

For information
on 15 January 2004

Legislative Council Panel on Economic Services

Policy Initiatives of Economic Development and Labour Bureau

Introduction

The 2004 Policy Agenda just issued sets out the Government's new and on-going initiatives over the next three and a half years. This paper elaborates on the 2004 initiatives relating to the Economic Development portfolio, and updates the progress of initiatives in the 2003 Policy Agenda.

2004 Policy Agenda

2. In respect of the new initiatives included under the Economic Development portfolio, we will :

(a) Initiative

- Introduce a Bill to provide the legal instrument for (partial) privatization of the Airport Authority.

Description

- Privatization of the Airport Authority is in line with the principle of "big market, small government". It would enhance the commercial discipline of the Airport Authority, develop the local financial markets, as well as optimize the utilization of scarce public resources.
- The bill will facilitate the privatization of the Airport Authority and set out the legal and regulatory framework for the operation

of the Hong Kong International Airport after privatization.

- We will also consider the need for some interim measures to enhance the capital structure of the Airport Authority prior to privatization. Some minor amendments to the existing Airport Authority Ordinance may be required for this purpose.

(b) Initiative

- Evaluate the findings of the Hong Kong Port - Master Plan 2020 study to enhance the competitiveness of the Hong Kong port and devise a long term development plan for it.

Description

- To facilitate the long-term development of the Hong Kong Port, the consultancy study "Hong Kong Port - Master Plan 2020" which we have commissioned will update the port cargo forecast published in 2001. It will also propose a competitive and sustainable strategy as well as a master plan for Hong Kong's port development, including the feasibility of constructing Container Terminal 10. The study will be completed early this year. We will consult the stakeholders in the container freight industry on the recommendations of the study and devise an implementation plan to strengthen the competitiveness of our port.

(c) Initiative

- Evaluate the findings of the Mainland-Hong Kong Logistics Cooperation Study and, in consultation with the industry and the authorities in the Pearl River Delta (PRD), identify initiatives for implementation to reap maximum benefits from the logistics-related provisions under the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA).

Description

- The study jointly commissioned with the National Development and Reform Commission (formerly the State Development and

Planning Commission) explored the areas for cooperation with the Mainland in logistics development and identified specific projects that could be pursued with joint efforts. The study confirmed the need for and strategic importance of cross boundary cooperation in logistics development, and recommended that both sides should continue to build on existing liaison channels and promote logistics cooperation through specific projects such as logistics pipelines and inland freight villages.

- The preparation of the study report is in its final stage. We will carefully evaluate the recommendations of the joint study and, in consultation with industry players and the authorities in the PRD, identify initiatives for implementation to reap the full benefits of cross boundary logistics cooperation, especially those flowing from the implementation of the relevant CEPA provisions, which offer new opportunities for Hong Kong providers of logistics, freight forwarding, storage and warehousing, and freight transportation services.

(d) Initiative

- Review the programme for the development of a tourism node, a modern cruise terminal and heliport at Southeast Kowloon (SEK) in the light of the court judgment on reclamation in the Victoria Harbour. Meanwhile, we will identify additional or temporary berthing capacity to meet the needs of the market pending completion of the long term facilities at SEK.

Description

- To capitalize on the rapid growth of the cruise industry worldwide and enable Hong Kong to capture the growth potential of this sector of the market in the region, we need to press ahead with the development of the cruise terminal and other tourist facilities at SEK. We previously planned to invite expressions of interest (EOI) from the private sector for the development of a modern cruise terminal with a tourism node at SEK in the second half of 2003.

- Arising from the court judgment on reclamation in the Victoria Harbour, relevant departments are now reviewing the implications of the judgment on the developments in SEK. Subject to the outcome of the Town Planning Board's appeal to the Court of Final Appeal, we will determine as soon as practicable the way forward, including the timetable for the EOI exercise. Since the development of a major infrastructural facility like this inevitably takes time, we are taking steps to identify additional or temporary berthing capacity to meet the demand of calling cruise ships which cannot be berthed at the existing cruise terminal.

(e) Initiative

- Consider options for the future development of the electricity supply sector after the expiry of the current Scheme of Control Agreements in 2008.

Description

- The current Scheme of Control (SOC) Agreements signed separately between the Government and the two power companies will expire in 2008. We shall conduct a study on the electricity supply market with a view to drawing up a broad framework for the development of the electricity supply sector upon the expiry of the SOC Agreements, so as to ensure reliable and safe supply of electricity will continue to be available at reasonable prices to support our economic and social development. We will conduct consultations on the proposed framework.

Progress of Initiatives in the 2003 Policy Agenda

3. We will continue to implement the initiatives laid out in the 2003 Policy Agenda. Progress of these initiatives, indicated as ongoing initiatives in the 2004 Policy Agenda, is as follows :

(a) Initiative

- Consult the logistics sector on the broad planning parameters for the development of a value added logistics park on North Lantau.

Progress Made/Present Position

- We have identified initially a site on North Lantau, the strategic location of which will be enhanced by its proximity to the Hong Kong-Zhuhai-Macao Bridge on the Hong Kong side.
- We are consulting industry players on the broad planning parameters for the development of the logistics park.

(b) Initiative

- Develop the Digital Trade and Transportation Network (DTTN) System for launching in 2005.

Progress Made/Present Position

- We have invited and assessed proposals to develop the DTTN System. On the recommendation of the Hong Kong Logistics Development Council, we are discussing with a service provider with a view to concluding an operating agreement for the development and launching of the DTTN System in 2005.

(c) Initiative

- Convert the Central Police Station, Victoria Prison and former Magistracy into a heritage tourism development. We are making arrangements to invite private sector proposals this year.

Progress Made/Present Position

- In April last year, we briefed the LegCo Panel on Economic Services and Security on the implementation framework for the project and the relocation arrangements for existing users of the site in 2005. Our target is to invite tender for the Project within this year, and to hand over the site to the successful tenderer in phases in 2005.

(d) Initiative

- Assist the Airport Authority to expand intermodal connections such as transit passenger ferry service between the Hong Kong International Airport and the PRD.

Progress Made/Present Position

- Transit passenger ferry services between the Hong Kong International Airport and four ports in the PRD, namely Dongguan, Shenzhen Fuyong, Shekou and Macau commenced operation on 29 September 2003. The ferry services will be extended to other PRD ports where there are demands.

(e) Initiative

- Monitor the implementation of the heritage tourism project at the site of the former Marine Police Headquarters in Tsim Sha Tsui for completion by 2008.

Progress Made/Present Position

- In May last year, we awarded the Project to the successful proponent on a 50-year land grant to convert the site into a heritage hotel with food and beverage outlets and retail facilities. The Project is expected to be completed by 2008.

Members' Views

4. We welcome Members' views on the various issues.

Economic Development Branch
Economic Development and Labour Bureau
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