

**立法會**  
***Legislative Council***

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**Report of the Panel on Economic Development  
for submission to the Legislative Council**

**Purpose**

This report which is made in accordance with Rule 77(14) of the Rules of Procedure of the Legislative Council gives an account of the work of the Panel on Economic Development (“the Panel”) during the 2022 legislative session.

**The Panel**

2. The Panel was formed by a resolution passed by the Legislative Council (“LegCo”) on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism. Following the reorganization of the Government structure with effect from 1 July 2022, the LegCo passed a resolution on 26 October 2022 to rationalize the terms of reference (“TOR”) of the relevant Panels. In this connection, energy supply and safety and related matters were taken up by the Environmental Affairs Panel under the LegCo. The updated TOR of the Panel are in **Appendix 1**.

3. For the 2022 session, the Panel comprises 19 members, with Hon Jimmy NG Wing-ka and Dr Hon Kennedy WONG Ying-ho, elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix 2**.

Meetings

4. From January to December 2022, the Panel held a total of nine meetings.

## **Major work**

### Airport and aviation services

#### *The development of the Three-Runway System project*

5. The monitoring of the implementation of the Three-Runway System (“3RS”) project at the Hong Kong International Airport (“HKIA”) had always been high on the agenda of the Panel. The Panel was briefed by the Airport Authority Hong Kong (“AAHK”) on the progress update of the 3RS works and financial arrangement plan of the 3RS project at the meeting on 23 May 2022. Members generally appreciated AAHK’s efforts in maintaining its financial position and catching up the schedule of the 3RS works despite the impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic and other various challenges.

6. Regarding members’ concern about the transition from existing Two-Runway System to the Interim Two-Runway System (“I-2RS”) upon the commissioning of the Third Runway in 2022 and closure of the Centre Runway for reconfiguration, AAHK advised the Panel that a series of on-site familiarizations, operational trials and drills had been organized while both AAHK and the Civil Aviation Department (“CAD”) had worked collaboratively with local and global aviation communities on the preparatory work for commissioning of the Third Runway. Such included issuing an Aeronautical Information Publication Supplement on 27 January 2022, completing flight check for the Third Runway in April 2022 and conducting an aircraft crash and rescue exercise in May 2022.

7. Members expressed concern about the potential adverse impact of the collection of Airport Construction Fee (“ACF”) on HKIA’s competitiveness and the impact of the pandemic and interest rate hikes on the financing of the 3RS project. AAHK advised that it would extend the collection of ACF to 2033-34 when 3RS related debts would be fully repaid. AAHK further advised that the interest rate hikes would have no material impact on the 3RS project because of the comparatively low rates (around 2% per annum) for the majority of external borrowings secured in the previous years.

8. In response to members’ enquiries about the collaboration of HKIA with other airports in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) and AAHK’s plans for post-pandemic development of HKIA as well as strategies to sustain Hong Kong’s position as an international aviation hub amid competition from airports in GBA, the Administration advised that the 3RS project would enable Hong Kong to seize the opportunities arising from

the National 14<sup>th</sup> Five-Year Plan and the development of GBA. Besides, AAHK had invested in technologies and innovations to increase HKIA's efficiency and established the Hong Kong International Aviation Academy. The Administration would explore measures in enhancing the connectivity between HKIA and cities in GBA, including co-location arrangement at HKIA.

9. In respect of AAHK's plans to grasp the opportunities arising from future increased air cargo traffic and the implementation progress of the setting up of an HKIA Logistics Park in Dongguan and an airside intermodal cargo handling facility at HKIA, members noted from AAHK that the construction of a premium logistics centre at HKIA was expected to be completed in 2023 while it would conduct more trials with stakeholders for operations between Hong Kong and Dongguan this year to establish the full operational procedures. AAHK would also cooperate with the Hongkong Post and the China Post to redevelop the Air Mail Centre of Hongkong Post at HKIA.

#### Port, logistics and maritime services

##### *Amendments to the three conventions of the International Maritime Organization*

10. In May 2022, the Panel was briefed on five legislative proposals to implement the latest amendments to the three conventions of the International Maritime Organization ("IMO"), namely the International Convention for the Prevention of Pollution from Ships, 1973, the International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001 and the International Maritime Dangerous Goods Code. The Panel was generally supportive of the legislative proposals.

11. Noting that the legislative amendments were mainly related to the technical aspects of maritime operation, members expressed concern about the impact of the proposals on Hong Kong's position as an international maritime centre and on industry practitioners. The Administration advised that no adverse comments on these legislative proposals were received after consulting relevant committees of the shipping industry in March and April 2022. The related legislation had been passed by the LegCo and came into operation on 9 December 2022.

12. Members enquired about the smart port development as well as the green port policy and measures adopted in Hong Kong and sought information on the latest progress of promoting the use of clean energy by ocean-going vessels ("OGVs"). The Administration advised that the Government would

explore measures to encourage vessels to use cleaner fuels. It would also examine measures to take forward the adoption of liquefied natural gas (“LNG”) in OGVs and formulate technical requirements and related safety regulations for offshore LNG bunkering in consultation with the industry in the next few years. Regarding the smart port development, the Task Force on Smart Port Development formed under the Hong Kong Maritime and Port Board would advise the Administration the way forward.

*Amendments to the Pilotage Ordinance (Cap. 84) and its subsidiary legislations*

13. In July 2022, the Panel was briefed on the proposal to amend the Pilotage Ordinance (Cap. 84) (“the Ordinance”) and its subsidiary legislation to refine the arrangements for the medical examination of pilots and other existing practices, and to adjust the pilotage dues. Members were generally supportive of the legislative proposal.

14. On members’ concern about the impact of the proposed increase of pilotage dues by an average of 9.7% on ship companies and the competitiveness of the industry, the Administration advised that the impact was minimal since the pilotage dues accounted for only 1% of the overall port expenses of large container ships. The adjustment proposal was based on the mutual agreement between the service provider (represented by HKPA) and users (represented by the Hong Kong Liner Shipping Association).

15. Members expressed concern about the potential succession problem of pilots. They enquired about the feasibility to shorten the advancement path of pilots, the entry qualification and the continuous training programmes suitable for licensed pilots. The Administration advised that it had established the Maritime and Aviation Training Fund to nurture more manpower. As regards the advancement path, the Administration advised that it was essential for pilots to accumulate sufficient experience and knowledge for advancement to ensure marine safety. Members also raised concern about the working condition of pilots, their physical conditions and working hours. The Administration advised that MD had closely liaised with the Hong Kong Pilots Association (“HKPA”) to ensure pilots’ needs were duly addressed.

16. On members’ enquiry about the use of advance technology on pilotage services and the potential impact on the service provided by pilots, the Administration responded that the Task Force on Smart Port Development would work with the trade on proposals to facilitate port operation and enhance port efficiency and the virtual pilotage technology was yet to be mature to

substitute manual pilotage service in any other ports.

17. The related legislation was gazetted on 14 October 2022 and passed by the LegCo on 23 November 2022.

## Tourism

### *Tourism industry to get prepared for resumption of tourism activities*

18. The Panel received an annual briefing by the Hong Kong Tourism Board (“HKTB”) on its work plan for 2022-2023 as well as an overview of the tourism industry in 2021 and the outlook of 2022. Members urged the Administration to review the tourism development in Hong Kong and enquired about HKTB’s preparation for the resumption of tourism activities and the promotional strategies in post-epidemic era. The Administration advised that it had been implementing initiatives according to the Development Blueprint for Hong Kong’s Tourism Industry, such as enhancing local tourism resources, establishing the GBA tourism brand through HKTB and developing a one-stop digital platform for travellers, while HKTB would strive to develop tourism brands for Hong Kong to maintain its position as a preferred tourism destination. Members urged HKTB to expedite the launch of the digital platform to facilitate the trade development.

19. Members suggested the promotion of individual travelling and in-depth tours as well as “red tourism” to enhance national identity. HKTB advised that it would deploy resources for promotion of local tourism and development of cultural and heritage tourism while restriction on cross-boundary/border was still in place. Members also suggested that HKTB devise more measures to strengthen its connection with the youth and community in promoting Hong Kong’s tourism.

20. Members were concerned about the potential adverse impact of the outbreak of the fifth wave of epidemic on Hong Kong’s image among Mainlanders. They supported the promotion of the integration of tourism and cultural activities and connection with GBA and requested HKTB to review its resource deployment for tourism promotions in the Mainland. HKTB advised that it would allocate at least \$100 million of its budget for promotions in the Mainland following the epidemic. Members appreciated HKTB’s planned deployment of reserve to drive tourism recovery. Members further suggested that HKTB could learn from the experience of promoting tourism by the Mainland, such as promotion through live streaming hosted by celebrities.

21. In respect of members' concern about the recovery of the cruise sector and the rebuilding of the cruise image of Hong Kong, the Administration advised that HKTB would continue its promotion on "cruise-to-nowhere" itineraries for local residents and for GBA visitors upon resumption of cross-boundary travel. Besides, HKTB would collaborate with other ports within GBA to promote cruise itineraries in the region.

22. As regards members' enquiry about the temporary job opportunities for tourism practitioners during the epidemic, potential manpower shortage upon resumption of cross-boundary/border inbound travel and provision of training about cultural tourism and GBA development, HKTB advised that the Travel Industry Council of Hong Kong had been providing relevant training while tourism practitioners had been provided with temporary jobs for anti-epidemic work.

*Update on the operation of The Hong Kong Disneyland Resort*

23. The Hong Kong Disneyland Resort ("HKDL") is a long-term investment of Hong Kong in tourism infrastructure in which the Government holds 52% of the shares, with the remaining 48% owned by The Walt Disney Company ("TWDC"). In March 2022, the Administration updated the Panel on the operation of HKDL in fiscal year 2021 ("FY21"), running from late September 2020 to early October 2021.

24. The Panel noted that HKDL's business performance was adversely affected by the tourism downturn due to the COVID-19 pandemic. In FY21, HKDL was able to operate its theme park for nine and a half months and relied on the local market for business. The park attendance in FY21 increased by 64% year-on-year to 2.8 million. When compared with FY20, HKDL's total revenue in FY21 went up by 19% to \$1.7 billion. Earnings before interest, taxes, depreciation and amortization ("EBITDA") improved to negative \$970 million, as compared with \$1.5 billion in the previous fiscal year, and net loss narrowed to \$2.4 billion in FY21. Despite the improvement in EBITDA and net loss in FY21, members considered that HKDL should manage its operating costs and capital prudently. HKDL advised that, despite its intensive fixed costs for operation and commitment to preserve jobs, the operating costs were reduced by 8% in FY21 and HKDL was able to achieve positive EBITDA during the first quarter of FY22 when the theme park was allowed to stay open.

25. Members enquired about possible reduction in the amount of royalties paid by HKDL to TWDC for use of intellectual properties in view of subpar

financial performance of HKDL and whether the management fees paid by HKDL to TWDC could be waived in FY21. The Administration advised that any change to the agreement on royalties had to be mutually agreed by both the Government and TWDC. Members noted that TWDC had agreed to defer HKDL's payment of royalties in FY22 to help maintain HKDL's cash position during the challenging times and that no management fees were charged by TWDC for FY21 given the negative EBITDA.

26. On members' enquiry about HKDL's strategies and budget to further tap into the local market in the coming year, HKDL advised that it currently focused on exploring business opportunities from the local market and rolled out new products and offerings. Members expressed worries about the market outlook for HKDL given its accumulated substantial net losses since its opening in 2005 and asked about the long-term policies and strategies on the future positioning and operation of theme parks in Hong Kong as important tourism infrastructures. The Administration advised that HKDL had been an important drive to Hong Kong economy. Over the past 16 years of operation, its total value-added generated amounted to \$115.3 billion and it created a total of 274 200 jobs in terms of man-years for frontline workers and the travel industry. As for the market outlook, HKDL was cautiously optimistic about the long-term business potential upon recovery of quarantine-free inbound tourism since HKDL had launched new attractions in the past two years, and it was well-positioned to benefit from tourism development in GBA and beyond.

27. Members appreciated HKDL's efforts in fulfilling its corporate social responsibility. HKDL advised the Panel that it would continue to work with non-governmental organizations to give out complimentary tickets to underprivileged community members, offer various volunteer services to kids and families in need and adopt green measures at the resort. HKDL also provided extensive staff training to develop staff's various skills and held the Disney Imaginations Hong Kong Design Competition to allow Hong Kong students to showcase their technical, artistic and creative talents and ideas.

#### *Implementation of the new regulatory regime of the travel industry*

28. The Travel Industry Ordinance (Cap. 634) ("TIO") was passed by the Legislative Council in November 2018 and provided a legal framework for the new regulatory regime of the travel industry. In April 2022, the Panel was briefed by the Administration and the Travel Industry Authority ("TIA") on the proposed seven pieces of subsidiary legislation to be made under TIO for the full implementation of the new regulatory regime of travel industry. Members were generally supportive of the legislative proposals.

29. Since the travel industry had been hard hit by COVID-19 pandemic, members urged the Administration and TIA to avoid over-regulating the travel industry and attract those who had left the industry to return. The Administration advised that it would monitor the post-epidemic recovery of the industry, adjust strategies and measures as appropriate, such as extending the two-year grace period for renewal of Tourist Guide Passes and waiving the fee for tourist guide and tour escort licences, and liaise with stakeholders to facilitate the sustainable development. Members enquired about the appeal system of the new regulatory regime and TIA advised that an independent appeal panel would be established.

30. Members noted that TIA would operate on a self-financing basis in the long run based on the collection of fees and levies from the travel industry and that the Government had allocated a seed money of \$350 million for TIA's initial operation. Some members were concerned that the amount of the seed money might be insufficient to support its operation, while some other members suggested that a mechanism should be established to review the charging levels of fees and levies to avoid accumulation of a large surplus by TIA. The Administration advised that it would closely monitor the finances of TIA and extra funding would be provided to it if necessary in accordance with the established mechanism. The Administration supplemented that TIA would be required to submit to the Secretary for Commerce and Economic Development annually its annual report, statement of accounts and auditor's report in accordance with the TIO and the relevant documents be laid on the table of the LegCo.

31. In response to members' enquiry about the requirements imposed on travel agents on keeping of books of account, TIA advised that it was empowered under TIO to appoint inspectors to take actions to ascertain licensees' compliance with the new regulatory regime.

32. Regarding the promotion of the new requirements under the regulatory regime and training programmes for tourism practitioners, TIA advised that promotion and training programmes on the new regulatory regime would be organized prior to its full implementation on 1 September 2022. The Administration would work with TIA to utilize the funding of \$60 million for subsidizing the training of tourism practitioners for three years. Members also urged the Administration/TIA to step up consumer education regarding the scope of protection under the Travel Industry Compensation Fund and the importance of taking out travel insurance.

### Work of the Competition Commission

33. In July 2022, the Panel was briefed by the Competition Commission (“the Commission”) on its work since its last report made to the Panel in July 2021 and outlook for 2022-2023. Members acknowledged the efforts made by the Commission on enforcing the Competition Ordinance (Cap. 619) (“the Ordinance”), including the Commission’s investigations into online food delivery platforms and passenger car warranty terms and conditions.

34. Members considered that the investigation power of the Commission seemed to be insufficient under the Ordinance, especially its power in collecting evidence from and commencing proceedings against multi-national corporations. Members also noted that the amended Anti-Monopoly Law of the Mainland would take effect on 1 August 2022 and the major changes included, among other things, strengthening of the merger regulation, which were aligned with the global competition laws. They requested the Administration to consider reviewing the Ordinance to strengthen the Commission’s enforcement power, enhance prosecution efficiency and cope with the challenging global economic environment. Some members suggested the setting up of a process review panel to monitor the operation of the Commission and provide useful advice to it.

35. The Commission responded that it was invested with statutory powers, including compulsory investigation powers when it proceeded to the investigation phase, and would adopt various methods and strategies to obtain information in its investigations. While the Commission considered that these powers and strategies were largely sufficient and its enforcement procedure was stringent and effective, the Administration advised that it would pay due regard to the operation of the Ordinance and consider whether there was a need to review the Ordinance, such as the proposal on a cross-sector merger rule.

36. Regarding the suggestion that the Ordinance should be expanded to cover statutory bodies as well as parties inviting tenders which might select tenderers based on the “lowest bid wins” principle and deal with the issues of market dominance, the Administration advised that the Ordinance did not apply to public bodies, which mostly did not engage in economic activities.

37. Members also raised concern on the potential anti-competitive conduct related to auto-fuel prices in Hong Kong and competition matters relating to people’s livelihood, such as the potential violation of Second Conduct Rule under the Ordinance by the Link Real Estate Investment Trust in respect of managing public markets and carparks. In response to members’ request to investigate these potential cases, the Commission advised that it was conducting

an investigation into certain auto-fuel companies and would accord priority to investigate anti-competitive conducts concerning livelihood issues.

#### Power Cable Incident of CLP Power Hong Kong Limited (“CLP Power”)

38. On 21 June 2022, a CLP Power cable bridge in Yuen Long caught fire, resulting in power outage in Yuen Long, Tin Shui Wai and Tuen Mun districts due to damages to the high-voltage cables installed in the cable bridge. The incident affected the daily lives of over 500,000 residents in the districts concerned. On 2 September 2022, the Panel was briefed by the Administration on the course of actions taken after the power cable incident, findings of CLP Power’s investigation report and remedial measures required to be taken by CLP Power under the Electricity Ordinance (Cap. 406).

39. Members expressed concern about the cause of the accident and called for review of the Fire Services Ordinance and relevant code of practice, and the safety risks of the city. They urged the Administration to take a more proactive approach to conduct an extensive review to identify the potential safety hazards posed by other power cables and electricity facilities. The Administration responded that CLP Power had been instructed to conduct a comprehensive review and risk assessment on enhancement of fire safety and security measures for common cable route facilities. The Administration would convey members’ concern on safety risks of the city to the relevant departments for follow up as appropriate.

40. Members also urged the Administration to review the notification mechanism for major incidents to ensure timely dissemination of information to the public in the event of major incidents involving public services or critical infrastructure.

41. In respect of members’ concern about reporting of the damage of the backup power supply system, the Electrical and Mechanical Services Department responded that it would review the code of practice with the power companies to enhance the reporting mechanism of backup power supply system to ensure the readiness of the system for provision of power supply during emergency situations.

#### Other issues

42. During the current legislative session, the Panel received a briefing on 31 October 2022 by the Administration on the relevant policy initiatives of the Commerce and Economic Development Bureau, Culture, Sports and Tourism

Bureau and Transport and Logistics Bureau featured in the Chief Executive's 2022 Policy Address.

43. The Panel was also consulted on the following issues –
- (a) Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Bill 2022;
  - (b) updates on Marine Legislation, including a legislative proposal to facilitate the use of electronic certificates and electronic log-books for Hong Kong-registered ships and seafarers and legislative amendments to establish Vessel Height Restriction Areas along the viaducts of Tseung Kwan O Cross Bay Bridge, Tseung Kwan O Interchange, and the Southern Bridge in Tseung Kwan O to better regulate marine traffic; and
  - (c) enhancing the control and regulation for transshipment of alternative smoking products.

Council Business Division 4  
Legislative Council Secretariat  
7 December 2022

**Legislative Council**

**Panel on Economic Development**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal services, consumer protection, competition policy and tourism.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Panel on Economic Development**

**Membership list for the 2022 session\***

<b>Chairman</b>	Hon Jimmy NG Wing-ka, BBS, JP
<b>Deputy Chairman</b>	Dr Hon Kennedy WONG Ying-ho, BBS, JP
<b>Members</b>	Hon Jeffrey LAM Kin-fung, GBS, JP Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP Hon Steven HO Chun-yin, BBS, JP Hon Frankie YICK Chi-ming, SBS, JP Hon Holden CHOW Ho-ding Hon YUNG Hoi-yan, JP Hon LUK Chung-hung, JP Hon Robert LEE Wai-wang Hon Andrew LAM Siu-lo, SBS, JP Hon YIU Pak-leung, MH Dr Hon Wendy HONG Wen Hon CHAN Pui-leung Hon Sunny TAN Ir Hon CHAN Siu-hung, JP Hon Edmund WONG Chun-sek Dr Hon TAN Yueheng, JP Hon YIM Kong  (Total : 19 members)
<b>Clerk</b>	Ms Sophie LAU
<b>Legal Adviser</b>	Miss Dorothy YUNG

\* Changes in membership are set out in **Annex to Appendix 2**

**Panel on Economic Development**

**Changes in membership**

<b>Member</b>	<b>Relevant date</b>
Prof Hon Nelson LAM Chi-yuen, JP	Up to 18 June 2022

[Changes in Membership of the Seventh Legislative Council](#)