

Chapter IV : Economic Development

4.1 At the Chairman's invitation, the Secretary for Economic Development and Labour (SEDL), Mr Stephen IP, highlighted the work priorities of the Economic Development Branch in 2004-05 (Appendix V-3).

Tourism

4.2 Referring to the action plan for eco-tourism development in Northern New Territories, Miss CHAN Yuen-han sought further information on the timetable for each phase of development. Given the possible impact of frequent visitation on the environment and ecology, she also enquired if green groups had been consulted on the action plan.

4.3 In reply, the Commissioner for Tourism (C for Tourism) remarked that five priority clusters were found to have the highest potential for tourism development in the Consultancy Study on "Development of Tourism in the Northern New Territories". An inter-departmental committee had earmarked two of these five areas, namely Tung Ping Chau and the northern shore of Tolo Channel to the Plover Cove Reservoir, as pilot areas for green tourism projects. The committee considered that improvements to the basic infrastructure such as pier, sewerage, electricity and water supply to the areas were required to ensure the sustainability of these tourism development projects. Separately, the Administration was also looking into the development of bed-and-breakfast establishments in Tung Ping Chau and village house museums for the island. For the Plover Cove Reservoir, efforts had been made in developing new hiking routes. C for Tourism stressed that green groups, relevant district councils and interested parties had been consulted in the course of the Consultancy Study. They were also briefed on the findings and recommendations of the Study Report. Where appropriate, the Administration would continue to consult these groups at the implementation stage.

4.4 Noting that the Administration would deploy existing resources to handle the growth in arrivals following the full implementation of the Individual Visit Scheme (IVS), Mr James TIEN was concerned about the long waiting time for customs and immigration clearance of tourists at land boundary crossing points.

4.5 C for Tourism remarked that sufficient resources had been earmarked for the relevant departments to carry out the related duties. Furthermore, in order to cope with the anticipated growth in cross-boundary traffic, the Administration was also implementing the Shenzhen Western Corridor, which would provide an additional road link for cross-boundary traffic.

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4.6 On tourism promotion, C for Tourism said that an additional \$45 million would be allocated to the Hong Kong Tourism Board in 2004-05 for launching promotional activities to attract more visitors, including individual visitors, from the Mainland to Hong Kong.

4.7 Mr Henry WU declared that he was a board member of the Ocean Park Corporation. He was concerned about the progress of work of the Task Force led by the Financial Secretary to study the strategies for the redevelopment of Ocean Park, given the imminent opening of the Hong Kong Disneyland in 2005, and the resulting competition.

4.8 C for Tourism advised that a Development Group, set up under the Task Force, was currently working on a proposal for the renovation and redevelopment of Ocean Park. The detailed funding arrangement and implementation plan were expected to be made available by the end of this year.

4.9 Mrs Selina CHOW declared that she was the Chairman of the Hong Kong Tourism Board. In order to improve the tourism products and facilities in Hong Kong, she said that there was an urgent need to expedite the planning and implementation of golf course and spa facilities in Lantau Island. Mrs CHOW expressed serious concern that no progress had been made after a lapse of several years.

4.10 Acknowledging the need for more golf course and spa facilities in Hong Kong, SEDL said that the Administration was already working on the initiative and would conduct a consultancy study on spa resort facilities. While he was not in a position to report on the detailed work of the Lantau Economic and Infrastructural Development Co-ordination Task Force, chaired by the Financial Secretary, in co-ordinating the major infrastructural development projects in Lantau, he understood that a preliminary plan for the future development of Lantau would be made available by the end of this year.

Logistics Development

4.11 Miss CHAN Yuen-han expressed serious concern about the slow progress in the development of a Value Added Logistics Park (VALP) in North Lantau. She was worried that Hong Kong would lag behind its competitors in the Mainland in the development of logistics facilities. The Permanent Secretary for Economic Development and Labour (Economic Development) (PSED) said that the Administration was already working on the initiative. However, prior to

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actual commencement of works, the Administration would need time to complete the necessary statutory and town planning procedures, including environmental impact assessment study and traffic impact assessment study. SEDL added that the Administration would involve and consult the logistics sector closely, through the Hong Kong Logistics Development Council (LOGSCOUNCIL), to ensure that the development of VALP would cater for the practical needs and expectations of the logistics sector and attract private investment.

4.12 Regarding logistics development, PSED pointed out that the Administration was already focusing on projects which would significantly enhance Hong Kong's overall competitiveness in providing integrated logistics services. On the development of a Digital Trade and Transportation Network System, it would provide a neutral e-platform for the exchange of information and data among participants in the supply chain, thereby enhancing speed and reliability. The Administration also undertook a joint study with the designated research institute of the National Development and Reform Commission to explore the scope for cooperation between Hong Kong and the Mainland in logistics development. Within this broad context, the Administration would also explore the feasibility of two specific concepts, namely "logistics pipelines" and "inland freight villages". Logistics pipelines were dedicated transportation systems linking two or more logistics nodes, which provided speedy, non-stop service without the need to stop for customs clearance or transport interchange on the way. Inland freight villages were bonded areas providing distribution and logistics services, which enabled customs clearance of cargo away from the airport and port. All these would help lower transport costs which, in turn, would enhance the competitiveness of Hong Kong's logistics facilities.

4.13 Ms Miriam LAU declared that she was a member of LOGSCOUNCIL, the Hong Kong Port Development Council and the Hong Kong Maritime Industry Council (HKMIC). Notwithstanding the fact that funds had been earmarked for promoting port development, maritime industry and logistics services in Hong Kong, she was concerned that the funding provision was not adequate, bearing in mind part of the provision so allocated would be used for consultancy studies as well.

4.14 The Deputy Secretary for Economic Development and Labour (Economic Development) 3 explained that adequate funds had been earmarked for promoting Hong Kong's port, maritime industry, and logistics services. Regarding consultancy studies, he said that these would only be conducted on a need basis and their findings would provide useful inputs to the Administration

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and the industries in enhancing Hong Kong's port, maritime and logistics competitiveness. The Administration was mindful of the need to allocate funds in a flexible manner so as to achieve maximum impact. On the promotion side, apart from participation in Posidonia 2004 Shipping Congress and Exhibition by HKMIC, LOGSCOUNCIL would launch *Logistics Hong Kong*, an international logistics conference and exhibition in May 2004 to showcase Hong Kong as an international logistics hub and highlight its unique role as the gateway to the Pearl River Delta region. In addition, joint promotional efforts such as launching *Logistics Services Expo* with the Trade Development Council in Guangzhou had also been arranged. SEDL also stressed that both research studies and promotion were indispensable to the successful development of Hong Kong's port, maritime and logistics sectors.

4.15 Recognizing the uniqueness of these sectors, Ms Miriam LAU considered that separate funding should be provided for different maritime and logistics institutions to formulate and launch their own publicity campaigns for their respective facilities and services.

Energy

4.16 Mr Fred LI noted that the Government planned to prepare a consultation document on the future development of the electricity market after 2008 and seek the views of the public in two stages. He was concerned that there would not be sufficient time for the Administration to carry out action plan involving major changes such as introducing new competitors to the electricity market or rectifying the inherent limitations of the Scheme of Control Agreements. He questioned the need for a 2-stage public consultation.

4.17 SEDL remarked that the future development of the electricity market after 2008 was of paramount importance to Hong Kong. In considering options for the future electricity market, detailed studies were being undertaken on a wide range of complex and interrelated issues covering legal, business, investment, financial, liability and regulatory aspects. Various market structures, modalities and systems of open and regulated markets were also being considered, having regard to the regulation and operating conditions of some overseas electricity markets. PSED supplemented that the 2-stage public consultation was in fact proposed by the Panel on Economic Services. The first stage of consultation was aimed at seeking views on possible options for the development of the post-2008 electricity market. This would be followed by a second stage which was aimed at mapping out the direction and framework for the future electricity market in

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Hong Kong so as to enable the Government to finalize, in good time, firm proposals for the way ahead.

Competition Policy and Consumer Protection

4.18 With an increase in complaint figures and longer response time, Mr Fred LI queried why the provision for the Consumer Council (CC) would be reduced. He was also worried that this would affect the work of CC in ensuring consumer protection. With the implementation of IVS and the rising complaints from tourists, the lack of funding for CC to carry out the related work might in the end significantly affect the image of Hong Kong as a tourism node.

4.19 The Chief Executive of CC stressed that although the subvention to CC was reduced by 2.3% in 2004-05, the resources earmarked for handling consumer enquiries and complaints remained unchanged. She assured members that the response time for telephone calls would improve once the CC's interactive voice response system was in place. SEDL stressed that the best strategy to protect consumers' interest was to enhance service quality of the tourism-related industries. He said that the Administration was conducting an internal review to see if relevant legislation should be amended to combat deceptive or illegal practices in consumer transactions.

Meteorological services

4.20 Mr Henry WU was concerned whether the emergency radiation monitoring and assessment equipment and facilities had been upgraded in parallel with technological advancement. As the Mainland had planned to develop nuclear plant in the western part of China, he asked if Hong Kong Observatory (HKO) would consider relocating some of its radiation monitoring stations from the east to the west.

4.21 In response, the Director of HKO remarked that the radiation monitoring and measuring equipment and facilities were being improved in order of priority. Currently, HKO had made use of atmospheric numerical model adopted in weather forecast to assess the movement direction and concentration of radiation clouds and predict the way of any radiation outflow. Regarding measuring air radiation, the aerial survey team would make use of the Aerial Monitoring System on board a helicopter of the Government Flying Service to determine any radioactive plume over Hong Kong and locate the affected area.