

Chapter V : Economic Services

5.1 At the Chairman's invitation, the Secretary for Economic Services (SES) presented the proposed financial provisions for the programmes under his policy area (Appendix V-4).

Subvention - Hong Kong Tourist Association

5.2 Noting that the Administration had earmarked a provision of \$532.5 million for programmes undertaken by the Hong Kong Tourist Association (HKTA), Miss Emily LAU enquired about the progress of HKTA in pursuing the Enhanced Productivity Programme (EPP).

5.3 The Commissioner for Tourism (C for Tourism) advised that the initial EPP savings requirement of 1% in 2000-2001 was already reflected in the reduced provision sought in the 2000-2001 Estimates. Further, HKTA had reviewed its expenditure pattern and identified an additional saving of \$17 million in this year's Estimates. The Administration was in discussion with HKTA with a view to gradually achieving the remaining 4% saving by 2002-2003.

5.4 Referring to the establishment of HKTA, Miss Emily LAU enquired about the criteria in determining whether a staff should be engaged on permanent or contract terms. The Executive Director of Hong Kong Tourist Association (ED/HKTA) advised that the HKTA had an establishment of about 400 staff with 75% on permanent terms. Of this establishment, 271 were working in Hong Kong and 95 in its 14 overseas offices. In order to achieve productivity gains, HKTA was already examining ways to reduce the size of the establishment and to contract out services where possible.

5.5 Miss Emily LAU referred to the high proportion of staff employed on permanent terms in all the subvented organizations and enquired whether the Administration was prepared to undertake a policy review in this respect. She also queried why 75% of HKTA's staff were employed on permanent terms and the rest on contract terms.

5.6 C for Tourism advised that the Administration was undertaking an establishment review of HKTA, having regard to the need to maintain a balance between the need to retain permanent staff to provide the necessary continuity and experience for overseeing various proposals and the need to recruit new blood from time to time to bring in new ideas. SES added that the Administration was mindful of the need to maintain cost-effectiveness in the subvented sector and would put

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forward a concrete proposal for members' consideration upon the completion of the on-going organizational review of HKTA. However, pending the progress of the review, he could not give a concrete timetable at this stage but he undertook to report to the Economic Services Panel in due course.

5.7 Regarding the split of permanent staff and contract staff in the subvented organizations, the Deputy Secretary for the Treasury (1) explained that whilst the financial provision of the subvented sector was granted by the Administration, it was not Government policy to determine the proportion of employees to be engaged on permanent terms or contract terms by a subvented organization. Staffing matters of this nature were considered by individual subvented organizations, having regard to their own circumstances. She said that the variation in the ratio of permanent staff to contract staff between different subvented organizations might be due to their own historical development. In the Hospital Authority, most of the employees were employed on permanent terms or on renewable contract terms. In the University Grants Committee-funded institutions, she understood that the proportion of staff employed on contract terms, instead of given tenure, was increasing. For newly established organizations such as the Legislative Council Secretariat and the Equal Opportunities Commission, staff were generally engaged on contract terms.

Use of flueless gas water heaters

5.8 Mr Fred LI referred to the implementation of the Gas Safety (Installation and Use and Miscellaneous) (Amendment) Regulation 1999 which prohibited after 30 June 2000, the use of a flueless gas water heater to serve a bathroom or shower and enquired whether sufficient provision had been made to enforce the regulation, particularly for users having flueless heaters connected to liquefied petroleum gas cylinders. He also expressed concern about the safety of flueless gas water heaters brought in from the Mainland by members of the public and enquired whether the matter had been taken up with the Customs and Excise Department.

5.9 The Director of Electrical and Mechanical Services (DEMS) said that since the enactment of the legislation, the gas suppliers had been visiting their clients known to be using flueless gas water heaters to advise them of the need to replace those connected to bathrooms/showers. Further, the Gas Authority had been actively publicising the new safety requirements to the public. On the import of flueless gas water heaters from the Mainland, he said that such import was not

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prohibited and the issue would best be tackled through educating the public on the importance of purchase and proper use of safer model of gas appliances. SES added that the Gas Authority and the gas suppliers were further gearing up their publicity and inspection work and the Administration would brief members further on the subject matter at the forthcoming meeting of the Economic Services Panel.

Development of Hong Kong's shipping and port industry

5.10 Mr HUI Cheung-ching referred to the recent price reduction by the terminal operators in the Mainland and enquired about the measures taken by the Administration to promote the development and competitiveness of Hong Kong's shipping and port industry. He also expressed concern about the high terminal handling charge levels in Hong Kong particularly when compared with the fees charged by the Mainland counterparts.

5.11 The Deputy Secretary for Economic Services (3) advised that the difference between the total costs of shipping cargoes through Hong Kong and Shenzhen had been narrowing recently. If barges were used to ship containers from places like Zhongshan and Zhuhai to Hong Kong for export, the transportation cost would be lower than taking the containers by truck to and exporting through Shenzhen port. To enhance the competitiveness of Hong Kong's container terminals and container transport industry, a Sub-committee on Container Port Competitiveness had been set up under the Hong Kong Port and Maritime Board to study and devise measures to make Hong Kong's port more competitive. The Port and Maritime Board was commissioning a study on Port Cargo Forecasts which would assess various factors affecting the cargo transport industry including development of the Hong Kong and Shenzhen ports and their interaction. SES added that the Administration had been working closely with the Hong Kong Port and Maritime Board and the port and freight industry and was adopting a series of measures to increase the competitiveness of the Hong Kong container port. On the issue of terminal handling charges, he said that the subject had been high on the agenda of the Economic Services Panel. He assured members that the Administration would continue to bring all parties concerned in the container freight industry together to identify measures to lower the cost of handling containers in Hong Kong and the charges paid by the shippers. Through these discussions, the liner conferences had agreed to continue to freeze the charges until May 2001.

Air Passenger Departure Tax Administration

5.12 Mr SIN Chung-kai enquired the reason for a significant drop in the

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number of applications for exemption from payment of the air passenger departure tax (APDT) from 30 151 in 1998 to 11 052 in 1999. The Director of Civil Aviation (DCA) explained that in the past, some types of passengers were not liable to the payment of APDT, for example, passengers who arrived on an aircraft landing in Hong Kong solely by reason of adverse weather and subsequently departed from Hong Kong by aircraft as soon as practicable. But with the implementation of a new scheme in April 1999 to encourage same-day transit passengers to visit Hong Kong during their stay, passengers who arrived at and departed from Hong Kong on the same day were exempted from the payment of APDT. As a result of the change, the exemption previously sought by certain types of passengers was no longer necessary, and hence, the number of exemption application was reduced from 1999 onwards.

Energy Efficiency Labelling Scheme

5.13 Mr CHAN Kam-lam referred to the Energy Efficiency Labelling Scheme and enquired the three types of products under investigation by the Electrical and Mechanical Services Department. DEMS said that these were electric water heaters, photocopiers and vehicles. As regards the cost of investigation, DEMS said that he would provide the information after the meeting.

Use of web marketing to promote Hong Kong

5.14 Mr Howard YOUNG referred to HKTA's plan to develop an event website which enabled access to an on-line ticket reservation system. Given that the travel and tourism industry and the information technology sector had been undertaking similar projects in the market, he enquired the basis of HKTA using public monies to compete with the private sector over the development of an on-line business. ED/HKTA explained that the proposal was not intended to compete with the private sector. In fact, HKTA maintained regular dialogue with the industry and made every effort to promote the use of internet by service providers. As part of the programme to facilitate tourists to obtain more information about Hong Kong, HKTA planned to revamp and upgrade its website to meet the demands of the new era and further facilitate the web users to obtain information relating to major international and local events. SES added that whilst the intention had never been on the profit making side, there was a need to take a proactive approach in launching attractive web site to provide the necessary information to intended tourists to Hong Kong.

Public Cargo Working Areas

5.15 Noting that the cargo throughput for public cargo working areas (PCWA) was reduced from 12 million tonnes in 1998 to 10.9 million tonnes in 1999 and that the estimates for 2000 would remain relatively stable at 1999 level, Mrs Miriam LAU enquired the reasons for the fluctuation. The Director of Marine (D of M) explained that in 1999, some of the cargoes that used to go to PCWA had gone elsewhere, for example, the River Trade Terminal in Tuen Mun and the container terminals in Kwai Chung. As to why the cargo throughput in 2000 could remain at a similar level as that in 1999, he explained that the overall cargo throughput was expected to have a positive growth in 2000, and hence, PCWA would also benefit from an overall increase in the volume of cargoes. Regarding the amount of savings and the effect on revenue brought about by the PCWA management reforms implemented in the past two years, D of M undertook to provide the requested information after the meeting.

Consumer protection and competition policy

5.16 Miss Emily LAU referred to the announcement made by the Financial Secretary in his Budget Speech that the responsibility for consumer protection and competition policy would be transferred from the Trade and Industry Bureau to the Economic Services Bureau. She enquired about the details of the restructuring proposal and the related staffing proposal. SES advised that the proposed transfer would more logically fit into the existing functions of the Economic Services Bureau which dealt with, inter alia, tourism and energy supply. In the case of tourism, consumer protection was considered important as frequent complaints had been received against the malpractice of shop owners. In the energy supply market, views had been expressed to introduce more competition in the market. The proposed restructuring would facilitate the formulation of policy in the concerned areas. In general, the related posts in the Trade and Industry Bureau for undertaking the above programme areas would be deleted and additional posts be created in the Economic Services Bureau to absorb the additional workload. The Administration was working on the details of the staffing proposal and would shortly put forward a staffing proposal to the Establishment Subcommittee for members' consideration.

Air Traffic Management

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5.17 Mr Fred LI remarked that since the opening of the new airport, there had been a number of incidents relating to flight safety. In considering that 16 temporary overseas Air Traffic Control Officers (ATCO) would cease to service the department in 2000-2001, he enquired whether the department had sufficient manpower with the necessary expertise to meet the safety requirement and the anticipated air traffic services demand.

5.18 DCA advised that the temporary posts were created to fill the shortfall in manpower during the relocation of the airport and to cater for the increase in workload when the new airport was opened in 1998. Over the past two and three years, the Administration had met its recruitment and training targets for its locally recruited ATCOs. There was also sufficient manpower under the existing establishment to cater for the current workload.

5.19 As to whether there was a relationship between the occurrence of aircraft incidents and the experience of the temporary ATCOs, DCA confirmed in the negative. He stressed that flight safety had always been the prime objective of the Department, and every possible step was taken to ensure this could be achieved. The department had adopted a very stringent standard in controlling the movement of aircraft. Once a deviation was observed even though it did not involve any risk of collision, it would be classified as an incident and a thorough investigation would follow. In fact, the rate of incident in the new airport relating to loss of separation between aircraft was comparable with that of the Kai Tak. Regarding the training of air traffic control staff, he said that the subject matter was under constant review by the department. The Administration would continue to provide quality training to air traffic control staff to meet the anticipated air traffic services demand.