estimates were currently made once a year. Due to volatility in the international fuel market, the difference between the estimated and the actual fuel costs in a year could be large. Since the change in fuel costs within the year could not be timely reflected, this would thus create surpluses in FCAs. However, this difference would be smaller under the new SCAs since more frequent adjustments would be made to FCCs which helped reflect the change in fuel costs in a more timely manner.

49. Mr LUK Chung-hung expressed concern that some landlords of sub-divisions of flat units ("SDUs") were overcharging their tenants on the use of electricity. Since such matter was not governed by the Electricity Ordinance (Cap. 406) or the Supply Rules of the two power companies, Mr LUK informed the meeting that he would introduce a Member's Bill to amend Cap. 406 to prohibit an owner of an electrical installation to sell electricity to another person. He also asked if the Administration would introduce any legislative amendments to tackle the problem.

50. DSEN replied that the Administration was currently going through the Member's Bill proposed by Mr LUK Chung-hung. While Members' efforts in helping the needy families were appreciated, the problem could not be solved by amending Cap. 406. It was because landlords could impose financial burdens on their tenants through other means like increasing the management fees or the rent. Therefore, the problem might not be directly related to tariffs. DSEN further advised that since most SDU tenants had to share one electricity meter and residential tariffs were charged on a progressive basis in Hong Kong, they might have to pay higher tariffs than tenants with their own individual electricity meter. To address the problem, the Administration and the two power companies were looking into the feasibility of helping SDU tenants install individual meters where circumstances permitted through the Community Energy Saving Funds under the new SCAs.

51. Ir Dr LO Wai-kwok said that it was the community's consensus that more natural gas should be used for power generation. Considering that the prices and sources of natural gas would have greater impact on Hong Kong's power generation in future, Ir Dr LO enquired if there were alternative sources of natural gas apart from the ones from the Mainland.

52. In response, SEN advised that the two power companies were proactively studying into the matter. He said that maintaining a reliable and stable power supply for Hong Kong was of primal importance, and that the Administration always stood ready to discuss with the two power companies the results of their studies.

53. Mr Steven HO pointed out that local mariculturists still relied on old style power generators, which caused noise and air pollution, for producing electricity for use in their fish culture zones. In this connection, he urged the Administration to consider extending the electricity supply network to these 26 fish culture zones so as to encourage the development of mariculture industry and reduce the negative impact on the environment. Mr HO said that some mariculturists were informed by the Lands Department that they would have to pay an annual land premium of \$1 million to make available electricity supply network in their fish culture zones. In this regard, he urged the Administration to discuss with the relevant bureaux/departments, in particular the Lands Department, the feasibility of exempting such land premiums from the mariculturists concerned.

54. SEN replied that he did not have the background of the case and would be prepared to liaise with the bureaux/departments concerned when details of the case were received. He added that the use of renewable energy ("RE") such as solar energy was being explored in some remote areas, for example Po Toi Island, which were not covered by the current electricity supply network. The Administration could further explore if such power generation methods could be used in other suitable locations.

*Promotion of energy efficiency and conservation and renewable energy*

55. Ir Dr LO Wai-kwok appreciated the efforts to be made by the Administration and the two power companies in promoting energy efficiency and conservation ("EE&C") and RE under the new SCAs. He considered that it was the public's consensus to protect the environment by reducing emissions and using more RE, and hoped that the measures to promote EE&C and RE could be implemented as soon as possible. As regards the technical consideration of distributed RE such as the connection arrangements of Feed-in Tariff, Ir Dr LO was concerned about the Administration's plans in implementing distributed RE in the next regulatory period, in particular the timetable.

56. SEN advised that the Administration had been discussing the implementation of distributed RE with the two power companies. The proposed arrangements would be announced in the first half of 2018, and were expected to be implemented upon commencement of the new SCAs. Since enforcement of legislation under the purview of other bureaux/departments would be involved in installation of solar panels and implementation of distributed RE, ENB would liaise with these bureaux/departments.



57. Mr WU Chi-wai noted that the promotion of EE&C and RE was an essential part in the new SCAs. In this connection, he urged the Administration, together with the two power companies, to set targets on the amount of electricity to be generated by RE. He considered setting such targets would better incentivize the two power companies to step up their efforts in promoting EE&C and RE.

58. SEN advised that two documents, namely "Hong Kong's Climate Action Plan 2030+" and "Energy Saving Plan for Hong Kong's Built Environment 2015 ~2025+", had set out the carbon intensity reduction target of Hong Kong in 2030 and Hong Kong's target in reducing energy intensity by 2025 respectively. He further advised that it had been provided under the new SCAs the targets on the promotion of EE&C and RE to be achieved, and the corresponding awards the power companies could earn by achieving those targets.

59. Mr WU Chi-wai pointed out that the targets in the new SCAs were only economic incentives, which were in his opinion inadequate in motivating the power companies. He maintained that a targeted amount of electricity the two power companies had to generate by using RE would best motivate them to use more RE for power generation.

60. Noting that the two power companies were exploring the feasibility of constructing a liquefied natural gas floating storage facility to receive and store natural gas, Mr WU Chi-wai enquired about the ownership of the facility. SEN advised that the Administration maintained an open attitude towards the proposal by the two power companies with a view to balancing the benefits to Hong Kong as a whole.

61. The Chairman remarked that some countries were using new and environmentally friendly methods to generate electricity. These methods included installing power generation panels in typhoon shelters, reservoirs and water channels. He urged the Administration to consider adopting such methods in Hong Kong. He also suggested that the Administration should provide incentives to encourage innovative ideas of generating electricity in efficient yet cheaper ways. However, he emphasized that stability of power supply should not be compromised whatever power generation methods were to be used.

62. SEN replied that the Administration had been making efforts in generating power in a cleaner and more innovative way. He gave the example of the Water Supplies Department's one-year pilot project of installing a floating solar power system at Shek Pik Reservoir and Plover Cove Reservoir respectively. The project had a potential to be expanded if it turned out to be

successful. He also welcomed proposals from the public on cleaner ways of power generation. The Administration was currently exploring with the two power companies on different options of distributed RE.

### **III. Briefing by the Secretary for Transport and Housing on the Chief Executive's 2017 Policy Address**

(LC Paper No. CB(4)20/17-18(02) — Administration's paper on 2017 Policy Address — Policy Initiatives of the Transport Branch of the Transport and Housing Bureau)

#### Presentation by the Administration

63. At the invitation of the Chairman, Secretary for Transport and Housing ("STH") briefed members on the policy initiatives of the Transport Branch of the Transport and Housing Bureau ("THB").

*(Post-meeting note: The speaking note of STH was issued to members vide LC Paper No. CB(4)137/17-18(01) on 30 October 2017.)*

#### Discussion

##### *Aviation*

64. Mr YIU Si-wing was concerned about the problem of flight delays at HKIA, especially the flights departing for the Mainland. He was concerned that flight delays might affect the full utilization of the three-runway system after its commissioning. In this connection, he urged the Administration to discuss with the relevant Mainland authorities the measures to be devised to progressively improve the on-time performance of flights at HKIA, in particular for flights flying through Mainland airspace where air traffic flow management ("ATFM") measures were in place.

65. Director-General of Civil Aviation advised that the on-time performance of flights was affected by a number of factors including adverse weather, heavy air traffic demand, and airspace constraints. He advised that the Civil Aviation Department of the HKSAR Government, the Civil Aviation Administration of China and the Civil Aviation Authority of the Macao Special Administrative Region had entered into a Memorandum of Co-operation ("MoC") in July 2017 which aimed to further enhance the efficiency of air traffic management in the

Pearl River Delta ("PRD") region. Under the MoC, the three sides agreed to jointly work on specific measures to tackle the problems relating to ATFM, including flight delays.

66. The Chairman welcomed the signing of the MoC to enhance the efficiency of air traffic management in the PRD region. He was concerned about the measures to increase the runway capacity of HKIA prior to the commissioning of the three-runway system, and enquired about the feasibility of relaxing the time limit imposed on quieter aircraft overflying populated areas so as to allow more aircraft to operate at night time. He was of the view that if the problem of aircraft noise could be solved, more flights should be allowed to operate at HKIA at the small hours, in particular the ones departing for Europe.

67. STH advised that the Airport Authority Hong Kong ("AAHK") and the Civil Aviation Department had been working closely to maintain the current runway capacity of HKIA at 68 air traffic movements per hour, which was the maximum practical capacity of the two-runway system, through the application of new technologies and airspace enhancement measures. STH also advised that the use of quieter aircraft types could certainly facilitate extending the operation time of HKIA. Nevertheless, the existing runway capacity could only be increased marginally. All in all, safety was the most important factor for consideration when efforts were made to increase the runway capacity.

68. Mr YIU Si-wing noted that AAHK planned to construct a terminal building to be completed in 2022 for use by transit passengers travelling between HKIA and Macao/Zhuhai Boundary Crossing Facilities ("BCFs") via the Hong Kong-Zhuhai-Macao Bridge ("HZMB"). Mr YIU considered that allowing these transit passengers arriving at HKIA via HZMB to board a plane without going through Hong Kong's customs and immigration clearance would increase the competitiveness of HKIA, and enquired if such an arrangement could be put in place before the completion of the new terminal building.

69. STH advised that AAHK's proposal also involved construction of a bonded vehicular bridge connecting the BCFs and HKIA. The proposal would bring convenience to transit passengers from Macao/Zhuhai arriving HKIA via HZMB. STH emphasized that intermodal transport was important for Hong Kong to maintain its hub position.

70. The Chairman noted that an amendment to the Inland Revenue Ordinance (Cap. 112) had been enacted by LegCo in June 2017 to give profits tax concessions to qualifying aircraft lessors and qualifying aircraft leasing managers so as to attract companies to develop aircraft leasing business in Hong Kong. In this connection, the Chairman enquired about the Administration's

efforts in promoting the development of aircraft leasing business in Hong Kong, and if an increase in such business was seen in Hong Kong as a result of the profits tax concessions.

71. In response, STH advised that the reduced effective tax rate of about 4% for such businesses was attractive. He was given to understand that some aircraft leasing companies had decided to set up their offices in Hong Kong. The Administration had been making efforts to promote Hong Kong to the aircraft leasing companies.

72. Mr LUK Chung-hung noted that there was manpower shortage for the skilled posts in the aviation industry. Opining that the first batch of courses provided by the Hong Kong International Aviation Academy ("the Academy") included rather few training programmes for these skilled positions and these programmes were mostly short term, Mr LUK was of the view that suitable courses should be provided by the Academy to meet the needs of the aviation industry. STH replied that to his understanding, AAHK had been stepping up its efforts in providing multi-faceted training for frontline staff.

*Maritime development and marine safety*

73. Mr Holden CHOW was concerned about the development of high value-added maritime services in Hong Kong, in particular marine insurance. He noted that some insurance companies carrying on marine insurance business could only handle claims applications, instead of underwriting marine insurance policies, in Hong Kong due to the stringent licensing requirements. He considered that such a situation was not favourable for the development of marine insurance in Hong Kong, and urged the Administration to look into the situation.

74. Mr Holden CHOW appreciated THB's efforts in making use of the various overseas Economic and Trade Offices to provide support services to registered Hong Kong vessels at overseas ports. He noted that MD was exploring the possibility to streamline the process of issuing exemptions and dispensations by putting in place a delegation arrangement from the Director of Marine ("D of M") to professional surveyors to further improve the services provided by the Hong Kong Shipping Register, and urged the Administration to follow up on the matter since the measure would enhance the competitiveness of the Hong Kong Port.

75. Permanent Secretary for Transport and Housing (Transport) advised that the Administration noted the trade's views regarding the proposed delegation arrangement. The Government was in the course of reviewing relevant

ordinances and subsidiary legislation involving the delegation of authority. He assured members that D of M stood ready to issue the required documents any time to facilitate the operation of the vessels concerned, whether or not the proposed delegation arrangement was to be implemented.

76. Mr Frankie YICK relayed the trade's request that an authority with the necessary statutory power should be set up to oversee the development of the maritime industry. He recalled that the last term Government agreed that it would be the direction to push ahead Hong Kong's maritime development. In this connection, Mr YICK sought the views of the current-term Government on the trade's request.

77. STH advised that, upon its inception in April 2016, the Hong Kong Maritime and Port Board ("HKMPB") had so far served the purpose of promoting maritime development in Hong Kong. In particular, the three committees set up under HKMPB had recommended, supported and steered the implementation of numerous initiatives and/or measures to further develop the industry through trade facilitation, manpower development and promotion. While there was no urgent need for setting up a statutory body at this stage, the Administration was open-minded to the trade's suggestion, and would review the roles and effectiveness of HKMPB, so as to determine whether there was a need to establish such an authority in future.

78. Mr Frankie YICK welcomed the Administration's initiative of providing profits tax concessions to the relevant players in the aircraft leasing business to promote the development of the business in Hong Kong. In this regard, he called on the Government to introduce similar tax concessions for shipping companies with a view to encouraging them to develop businesses in Hong Kong.

79. Mr Frankie YICK supported THB's policy initiative of exploring the feasibility of relaxing the air draft restriction at Tsing Ma Bridge so as to facilitate the access of ultra-sized container vessels to call on Hong Kong Port. He urged the Administration to further gauge the views from the trade and the relevant bureaux/departments on how the initiative could be best implemented.

80. STH advised that since the Tsing Ma Bridge was the only land link to HKIA, the imposition of air draft restriction there was essential to ensure the safety and operation of the Bridge. In view of concerns of the trade, the Administration was looking into the feasibility in relaxing the air draft restriction at Tsing Ma Bridge based on the premise that marine safety would not be compromised.

81. Noting the various new services to be provided by MD as stated in the policy initiatives of THB, Mr Steven HO enquired about the corresponding manpower arrangement for the department to undertake the new duties. Mr HO also expressed concern about staff succession within MD.

82. D of M admitted that, similar to the maritime sector, there was a manpower shortage within MD, and advised that MD had been adopting stop-gap measures and devising long-term strategy to deal with the manpower shortage. On stop-gap measures, MD had obtained agreement of the Civil Service Bureau ("CSB") to relax the Chinese language proficiency requirement temporarily and increased the frequency of recruitment exercises. With the introduction of new Government initiatives such as the Post-retirement Service Contract Scheme, MD was also able to meet the manpower gap by retaining the service of experienced staff beyond the age of 60. On long-term strategy, MD had been working with CSB on a grade structure review for the two core professional grades in MD which sought to, inter alia, solve the manpower shortage problem of the two grades in the long run. She advised that LegCo would be consulted on the relevant proposal when details were available.

83. Mr LUK Chung-hung pointed out that the number of local seamen, especially young talents, was small because there was a lack of relevant training opportunities for young people in the maritime industry. In this regard, he urged the Administration to consider extending the period of the Sea-going Training Incentive Scheme, since participants in this scheme might require a period longer than 18 months to obtain the required professional qualifications. Mr LUK was also concerned about the Administration's measures in encouraging shipping companies to hire more local seamen.

84. STH emphasized that the aviation and maritime industries were an important tenet for Hong Kong's economic development. He advised that since the inception of the Maritime and Aviation Training Fund ("MATF") in 2014, nearly 4 000 students and in-service maritime and aviation practitioners had benefitted from the training and incentive schemes under MATF so far.

85. Mr James TO referred to the vessel collision incident near Lamma Island on 1 October 2012, and relayed the requests from certain families of the victims of the incident to the Administration. The said families hoped to meet with the Chief Executive, the Secretary for Justice and STH to discuss the follow-up actions to be taken by the Administration. They also requested the Administration to make public the Report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 and the Report of the Transport and Housing Bureau's Investigation into Staff Conduct in the Marine Department in relation to the Vessel Collision Incident near Lamma

Island on 1 October 2012 ("the THB Report"). Mr TO asked if the families could peruse the THB Report under a confidentiality agreement if the said report was not to be made public. He also requested that these families be allowed to observe the meeting under a confidentiality arrangement in the event that a closed meeting was to be held between Members and the Administration to discuss the THB Report.

86. STH replied that he would be willing to meet with the families concerned to listen to their requests. STH referred to the Secretary for Justice's previous advice that disclosure of the full THB Report might affect the integrity of investigation into the case. Besides, consent of the MD staff involved in the investigation would be required if the THB Report was to be disclosed in full for the sake of protecting their privacy.

### *Railways*

87. Ms Claudia MO noted the Administration's earlier advice that the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") would bring in economic benefits worth \$80 billion for the travelling time saved in the coming 50 years, and that the estimated internal rate of return of XRL had been lowered to 4%. Together with the monthly operating cost of \$80 million estimated by the MTR Corporation Limited ("MTRCL") earlier, Ms MO queried if the profits to be made by XRL could break even its construction cost. She was also concerned about the latest estimate on the passenger throughput of XRL, which was currently estimated to be 10 000 passengers per hour.

88. STH advised that the economic benefits to be brought about by the cost savings due to passenger time savings as a result of the XRL project over 50 years of operation was estimated at \$90 billion (discounted to 2015 prices at a rate of 4%). During the period, the 10 000 jobs to be created by the XRL project would bring about another \$90 billion economic benefits, while the site on top of the West Kowloon Station would be worth another \$90 billion. STH further advised that the overall economic benefits to be brought about by this cross-boundary infrastructure project were enormous, some of which could not be easily quantified like the enhanced cultural communication with the Mainland and fostering the logistics development for Hong Kong. As regards the \$80 million monthly operating cost of XRL, STH advised that it was only MTRCL's estimate and the actual amount was still subject to the discussion between the Government and MTRCL.

**IV. Any other business**

89. There being no other business, the meeting ended at 10:35 am.

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