

立法會
Legislative Council

LC Paper No. CB(1)1382/13-14
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by the Administration)

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Panel on Economic Development

Minutes of meeting
held on Monday, 27 January 2014, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon CHAN Kam-lam, SBS, JP (Chair of the meeting)
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK
Hon CHAN Han-pan
Hon Kenneth LEUNG
Hon Dennis KWOK
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu

Members attending : Hon WONG Kwok-hing, BBS, MH
Hon Cyd HO Sau-lan
Dr Hon Kenneth CHAN Ka-lok

Members absent : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP (Deputy Chairman)
Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon Ronny TONG Ka-wah, SC
Hon Christopher CHEUNG Wah-fung, JP
Hon CHUNG Kwok-pan

**Public officers
attending**

: Agenda Item IV

Mr Gregory SO, GBS, JP
Secretary for Commerce and Economic
Development

Mr Andrew HY WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mr Godfrey LEUNG, JP
Under Secretary for Commerce and Economic
Development

Mr Philip YUNG, JP
Commissioner for Tourism

Ms Carol YUEN, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 1

Mr David WONG
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 2

Mrs Alice CHEUNG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 3

Agenda Item V

Professor Anthony CHEUNG
Secretary for Transport and Housing

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

Mr YAU Shing-mu
Under Secretary for Transport and Housing

Mr Francis LIU
Director of Marine

Mr Norman LO
Director-General of Civil Aviation

Mrs Sharon YIP
Deputy Secretary for Transport and Housing
(Transport) 4

Ms Mary TSANG
Principal Assistant Secretary for Transport and
Housing (Transport) Special Duties

Mr Daniel CHUNG
Head (Airport Expansion Project Coordination
Office)

Agenda Item VI

Mr WONG Kam-sing, JP
Secretary for the Environment

Ms Christine LOH Kung-wai, JP
Under Secretary for the Environment

Miss Vivian LAU Lee-kwan, JP
Deputy Secretary for the Environment

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Daniel SIN
Senior Council Secretary (1)7

Ms Michelle NIEN
Legislative Assistant (1)5

As both the Chairman and the Deputy Chairman of the Panel were absent, members agreed that Mr CHAN Kam-lam should preside at the meeting.

I Confirmation of minutes of meeting

- (LC Paper No. CB(1)752/13-14 —Minutes of meeting held on 25 November 2013)
2. The minutes of the meeting held on 25 November 2013 were confirmed.

II Information paper issued since last meeting

- (LC Paper No. CB(1)502/13-14(01) —Letter dated 6 December 2013 from Hon SIN Chung-kai attaching a submission of 29 November 2013 from a group of middle management staff of the Airport Authority
- LC Paper No. CB(1)542/13-14(01) —Letter dated 11 December 2013 from Hon SIN Chung-kai requesting for information on the two power companies
- LC Paper No. CB(1)556/13-14(01) —Administration's response to the letter dated 11 December 2013 from Hon SIN Chung-kai (LC Paper No. CB(1)542/13-14(01))
- LC Paper No. CB(1)658/13-14(01) —Administration's paper on tables and graphs showing the import and retail prices of major oil products from December 2011 to November 2013
- LC Paper No. CB(1)703/13-14(01) —Referral memorandum dated 27 December 2013 from the Public Complaints Office regarding the views of a member of the public on the advertisements of tourist agencies (*Restricted to members only*)
- LC Paper No. CB(1)765/13-14 —Assessment Report on Hong Kong's Capacity to Receive Tourists)

3. Members noted the above papers issued since the last regular meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1)751/13-14(01) —List of outstanding items for discussion

LC Paper No. CB(1)751/13-14(02) —List of follow-up actions)

4. Members noted that a special meeting of the Panel was scheduled for 6 February 2014, and the following items would be discussed –

- (a) 2014-2018 development plans of the two power companies and 2014 tariff review; and
- (b) concerns regarding the handling of Icon Shops tender by the Airport Authority of Hong Kong.

5. Members agreed that the following items should be discussed at the meeting scheduled for 24 February 2014 –

- (a) Hong Kong Tourism Board Work Plan for 2014-2015;
- (b) Update on Hong Kong Disneyland; and
- (c) Update on follow-up actions arising from the Report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012.

IV Briefing by the Secretary for Commerce and Economic Development on relevant policy initiatives in the Chief Executive's 2014 Policy Address

(LC Paper No. CB(1)751/13-14(03) —Administration's paper on 2014 Policy Address —
Policy Initiatives of the
Commerce, Industry and
Tourism Branch, Commerce and
Economic Development Bureau

LC Paper No. CB(1)811/13-14(01)—Speaking note of the Secretary
(Chinese version only, tabled at the for Commerce and Economic
meeting and subsequently issued on Development)
28 January 2014)

6. 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.

(Post meeting note: The speaking note of SCED was issued to members vide LC Paper No. CB(1)811/13-14(01) on 28 January 2014.)

Development of tourism infrastructure

7. Mr WONG Kwok-hing said that the number of tourists visiting Hong Kong was on the increase but there were only two theme parks to serve tourists. He asked whether the Administration had plans to introduce another major tourist attraction. Mr SIN Chung-kai commented that, given the sustained buoyant Chinese economy, the number of Mainland tourists visiting Hong Kong would reach 70 million much earlier than expected. The current tourist reception facilities were clearly insufficient to meet service demand as evidenced by the over-crowdedness in many of the major tourist hotspots. Mr SIN asked the Administration to expedite development of new tourist attractions, such as the border shopping area, to divert some of the visitors away from the urban areas.

8. SCED said that many factors affected the number of Mainland tourists visiting Hong Kong. The visitor forecast as presented in the Administration's assessment report was prepared based on available information. He said that the expected slowdown of economic growth of China, together with a rising trend of Mainland tourists visiting other countries, would also affect the number of Mainland visitors visiting Hong Kong.

9. SCED said that the Administration was working with District Councils to promote new tourist attractions in each district. This would help divert tourists from hotspots to ease over-crowding, and would enable different districts to enjoy the economic benefits of tourism. Meanwhile, the Administration would explore additional tourism infrastructure to be developed in Kai Tak and Lantau Island to attract high value-added visitor segments arising from the development of the Kai Tak Cruise Terminal and the commissioning of the Hong Kong-Zuhai-Macao Bridge.

10. Mr WONG Ting-kwong said that the Democratic Alliance for the Betterment and Progress of Hong Kong had suggested that, to strengthen Hong Kong's capacity to handle the increasing number of tourists from the Mainland, the Administration should take the opportunity of the commissioning of the Hong Kong-Zhuhai-Macao Bridge and expedite development of "bridgehead economy" in north Lantau Island. He asked whether the Administration had any plan in following up the matter.

11. Mr WONG Ting-kwong added that there was potential for developing a retail centre in south Lok Ma Chau which could also help divert tourists from major hotspots. Mr WONG said that he had contacted trade associations such as the Chinese Chamber of Commerce and the Chinese Manufacturers' Association and a few enterprises which were interested to participate in the project. Heung Yee Kuk also agreed to help liaise with the respective landowners to facilitate the process. Mr WONG asked what support measures the Administration would provide to take forward the project. Mr YIU Si-wing supported Mr WONG Ting-kwong's suggestion and urged the Administration to provide support as appropriate. SCED responded that the Administration would need to be provided with more details on the proposal in order to determine what appropriate assistance could be offered.

Home-stay lodgings

12. Mr WONG Kwok-hing asked if the Administration would formulate a policy on home-stay lodgings and to introduce support measures to support their development in order to provide more accommodation for the increasing number of tourists and to ease the shortage of hotel rooms in Hong Kong. Mr CHAN Han-pan raised a similar comment.

13. SCED said that due to Hong Kong's physical constraints, there were inherent difficulties in developing home-stay lodging business. He pointed out that issues such as the living environment, fire hazards, law and order and public hygiene, and the community's acceptance, etc., required careful assessment.

Cruise tourism

14. Mr YIU Si-wing said that the China National Tourism Administration ("CNTA") had announced last year that Mainland tour groups taking cruises from Hong Kong to Taiwan could visit Japan and Korea in the same journey before returning to the Mainland. He asked when the first of such itineraries would be launched and how the Administration would take advantage of this new policy of the Mainland to attract more visitors taking cruises to Hong Kong as this would also help optimize the utilization of the Kai Tak Cruise Terminal.

15. SCED said that ten cruise vessels had berthed at the Kai Tak Cruise Terminal since its commissioning in June 2013 and that the total number of cruise vessels berthing at the Cruise Terminal in 2014 was expected to increase to 28. Commissioner for Tourism ("C for T") supplemented that the new policy on cruise tour routes was announced by CNTA in August 2013. Cruise operators had responded positively to the new arrangement, and many operators had since been developing new tour itineraries to take advantage of the flexibility. He

expected that there would be significant growth in Hong Kong's cruise tourism in 2014.

16. Mr Kenneth LEUNG enquired about the progress of installing on-shore power facilities in the Kai Tak Cruise Terminal. C for T replied that while part one of the international standards on on-shore facilities had been released, the second part of the standards was still outstanding. Nevertheless, the Electrical and Mechanical Services Department had been invited to conduct a feasibility study on the installation of on-shore power facilities to serve the Kai Tak Cruise Terminal. The Administration would proceed with further planning and necessary follow-up following the completion of the feasibility study.

Tourism law and measures to protect inbound visitors

17. Mr YIU Si-wing said that the number of inbound tours from the Mainland suffered a temporary decline since the implementation of the Tourism Law of the People's Republic of China in October 2013. The trend had now stabilized. Mr YIU commented that the legislation was introduced to protect tourists from the malpractice of the "zero/negative-fare" tours. He asked whether the Administration would introduce further measures to protect inbound tourists to Hong Kong from unfair trade practice so as to strengthen visitors' confidence in Hong Kong.

18. SCED said that the implementation of the Tourism Law of the People's Republic of China, together with the various measures introduced to address the problems arising from "zero/negative-fare" tours had been effective in protecting visitors. The recently implemented Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, which was intended to protect consumers in general, would be an additional measure to safeguard the rights of visitors in Hong Kong.

Levy on inbound tourists from the Mainland

19. Mr Albert CHAN commented that the unconstrained influx of Mainland visitors to Hong Kong had created considerable inconvenience to the local population, and had given rise to smuggling and other law and order problems. Mr CHAN asked if the Administration would levy a tax from Mainland visitors coming to Hong Kong. SCED said that the Administration, in assessing Hong Kong's capacity in receiving tourists, had tried to strike a balance between promoting local economy through tourism and safeguarding the interest of the communities. He disagreed that the increase in smuggling activities was relevant to the matter.

Promoting green tourism

20. Mr CHAN Han-pan suggested that the Administration should develop "leisure-historic-rural-township" in south Lantau Island and construct an open square off Tin Hau Temple in Cheung Chau to divert visitors and ease over-crowdedness in the major tourist areas. C for T responded that the Administration would take active steps to promote green tourism and eco-tourism in suitable areas in the territory, including Lantau Island. Mr CHAN's suggestion would need to be examined in the context of optimal land use and environmental conservation perspectives.

Social cost of tourism growth in Hong Kong

21. Dr Fernando CHEUNG commented that the large number of tourists in Hong Kong had affected the livelihood and daily routines of Hong Kong people. The economic gain from the growth of the tourism industry came with a hefty social cost. Dr CHEUNG criticized the Administration for overlooking the need for public space of Hong Kong people in its assessment on Hong Kong's capacity to receive tourists.

22. SCED responded that the Administration had evaluated Hong Kong's capacity to receive tourists on the basis of various objective factors such as the capacity of various tourist attractions, handling capacity of control points, receiving capacity of hotels and the carrying capacity of Hong Kong's public transport network. Public acceptance was also a factor of consideration. SCED said that the Chief Executive had conveyed the community's concerns about the continuous growth in visitor arrivals to the Central People's Government ("CPG"). CPG and the HKSAR Government had agreed not to increase the number of Individual Visit Scheme cities and not to expand the scope of the multiple-entry permit at this stage. Meanwhile, the Administration would continue to strengthen Hong Kong's capacity in receiving tourists and to develop new tourist attractions in various districts which would help divert visitors from tourism hotspots and enable other districts to share the economic benefits arising from the growth of the tourism industry.

Attracting high value-added visitors to Hong Kong

23. Mr Kenneth LEUNG enquired how many of the 40,750,000 Mainland visitors to Hong Kong in 2013 did not stay overnight. C for T replied that about 11 million visitors from Mainland with multiple-entry permits did not stay overnight in Hong Kong. On the whole, of all the visitors to Hong Kong, it was estimated that more than 20 million visitors did not stay overnight. Mr LEUNG asked how the Administration would attract high value-added visitor segments

who would stay overnight in Hong Kong as they would help bring more economic benefits to the community. He further enquired whether the Administration would consider levying a landing tax or a sales tax on luxurious goods.

24. SCED said that the Administration had devoted considerable efforts in attracting high value-added tourists to visit Hong Kong. He said that 75% of the tourism promotion budget was spent on publicity and promotional activities in non-China markets. For promotion in the Mainland, most of the resources were used in areas outside Guangdong Province, where visitors would likely stay overnight in Hong Kong.

25. Dr Elizabeth QUAT enquired whether the Administration had drawn up long term plans on the development of tourism industry in Hong Kong, including the provision of new tourist attractions, hotels as well as strategies and measures to attract high value-added visitors to come to Hong Kong. Dr QUAT also queried, with the current shortage in hotel and other supporting facilities, how the Administration would promote MICE (meetings, incentives, conventions and exhibitions) tourism.

26. SCED acknowledged that the supply of land for hotel development was an issue. At present, there were 223 hotels offering about 70 000 rooms. Many new hotels were coming on stream. The Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission was examining the matter, and the Administration would examine any recommendations put forward by the Working Group.

27. C for T supplemented that one of the major areas of work was to attract high value-added visitors to Hong Kong. On average, visitors of the MICE markets spent more than \$10,000 per capita as compared to about \$7,000 to \$8,000 per capita for most other tourists. C for T added that the Administration intended to promote high quality events such as the Hong Kong International Wine and Spirits Fair.

28. The Chairman remarked that the tourism industry had grown rapidly in the past few years but the growth was not matched by the improvement in the necessary tourism infrastructure, concentration of tourists in certain parts of the urban area had affected the livelihood of the community and had caused considerable inconvenience to the public. The Chairman also said that there was a general decline in the professional standard of practitioners and the Administration's regulatory capability. He said that the Administration should review these issues and should explore and develop new tourist attractions in the meantime. The Administration took note of members' views.

29. The Chairman concluded that there were issues arising from the Administration's Assessment Report on Hong Kong's Capacity to Receive Tourists that merited further follow-up by the Panel. He suggested that further discussions should be held in future meetings of the Panel.

Competition Commission

30. Mr Dennis KWOK enquired about the progress of the recruitment of the Competition Commission and whether adequate resources had been made available to facilitate such work. SCED said that the recruitment process which was being conducted locally and overseas, was progressing smoothly and adequate resources were available for the recruitment exercise. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PS(CIT)") supplemented that the recruitment exercise was at an advanced stage. Some of the staff would report duty in the first quarter of 2014. PS(CIT) said that about \$80 million had been earmarked in 2013-2014 to cover the expenses of the Competition Commission, which should be sufficient to cover the staff cost and other administrative expenditure involved.

31. Mr Dennis KWOK also enquired about the timetable in the preparation of the guidelines and plans relating to the implementation of the Competition Ordinance. PS(CIT) replied that the Competition Ordinance required the Competition Commission to consult the Legislative Council and stakeholders on its guidelines, and the Ordinance would only be put into full operation when the preparatory work was completed. The Competition Commission had initiated work on the drafting of the guidelines and had engaged consultants to carry out the necessary research work. PS(CIT) added that the Competition Commission planned to consult relevant stakeholders on its draft guidelines later in the year.

V Briefing by the Secretary for Transport and Housing on relevant policy initiatives in the Chief Executive's 2014 Policy Address

(LC Paper No. CB(1)751/13-14(04) —Administration's paper on 2014
Policy Address —
Policy Initiatives of Transport
and Housing Bureau: Transport
Branch

LC Paper No. CB(1)811/13-14(02)—Speaking note of the Secretary
(Chinese version only, issued on for Transport and Housing
28 January 2014) Development)

32. Secretary for Transport and Housing ("STH") briefed members on the policy initiatives of the Transport and Housing Bureau ("THB").

(Post meeting note: The speaking note of STH was issued to members vide LC Paper No. CB(1)811/13-14(02) on 28 January 2014.)

Airport capacity and development of the third runway

33. Mr SIN Chung-kai asked when the capacity of the runways in the Hong Kong International Airport would reach the point of saturation, and what measures the Administration would introduce to cope with the situation. STH responded that the existing two-runway system was expected to reach its capacity in the next few years, subject to air traffic development. To meet the anticipated heavy traffic volume, the Airport Authority ("AA") was carrying out necessary improvement works. The west apron expansion works, which would provide 28 parking stands, would be completed by stages by the end of 2014. Works of the Phase 1 Midfield expansion project were underway, which were expected to be completed by stages by the end of 2015. The Phase 2 Midfield expansion project was also under design. Upon completion of all these improvement works, the number of parking stands would increase by about 30%.

34. STH further advised that at present, the maximum runway capacity under the two-runway system was 65 movements per hour. It would be further increased to 68 movements per hour by 2015. The Administration would further explore if the runway capacity could be further expanded.

35. Mr WONG Ting-Kwong commented that the third runway should be constructed as early as possible to keep up with the development in Shenzhen and nearby areas. Mr WONG asked if the Administration encountered any difficulties with the third runway project and what measures the Administration would implement to strengthen regional co-operation in port control. Mr WONG also asked when the functions of the SkyPier could be expanded to operate as a border control point. Mr YIU Si-wing raised a similar query.

36. STH said that the statutory Environmental Impact Assessment ("EIA") for the third runway project was being carried out. Meanwhile, associated design details had also commenced. The Administration would report progress of the project, together with the financing aspects of the third runway project to the Panel separately. STH mentioned that complying with the EIA requirements and sourcing sand for reclamation works remained some of the key challenges of the third runway project. As regards the future role of the SkyPier, STH said that whether the functions of the SkyPier should be further expanded would depend on the future development of the airport.

Airspace management

37. Mr Kenneth LEUNG enquired about the progress of the negotiation with the Mainland authorities regarding airspace management and the expansion of the aviation routes. Director-General of Civil Aviation ("DGCA") said that between 2004 and 2014, about 20 meetings had been held with the Mainland and Macao civil aviation authorities regarding the configuration and management of the airspace in the Pearl River Delta ("PRD") region. A consensus had been reached. DGCA said that there had been significant improvement in airspace management in the PRD region over the last ten years.

38. STH supplemented that airports in Hong Kong and its neighbourhood were performing different roles and functions, and were also competing against each other. The airport in Shenzhen mainly served domestic flights commuting between Mainland cities, whereas the Hong Kong International Airport served both international and Mainland flights capitalizing on our geographical location. The airports in the PRD region also maintained regular liaison and co-ordination on the use of airspace and management.

39. In response to the suggestion of diverting some of the Hong Kong-bound flights to other neighbouring airports such as the Shenzhen airport to relief air traffic congestion at the Hong Kong International Airport, STH explained that it was not practical to do so because it was the airlines' commercial decision of which airports they would select for their routes. The choice of airports would also affect the types or models of aircrafts to be deployed. STH added that air traffic rights were regulated by bilateral agreements, and that Hong Kong and the Mainland each had their own individual frameworks with different aviation partners. Hence airlines which had air service rights to land their flights at the Hong Kong International Airport might not have the same right to do so in Shenzhen or other airports in the PRD region.

Establishment of a civil aviation training institute

40. Mr WONG Kwok-hing welcomed the Administration's initiative to study the feasibility of establishing a civil aviation training institute. He asked when the study would be completed and when the training institute would come into operation. STH said that the Administration would shortly engage a consultant to carry out the feasibility study. The study, which would commence in around April 2014 and be completed by end 2014, would examine, among other things, the scale of the institute, and the types and level of training to be offered, etc. The Administration would report the progress of the feasibility study in due course.

41. Mr WONG Kwok-hing urged the Administration to pursue the proposed establishment of the civil aviation training institute within the current term of the Government.

Fund to help victims of maritime disasters and their families

42. Mr TANG Ka-piu enquired about the progress in establishing a fund to help victims and their families who suffered from maritime disasters. STH said that the matter was being studied by consultants. The Administration would report the findings of the study when available and would consult the relevant sectors and stakeholders as appropriate.

Development of low-cost carriers

43. Mr Dennis KWOK commented that low-cost carriers were important to Hong Kong's tourism industry. He asked what the Administration's position was on the development of low-cost carriers in Hong Kong. STH said that the Administration welcomed the presence of low-cost carriers which would provide more consumer choices and promote competition in the aviation market. He explained that if an airline was granted approval to operate as a local Hong Kong airline, the carrier would be eligible for Hong Kong's air traffic rights under the air services agreements signed between Hong Kong and its aviation partners. The Administration was reviewing the procedural guidelines for application by airlines for designation as a Hong Kong airline in order to operate scheduled air services between Hong Kong and other areas under relevant air services agreements. Until the review was completed, the Administration would not consider any new applications for designation as a local Hong Kong airline.

Promoting logistics development in Hong Kong

44. Mr Charles MOK commented that the Administration had set up the Logistics Development Council and an E-logistics Project Group under it, and had spent \$190 million in implementing the Digital Trade and Transportation Networks ("DTTN"). However, feedback from the logistics trade indicated that the DTTN system was grossly outdated. On the other hand, the main container terminal operators were not willing to share their information technology systems with third party logistics operators. Mr MOK asked if the Administration would consider modernizing the logistics industry.

45. STH acknowledged the importance of the logistics industry to the economic development of Hong Kong. He said that the Logistics Development Council, which he chaired, was established as a platform to gather the industry's views. The Administration had also made considerable efforts in promoting

electronic logistics.

46. Mr Frankie YICK declared that he was a director of the Modern Terminals Ltd. and Hong Kong Air Cargo Terminals Ltd. He noted that there were vacant sites adjacent to the container terminals in Kwai Chung that might be suitable for use as back-up land for the logistics industry. Mr YICK requested the Administration to convene a meeting with the stakeholders to explore how those sites could be made available to facilitate the operation of logistics industry and to enhance the efficiency of the existing port facilities.

Land for logistics industry

47. Mr Frankie YICK noted the Administration's vision to modernize Hong Kong's logistics industry. He commented that basic logistics facilities such as open storage areas were also important. He asked when the reports of the study on Container Terminal 10 and the Hong Kong Port Development Strategy would be released. STH said that the consultancy studies on the development of Container Terminal 10 and the Port Development strategy were near completion. The Administration would publicize the findings and recommendations of the study shortly.

48. Mr Frankie YICK commented that the Administration should, as a long-term measure, formulate suitable land use policy and designate suitable land adjacent to ports and airports for logistics use. Mr TANG Ka-piu suggested that the Administration should consider allocating sufficient land for maintenance and repair of diesel commercial vehicles engaged in logistics operations. Mr YICK noted that the Chief Executive ("CE") in his Policy Address, envisioned the development in the artificial island constructed for the Hong Kong-Zhuhai-Macao Bridge Boundary Crossing facilities. However, there was no indication of how such development might support the logistics industry. He asked whether the Administration would include facilities in the artificial island to support the development of the logistics industry.

49. STH acknowledged that basic logistics facilities were important, but operators were divided as to the precise requirements of the industry. He said that the Development Bureau would take the lead in determining the land use planning for supporting the logistics industry.

Development of the maritime services

50. Mr Frankie YICK asked about the timetable in the setting up of the new statutory body to drive the development of the maritime services in Hong Kong. Mr TANG Ka-piu raised a similar query and he suggested that the Hong Kong

Seamen's Union should be represented on the statutory body. STH responded that the proposed establishment of a statutory body to drive the development of the maritime services in Hong Kong was a recommendation of a consultancy study. The Administration would release the study report and would examine the implementation details, including the function of this statutory body, how it should be funded and sustained. Views from the maritime sector would be invited. STH added that the Administration would also take into consideration Mr TANG_Ka-piu's suggestion.

VI Briefing by the Secretary for the Environment on relevant policy initiatives in the Chief Executive's 2014 Policy Address

(LC Paper No. CB(1)751/13-14(05) —Administration's paper on 2014
Policy Address —
Policy Initiatives of the
Environment Bureau: Energy)

51. Secretary for the Environment ("SEN") briefed members on the policy initiatives of the Environment Bureau.

Employment terms of technicians in power companies

52. Mr TANG Ka-piu said that technicians of CLP Power Ltd. did not receive any extra allowance for working on standby shifts when they were required to carry with them a bag of heavy tools. Moreover, the normal retirement age of CLP Power's technicians was 65, but when they were promoted, their retirement age would be lowered to 60. Mr TANG commented that such service terms were not conducive to maintaining a stable employment environment for the company's technical staff.

Electricity supply in Po Toi Island

53. Mr TANG Ka-piu noted that residents in Po Toi Island had to purchase their own diesel to generate electricity to power up a public toilet and the public pier in Po Toi Island. He asked if the Administration would work with the relevant power company to extend electricity supply to Po Toi Island, or to provide the fuel for the inhabitants of the island to generate electricity for the public facilities concerned. SEN said that he would gather more information and follow up as applicable.

Public consultation on fuel mix for electricity generation

54. Dr Kenneth CHAN noted that in the past there had been suggestions that

half of the fuel components for generating electricity in Hong Kong should come from nuclear power. In the light of the nuclear incident in Fukushima, there was wide public concern over the safety of nuclear power. Dr CHAN asked whether the Administration would continue to rely heavily on nuclear power as a major fuel component for electricity generation. He noted that the Administration would conduct public consultation on the future fuel mix for electricity generation and asked when it would release the public consultation document. He suggested that the Administration should present more balanced and objective analyses taking into account safety, environmental impact as well as the implications on electricity tariff rates in the consultation document.

55. Under Secretary for the Environment ("USEN") said that the Administration was preparing the public consultation document on the future fuel mix for electricity generation, which was expected to be released for public comments in the first quarter of 2014 and would reflect the various concerns raised by members.

Nuclear power and other types of fuel for generating electricity

56. Mr SIN Chung-kai commented that despite the advantages in using nuclear power for electricity generation, the damage that could cause in case of a nuclear incident could be disastrous and irreparable. While the power company concerned should continue to purchase nuclear energy in accordance with the present contractual obligations, further use of nuclear energy should not be encouraged. On the other hand, Mr SIN understood that reducing the reliance on nuclear energy would inevitably increase the consumption of other fuel types such as coal, natural gas or other renewable energy sources, which might lead to increase in electricity tariff.

57. Dr Fernando CHEUNG said that many green groups had commented that the use of renewable energy in Hong Kong was not cost-effective. He asked what the Administration's position was in adopting renewable energy in the fuel mix for electricity generation. SEN said that there were successful examples in other countries of utilizing energy recovered through processing municipal solid wastes. It was possible for Hong Kong to make reference to these practices of electricity generation which helped achieve lower emission.

Reducing electricity tariff for grassroots consumers

58. Mr SIN Chung-kai also noted that measures such as one-off electricity subsidy might not sustain in the long term, and consumers would expect to bear the rising cost of electricity. He requested the Administration to try to strike a balance between consumers' affordability and environmental consideration in the

review of the fuel mix for electricity generation. Ms Cyd HO had a similar observation and asked if the Administration could consider measures to reduce the burden of the grassroots households in meeting the electricity bills.

59. SEN responded that the power companies had introduced Energy Saving Rebates which could help reduce tariffs for low-consumption domestic customers. This measure should be beneficial to grassroots households in particular.

Interconnection of power grids

60. Dr Fernando CHEUNG noted that the Administration would start the negotiation with the two power companies on the future Scheme of Control Agreements. He enquired what the Administration's position was towards the regulatory option of segregating electricity generation from the power grids and enhancing their interconnection. Deputy Secretary for the Environment ("DSEN") said that the option of segregating electricity generation from the power grids involved complicated financial technical and legal issues, particularly when the power grids were currently owned by the power companies. The legal implications under the Basic Law would need to be resolved in order to allow a third party to access to the existing power grids for supplying electricity. As regards enhancing interconnection of the two power grids, DSEN said that the Administration would examine the technical feasibility and the cost benefits that could be achieved.

61. DSEN commented that interconnecting the power grids could not alleviate the need for new power plants and relevant facilities to meet the increasing demand for electricity consumption. The interconnection installation involved considerable capital investment as well as land resources. Taking all factors into consideration, enhancing interconnection of power grids might not necessarily reduce electricity tariff.

Energy saving

62. Ms Cyd HO enquired whether the Administration would introduce progressive tariff or other statutory measures to encourage energy saving in shopping malls and commercial buildings. Ms HO also asked when the Administration would introduce measures to regulate light pollution.

63. SEN said that the Buildings Energy Efficiency Ordinance (Cap. 610) was enacted which required certain building services installations to comply with the design standards of the Building Energy Code. The Administration had also launched campaigns to encourage shopping malls to reduce electricity consumption by adjusting the temperature of air conditioning during the summer

months.

64. As regards light pollution, SEN advised that the Task Force on External Lighting, which was established to advise the Government on the appropriate strategy and measures for tackling nuisance and energy wastage problems caused by external lighting, had conducted an engagement exercise to consult stakeholders and the public on the specific measures to address the issues. The Task Force would analyze the views collected and develop recommendations on the way forward for follow-up by the Administration.

65. Mr Frankie YICK said that the commercial sector did not support the introduction of progressive tariff. He stressed that high consumption of electricity did not mean high wastage of energy. Some enterprises had adopted effective energy efficiency measures that their overall consumption had significantly been lowered.

66. Mr Frankie YICK suggested that the Administration should introduce more incentives to encourage energy saving rather than punish electricity consumption. SEN responded that the Administration had introduced legislation that regulated energy efficiency in buildings and had introduced incentives to encourage energy saving.

VII Any other business

67. There being no other business, the meeting was adjourned at 12:48 pm.