

立法會
Legislative Council

LC Paper No. CB(1)376/03-04
(These minutes have been
seen by the Administration)

Ref: CB1/PL/ES/1

Panel on Economic Services

**Minutes of meeting held on
Monday, 3 November 2003, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Dr Hon LUI Ming-wah, JP (Deputy Chairman)
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Howard YOUNG, SBS, JP
Hon Miriam LAU Kin-ye, JP
Hon CHOY So-yuk
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon LEUNG Fu-wah, MH, JP

Members absent : Hon Kenneth TING Woo-shou, JP
Dr Hon David LI Kwok-po, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Chin-shek, JP

**Public Officers
attending : Agenda Item IV**

Economic Development and Labour Bureau

Mr Stephen IP
Secretary for Economic Development and Labour

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Ms Eva CHENG
Commissioner for Tourism

Agenda Item VI

Economic Development and Labour Bureau

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Ms Miranda CHIU
Deputy Secretary for Economic Development and
Labour (Economic Development)

Hongkong Post

Mr Allan CHIANG
Postmaster General

Mr Y F Chan
Assistant Postmaster General (Postal)

**Attendance by
invitation : Agenda Item IV**

Hong Kong Tourism Board

Ms Clara CHONG
Executive Director

Mrs Grace LEE
Deputy Executive Director

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Ms Debbie YAU
Senior Assistant Secretary (1)1

Miss Winnie CHENG
Legislative Assistant 5

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)94/03-04 - Minutes of meeting held on 9.10.2003)

The minutes of the meeting held on 9 October 2003 were confirmed.

II Information papers issued since the meeting held on 28 July 2003

(LC Paper No. CB(1)2338/02-03(01) - Tables and graphs showing the import and retail prices of major oil products from July 2001 to June 2003 furnished by the Census and Statistics Department

LC Paper No. CB(1)2401/02-03(01) - Tables and graphs showing the import and retail prices of major oil products from August 2001 to July 2003 furnished by the Census and Statistics Department

LC Paper No. CB(1)2488/02-03 - Correspondences between a member of the public and the Gas Authority on gas incidents and other gas safety-related issues

LC Paper No. CB(1)2497/02-03(01) - Guidelines to maintain a competitive environment and define and tackle anti-competitive practices promulgated by the Competition Policy Advisory Group

LC Paper No. CB(1)2536/02-03(01) - Tables and graphs showing the import and retail prices of major oil products from September

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2001 to August 2003 furnished by the Census and Statistics Department)

2. Members noted the information papers issued since the meeting held on 28 July 2003.

III Items for discussion at the next meeting scheduled for 24 November 2003

- (LC Paper No. CB(1)116/03-04(01) - List of outstanding items for discussion
LC Paper No. CB(1)116/03-04(02) - List of follow-up actions)

3. Members noted that the Administration proposed to discuss the Tsim Sha Tsui Promenade Beautification Project at the next meeting scheduled for 24 November 2003. Depending on the progress of the on-going discussion with the two power companies, the Administration might also brief members on the outcome of the 2003 Interim Review of the Scheme of Control Agreements with the two power companies at the next meeting.

4. After deliberation, members agreed to discuss the following items at the next meeting scheduled for 24 November 2003:

- (a) Guidelines to maintain a competitive environment and define and tackle anti-competitive practices promulgated by the Competition Policy Advisory Group; and
- (b) 2003 Interim Review of the Scheme of Control Agreements with the two power companies.

5. In case the Administration was not ready to brief members on item (b) above, the Panel would discuss the Tsim Sha Tsui Promenade Beautification Project instead.

6. The Chairman informed members that he and the Deputy Chairman had just met with the Administration before the Panel meeting to draw up a tentative work schedule and agenda of meetings for the Panel for the current session. The Clerk would prepare an update for members' information, incorporating the following items raised by members for discussion by the Panel:

- (a) Development of Post Code/Zip Code in Hong Kong (proposed by Mr SIN Chung-kai);
- (b) Progress update on the development of Digital Trade and Transportation Network System (proposed by Mr SIN Chung-kai);
- (c) Competitiveness of the port of Hong Kong and implications of CEPA

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- on the container freight industry (proposed by Ms LI Fung-ying); and
- (d) Development of bicycle industry to boost employment and tourism (proposed by Mr LEUNG Fu-wah)

7. The Chairman invited members to note the list of outstanding items for discussion (LC Paper No. CB(1)116/03-04(01)). The Chairman also invited members to notify the Clerk if they wished to raise any items contained therein for discussion at subsequent meetings.

(Post-meeting note: The updated list of outstanding items for discussion was circulated to members vide LC Paper No. CB(1)346/03-04(01))

IV Progress report on the Global Tourism Revival Campaign

(LC Paper No. CB(1)116/03-04(03) - Information paper provided by the Administration)

8. The Chairman welcomed the Secretary for Economic Development and Labour (SEDL) to the meeting. He invited SEDL to attend each and every Panel meeting to explain Government policies and answer members' questions.

9. With the aid of PowerPoint, the Executive Director of Hong Kong Tourism Board (ED/HKTB) briefed members on the progress of HKTB's Global Tourism Revival Campaign (the campaign). The campaign was implemented in two phases. Phase 1 covered various promotional activities between 23 June and 15 September 2003. It was intended to attract back early visitors through irresistible travel offers, take initiatives to maximize their spending, which would thereby stimulate local consumption through the "spill over" effect and achieve a rapid recovery for the tourism and related sectors. Phase 2 focused on the longer-term objective to ensure a sustained recovery, and to reinforce Hong Kong's leading destination position in Asia. This was being achieved through a continued series of megaevents that could keep Hong Kong in the international spotlight and sustain visitors' excitement, and the launch of a comprehensive new global advertising campaign.

(Post-meeting note: The power-point presentation materials were circulated to members on 4 November 2003 vide LC Paper No CB(1)254/03-04.)

10. The Chairman remarked that in order to allow sufficient time for members to deliberate, the length of a presentation should be confined to no more than 15 minutes.

Recovery in arrivals

11. Noting that arrivals from the long-haul markets for the first nine months of 2003 were still showing negative growth while arrivals from the Mainland for the

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same period had recorded an increase of 19.8% when compared to the same period in 2002, Mr CHAN Kam-lam urged the Administration to strengthen promotional efforts towards the Mainland market, particularly in light of the gradual extension of the Individual Visit Scheme (IVS) to other Mainland cities and the forthcoming Christmas and New Year holidays.

12. Noting that except for Mainland China, all other markets still recorded a reduction in visitor arrivals by 13% - 29% as compared to the same period in 2002, Mr SIN Chung-kai remarked that a more concerted effort should be placed in attracting back long-haul visitors to maintain a balanced international portfolio of visitors from all markets. He however observed that in response to the rising demand from individual Mainland travellers, many retail and dining service operators had re-directed their marketing strategies towards the Mainland visitors. This might further reduce the attractiveness of Hong Kong to long-haul visitors.

13. On recovery of arrivals from different markets, SEDL pointed out that arrivals from the United States had rebounded from a nadir of 89.3% in May 2003 to a slight 0.2% decline in September 2003. The gap was now steadily narrowing, and arrivals from the United States had almost returned to pre-SARS level. With a similar pattern, arrivals from Australia had also shown signs of recovery from a 85.3% fall to only a 6.5% decrease in September 2003. The Administration was confident that the Australia market would resume the pre-SARS level in about two to three months' time. The Commissioner for Tourism (C for Tourism) supplemented that while all the long-haul markets were still showing negative growth in September 2003, the shortfall was now down to single digit in all cases. In fact, many overseas trade partners had expressed appreciation on the speedy recovery in arrivals back to pre-SARS level achieved by Hong Kong within a short period of time.

14. Acknowledging the importance of the Mainland market to tourism revival, SEDL said that HKTb would continue to launch multi-media advertising campaign in the Mainland in collaboration with its Guangzhou office. In addition, the Administration would spare no effort to bring back long-haul visitors. Both Dr LUI Ming-wah and Mrs Selina CHOW agreed that resources should be targeted at attracting long-haul visitors rather than Mainland travellers since the growth for the Mainland market was expected to continue with the expansion of IVS.

15. On promoting Hong Kong's quality-assured shopping, dining and recreation facilities, SEDL said that the Administration had set aside additional resources to build on these core strengths. For example, HKTb had invited a renowned Australian chef as one of the guests at 2003 Best of the Best Culinary Awards. The Hong Kong Winter Fest, featuring the winter seasonal foods, Christmas shopping promotions and the international horseracing was also a case in point. The Administration would continue to enhance visitors' travel experience in Hong Kong through high standards of tourism service.

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16. Noting that arrivals from Japan remained plunged, Mr Howard YOUNG sought information on the Administration's measures to revive this market. ED/HKTb pointed out that Japan was proved to be a more difficult market to revive. In fact, outbound tourists figure from Japan had registered a significant drop this year, following the active promotion of inbound tourism by the Japan government. Nevertheless, special attention had been given to markets that were taking longer to recover such as Japan, which had always been very sensitive to health issues. Any new outbreak of SARS this winter, whether in Hong Kong or elsewhere in Asia, could affect sentiment of Japan consumers to travel in the region. In fact, to restore the confidence of the Japan market, HKTb had arranged experts from Department of Health to conduct briefings for the trade representatives from Japan. It had also entered into contracts with Japan's largest association of travel agents which had undertaken to promote and sell Hong Kong as a preferred destination of travel. Given the sensitive sentiment in Japan, the revival campaign plans there would be kept as flexible and responsive as possible.

17. Mr CHEUNG Man-kwong expressed his appreciation on achievement of the Administration and HKTb in reviving tourism. As it was anticipated that the pace of the recovery would become more gradual as most of the pent-up demand had already satisfied and the irresistible travel offers had run their course, Mr CHEUNG was concerned about how the Administration could sustain the momentum of growth.

18. C for Tourism pointed out that HKTb's promotion efforts in Phase I of the campaign had proved to be successful in restoring visitors' confidence. It had attracted back early visitors through irresistible travel offers, maximized their spending and stimulated local consumption through the "spill over" effect. On the other hand, the Administration was mindful that the importance of tourist attractions in visitors' choice of a destination. The Government had plans to further enhance the tourism infrastructure, facilities and products for visitors. Tourism infrastructure projects including the Hong Kong Disneyland, Tung Chung Cable Car, Hong Kong Wetland Park etc were in the pipeline. In addition, HKTb would also expand its successful Quality Tourism Services Scheme from December 2003 onwards, to include enhanced product protection.

19. In response to Mr CHEUNG Man-kwong's concerns about the deferment or suspension of certain district-level tourism projects, C for Tourism clarified that usually plans conducted by Planning Department contained ideal, long term projects. When it came to implementation, the more feasible projects would be identified and given priority. Some examples included improvement projects in Tai O and the floating market in Aberdeen were underway. To strengthen Hong Kong's image as Asia's world city, SEDL assured members that the Administration would continue to improve existing attractions and enhance quality tourism service.

20. Given the long-haul and Mainland markets were recovering in remarkably different pace, Mr Henry WU opined that the Administration should study the cost-

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effectiveness of the revival campaign plans for each market in order to ensure value for money. For example, due consideration should be given to launching advertising campaigns in the United States and Japan since the relevant expenses were high but tourist arrivals returned were low. In this connection, Dr LUI Ming-wah asked about the result of the evaluation of these plans. To maximize the benefits of promotional efforts with a view to sustaining the recovery in arrivals, Dr LUI considered it more cost-effective to promote Hong Kong along side with other events to be held in Hong Kong such as international conventions and exhibitions.

21. ED/HKTB replied that the Board had been mindful of the need to target at key source markets according to the potential and response of each market segment. The HKTB's promotional efforts in the coming months would be aimed at ensuring the sustainability of the recovery and maintaining a balanced international portfolio of visitors from all markets. She said that the new global advertising campaign (Phase II) had targeted at long-haul markets and those yet to recover fully. It took time to rebuild confidence in these markets and convert interest into actual travel.

22. On cost-effectiveness of the revival campaign plans, C for Tourism said that the number of arrivals and promotional expenses spent for each market would serve as useful indicators of the cost-effectiveness of these plans. Besides, HKTB had conducted a 3-phase study to track travellers' perception of Hong Kong. This information had been and would be used to refine and enhance the overall strategy for Phase I and Phase II of the campaign. She also confirmed that there had been joint marketing campaigns with trade partners at different cities.

23. Mrs Selina CHOW declared her interest as a member of HKTB. She said that as an international tourism hub, Hong Kong would continue its efforts to revitalize the long-haul markets through Phase II of the campaign. Besides, special promotions had been targeted at the business and family sectors. Notwithstanding the lack of suitable convention/exhibition venues, the business promotion was aimed at increasing the length of stay and spending of this important, high-yield sector.

Issues related to promoting tourism

24. Mr CHAN Kam-lam was concerned that the new theme "Hong Kong - Live it, Love it!" was not consistent with the branding of Hong Kong as the "City of Life" and might cause confusion to overseas visitors.

25. In response, ED/HKTB pointed out that the branding of "City of Life" had been launched in 1998. To cope with the new branding of Hong Kong as the "Asia's World City", the new theme "Hong Kong - Live it, Love it!" adopted an emotional approach and aimed at counteracting any negative perceptions after SARS. ED/HKTB said that as a prelude before launching the new theme, a series of surveys had been conducted to test the market response. It proved to be very

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effective in conveying the message that visiting Hong Kong was a unique experience that would touch one's every sense.

26. Given web statistics on visitor arrivals might serve as an effective advertising tool appealing to potential travellers, Mr SIN Chung-kai noted with disappointment that the relevant figures in the web site of Tourism Commission was not as informative as those in other places such as Thailand. In response, C for Tourism said that the Tourism Commission would update and improve its web statistics, members might refer to the HKTb's website at "Discover Hong Kong.com" to check the monthly statistics of visitor arrivals.

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27. To avoid subjective perception on recovery of arrivals, Dr LUI Ming-wah sought information on the monthly statistics of tourist arrivals for nearby countries/places. Referring to the complements received from overseas trade partners on the speed of the recovery in arrivals, SEDL said that the strong comeback had surpassed all expectations. The Administration undertook to provide the relevant statistics which would not be available until three to four months' time and cautioned that such figures should be interpreted carefully.

28. While appreciating the efforts made by SEDL and Chairman of HKTb in promoting the global tourism revival campaign, Mr Fred LI stressed that factors such as a good environment and a convenient transport system were equally appealing to long-haul tourists. He said that persistent hazy conditions leading to low visibility of the harbour and lack of coach drop-off points at popular tourist attractions would affect tourists' interest in Hong Kong. He urged SEDL to look into these problems with the relevant bureau. The Administration took note of Mr LI's view.

29. Referring to the conflict between the hotel industry and the travel trade on rates of hotel rooms during the Golden Week holiday, Mr Fred LI was concerned about their future cooperation.

30. SEDL noted member's concern and pointed out that the hotel industry and the travel trade were working hand-in-hand to come up with a more transparent mechanism in setting hotel room rates. In fact, one of the positive benefits resulting from HKTb's global tourism campaign was the unprecedented levels of co-operation engendered across all sectors of the tourism and related industries. This helped lay the foundation for continued cross-sector co-operation in future projects. In reply to Mr Fred LI, C for Tourism said that it was too early to say if there would be any unspent funding. HKTb would continue with its promotional efforts and the Administration would continue to monitor the use of fund under the campaign and report the outcome to the Panel in due course.

31. As regards HKTb's efforts in publicizing Harbour Fest, ED/HKTb said that apart from promoting the event through posters, booklets, newspaper ads and a banner ad at its web site, HKTb had also briefed the relevant industries on the

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ticket-selling details.

32. Ms CHOY So-yuk enquired whether transportation information for tourist destinations could be made available at the bus stops as in the case of London. In reply, C for Tourism pointed out that bus routes information was available at every stop along the routes. Nevertheless, to be more tourist-friendly, the Administration would see if further improvement could be made in this aspect. She also confirmed that the "Visitor Signage Improvement Scheme" had been extended to all 18 districts in Hong Kong to facilitate visitors going around in Hong Kong. On eco-tourism and green tourism, C for Tourism assured members that the Government attached great importance to these areas of development in a well-balanced manner. Apart from investing in unique new attractions such as the Hong Kong Wetland Park, the Administration would continue to identify new opportunities for development.

V. Progress update on Hong Kong Disneyland

(LC Paper No. CB(1)116/03-04(04) - Information paper provided by the Administration

LC Paper No. CB(1)117/03-04 - Background brief on Hong Kong Disneyland prepared by the Secretariat)

33. In view of time constraint, the Chairman suggested and members agreed to defer the discussion of the item to the next meeting. In view of the heavy agenda for the next meeting, members also agreed that the next meeting would start at 10:00 am instead of 10:45 am.

VI Post Office — Delivery Beat Review

(LC Paper No. CB(1)116/03-04(05) - Information paper provided by the Administration)

34. At the invitation of the Chairman, the Postmaster General (PMG) briefed members on the revised arrangement for mail delivery to commercial and industrial areas, following the Post Office's (PO) comprehensive review of the existing twice-delivery beats for mail items.

35. In response to the Chairman, PMG advised that due to the introduction of overnight sorting operations and the widespread use of courier services for urgent items, the PO's proposal to reduce its delivery frequency from twice to once a day to improve work efficiency was a cost-efficient measure in line with the international trend.

36. The Chairman also enquired whether the Hong Kong General Chamber of

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Commerce had been consulted on the revised arrangement for mail delivery to commercial and industrial areas. He was worried that if mail delivery to all commercial and industrial areas, including those presently serviced by two deliveries per day, was converted to once per day in one go, the business sector would be unduly affected. He enquired whether twice-delivery beats could be maintained for the major commercial areas such as Central and Tsim Sha Tsui.

37. PMG advised that the PO had carried out extensive consultation with its clients on the revised arrangement. Feedback from clients in major commercial areas, including Central, was that they did not object to having one delivery per day. The revised arrangement would also enable the PO to deploy its staff resources more efficiently whilst maintaining the next day delivery standard for local mail. The ultimate benefit would be reduced pressure to revise postage rates for the presently loss-making local mail service.

38. Noting that only about 60% of the addresses in areas currently served by twice-delivery beats would receive their mail items in the morning, Mr CHAN Kam-lam enquired whether arrangements could be made to ensure that all mail items in commercial and industrial areas could be delivered in the morning.

39. PMG explained that the PO's performance pledge was to deliver 98% of locally posted letters to addressees by the working day following the day the letters were posted. The PO had indeed examined whether it was feasible to split the mail delivery in commercial/industrial areas and residential areas into two batches, with the former in the morning and the latter in the afternoon. In terms of manpower, savings of such an arrangement would be drastically lower than the proposed revised arrangement. Further, due to operational reason, it would be difficult, if not impossible, to achieve the PO's performance pledge. He explained that due to fluctuation in mail volume, there might not be sufficient time in the morning to clear all the mail items for commercial and industrial areas on peak days.

40. Ms LI Fung-ying was concerned about the impact of the revised arrangement on the staff side and enquired about the details of the consultation with the staff side. PMG replied that the PO had consulted all the PO's staff unions and they had no objection to the revised arrangement. Whilst the revised arrangement would result in manpower saving of 100 posts, the PO would make full use of internal redeployment (52 posts) and natural wastage (48 posts) to absorb the surplus staff. The implementation of the revised arrangement would therefore not result in any redundancy. Regarding the change of workplace or workload arising from the implementation of the revised arrangement, the PO would adopt an accommodating attitude in handling individual cases.

41. In response to Mr Eric LI's enquiry on the potential annual saving in staff costs, PMG advised that there would be a reduction of some 100 delivery beats, bringing about an annual saving of around \$28.7 million. This, together with the

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initiative launched in October 2002 to reduce the number of twice-delivery beats by 26, would result in a total annual saving of about \$36 million.

42. On behalf of the Democratic Party, Mr Fred LI supported the initiative to convert all twice-delivery beats to once-delivery beats to improve work efficiency which had been discussed by the Public Accounts Committee. Mr CHEUNG Man-kwong also commended the job attitude of staff and service of PO. Dr LUI Ming-wah remarked that the revised arrangement should not have adverse effect on the business community.

43. Members noted that the frequency of delivery to Post Office boxes would not be affected under the revised arrangement.

44. On the amount of mail handled by a delivery postman, PMG said that each delivery postman serving business and industrial districts handled about 3 000 mail items each day.

Overseas mailers bypass the international mail system

45. Mr Fred LI was concerned about overseas mailers transporting mail items to Hong Kong as cargo and arranging their agents in Hong Kong to deliver them or mail them locally, thereby posing a threat to the PO's profit from the international mail service.

46. The Permanent Secretary for Economic Development and Labour (Economic Development) said that the Administration was aware that some overseas mailers bypassed the international mail system to reduce their delivery costs. The overseas mailers transported mail items to their agents in Hong Kong as cargo. For those mail items which were destined for the major business areas or high-density residential areas, the agents in Hong Kong would deliver them to the addressees. For other mail items which required costly delivery work, the local agents would pass them to the PO as local mail. In doing so, these overseas mailers made use of the subsidized local postal service. The Administration was examining ways to address the problem, and was also looking into other issues such as abusing the bulk bag service which provided for posting large quantities of mail by air to overseas destinations like Japan at a great discount with subsidization from other mail items.

47. On the proposed introduction of a postcode system to improve work efficiency and achieve cost saving, the Chairman advised that the item was already included in the list of outstanding items for discussion by the Panel.

48. In order to improve work efficiency, Ms CHOY So-yuk opined that letter boxes should be provided on the ground floor of commercial/industrial buildings. PMG noted Ms CHOY's suggestion.

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49. In summary, the Chairman expressed the Panel's support for the proposed change for mail delivery.

VI Any other business

50. There being no other business, the meeting ended at 1:05 pm.

Council Business Division 1
Legislative Council Secretariat
21 November 2003