

**SES's Speaking Note at the Special FC Meeting  
to Examine Draft Estimates of Expenditure 2000-2001  
(23 March 2000 at 11:50 am - 12:50 pm)**

Mr Chairman,

The total provision under the General Revenue Account for programmes under ESB's policy areas for 2000-2001 is around \$2.6 billion which is similar to that of last year. Since Members have specifically requested me to keep my opening address short, I will be brief and focus on three main areas, namely tourism, aviation and shipping and a few other major initiatives.

2. In 1999, we welcomed some 10.7 million visitors, representing an increase of 11.5% over 1998 and second to the record high in 1996. Hotel occupancy rate also rose to 79%. The recovery of the tourism sector is the result of the joint efforts of the tourism industry, the government and the Hong Kong Tourist Association in re-packaging Hong Kong and providing quality service at competitive prices.

3. Government subvention to the Hong Kong Tourist Association will amount to \$532.5 million in 2000-01. The Association will strengthen promotional activities and will continue to actively implement the "Quality Tourism Services" Scheme to enhance the standard of tourism service.

4. To attract more tourists to come to Hong Kong, we have entered into an agreement with Walt Disney to build a world class Disney theme park in Penny's Bay. We have also invited expressions of interest to build a cable

car system linking Tung Chung and Ngong Ping on Lantau Island. We are working towards making Hong Kong a destination for both the business and leisure visitors.

5. It is essential for both the trade and the Government to work closely together for tourism development in Hong Kong. To foster partnership between the Government and the private sector and to tap the valuable advice from industry experts, we set up a Tourism Strategy Group in August last year comprising representatives from the Government, the Hong Kong Tourist Association and various sectors of the tourist industry to consider and make recommendations to the Government in respect of tourism development from a strategic perspective.

6. For the port and maritime sector, 1999 has been a very encouraging year. The container throughput of the port has grown by 11.2% amounting to 16.2 million TEUs and the river trade sector showing an exceptional growth of over 29%. We have been working closely with the Port and Maritime Board (PMB) to develop initiatives which would strengthen the competitiveness of our port and maritime sector. On the port side, we are developing various measures which would improve the access links to the port. We are carrying out the studies to review the back up land and replenishment facilities. On maritime safety, the Marine Department is implementing a package of measures to improve vessel safety in our port. The Kwai Chung Vessel Control Centre of the Marine Department has been in operation since November last year. They are in the process of upgrading the overall vessel traffic management system for completion late next year. The department will also increase harbour patrol services and educational

seminars for port users. On the maritime side, the package of measures we introduced last year to make our Shipping Register more competitive have borne results. Since the new measures were introduced, there has been growth of over 34% in gross net tonnage registered. We will continue to enhance promotion work with the aim of increasing registered gross net tonnage to 10 million tonnes. Currently, the PMB is looking into all sorts of ways to increase the presence of maritime players in Hong Kong.

7. As regards civil aviation, the first priority of the Government is to ensure flight safety. The Civil Aviation Department will ensure the compliance of aircraft, operators and maintenance organisations with international standards. The Department will also regularly review the procedures, staff deployment and training in the provision of air traffic control (ATC) services. It will also continue to introduce modern ATC systems, such as the Precision Runway Monitor to be commissioned later this year. Another initiative being taken is the study and trial of the satellite-based Communication, Navigation and Surveillance/Air Traffic Management systems. Flight safety and efficiency will be enhanced upon the gradual introduction of these systems.

8. In addition, to continue to develop Hong Kong as an aviation hub, the Government is implementing a liberal air services policy. We will negotiate and sign more Air Services Agreements with new aviation partners. We also adopt a flexible and open approach in exchanging traffic rights with our aviation partners to continue to expand Hong Kong's aviation network.

9. On meteorological services, the Hong Kong Observatory (HKO) will enhance the weather information services to the public by extending the weather forecast from 4 to 5 days and setting up an information centre in Kowloon. HKO will also procure a light detection and ranging radar to supplement the detection capability of the existing windshear and turbulence warning system during non-rainy conditions. The target completion date is 2002.

10. On energy side, the Electrical and Mechanical Services Department have earmarked \$5 million for contract services for monitoring the replacement programme of flueless gas water heaters and will also set aside a provision of \$9 million on follow-up studies on increased interconnection and competition in the electricity supply sector. These are important initiatives for enhancing gas safety and mapping out the way forward for Hong Kong's electricity supply sector.

11. Mr Chairman, we shall be happy to answer questions.