

# 立法會

## *Legislative Council*

LC Paper No. CB(4)1039/2023

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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 2023 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 2023 session, the Panel comprises 20 members, with Hon Sunny TAN and Dr Hon SO Cheung-wing, elected as the Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix 2**.

#### Meetings

4. During the period from January to November 2023, the Panel held a total of nine meetings. Another regular meeting has been scheduled for 18 December 2023 to discuss “Updates on marine legislation” and “Legislative

amendments to implement the latest requirements of the International Maritime Organization and the International Labour Organization”.

## **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 10 July 2023. To better understand the latest development and operations of HKIA, the Panel visited HKIA on 11 July 2023 and received a briefing by representatives of AAHK on the aforesaid matters.

6. Members were concerned about the financial performance of AAHK. Having noted that as at July 2023, AAHK’s total executed external financing was about HK\$115 billion at an overall borrowing cost of around 3% per annum, members were worried that the increase in leverage might affect AAHK’s total debt-to-capital ratio and future financing, and thus urged AAHK to exercise prudence. Members also asked when AAHK would expect the total debt-to-capital ratio to come down to a more reasonable level, and whether there was a fallback plan if the target passenger throughput was not achieved within the anticipated time frame.

7. AAHK responded that the settlement of its debts had been deferred due to the impact of the three-year COVID-19 epidemic. However, as the epidemic subsided and cash flow increased, AAHK was confident in the medium- to long-term recovery of the aviation industry and its current financial capacity, and believed that its debt burden would gradually reduce.

8. Concern was also raised about the 16% decline in Hong Kong’s cargo and airmail throughput in the 2022-2023 financial year and the reasons for the decline. The Administration advised that, based on its analysis and the information from AAHK, the decline was due to the downward trend in global air cargo traffic. Nevertheless, HKIA still remained the world’s top-ranked airport in terms of cargo throughput in 2022.

9. Members enquired about the measures taken to ensure a smooth transition to the new system upon completion of HKIA’s Centre Runway

reconfiguration by the end of 2024, the impact of longer taxiing time for arriving aircraft under the Interim Two-Runway System and the potential saturation of the system before the full commissioning of 3RS. Question was also raised about any regular mechanism for cooperation with neighbouring airports in Shenzhen, Guangzhou or Zhuhai, particularly any concrete cooperation measures following signing of the memorandum of understanding between AAHK and the Zhuhai airport in 2023.

10. AAHK responded that it had initiated a 24-month period of operational preparation for the reopening of the Centre Runway and concurrent operation of three runways at the end of 2024 and would coordinate with airlines to ensure adequate preparation. The Panel noted that the increase of four minutes in taxiing time remained reasonable compared to other major international airports. The existing facilities were expected to be sufficient to cope with the resumption of passenger traffic. As regards cooperation with neighbouring airports, AAHK advised that a coordination mechanism was in place between HKIA and these airports for air traffic management to further enhance operational efficiency.

*Enhancements to the aircraft leasing preferential tax regime*

11. The Panel was briefed on the progress of the Administration's work on introducing a bill into the Legislative Council to amend the Inland Revenue Ordinance ("IRO") (Cap. 112) so as to enhance the aircraft leasing preferential tax regime. Members generally supported the Government's legislative proposals.

12. Members enquired about the reasons for the Administration's projection of Hong Kong's market share in the global aircraft leasing industry from about 18% in 2017 to 12.5% with the introduction of the enhancement measures. Members also asked for analysis on the factors affecting Hong Kong's competitiveness. They suggested assigning a dedicated department or officer for promoting the aircraft leasing business.

13. The Administration responded that the development of aircraft leasing business in Hong Kong was subject to global economic, geopolitical and other external environmental factors. Despite the drop in the latest market share estimate, the actual number of aircraft to be leased via the Hong Kong platform in the next 20 years was expected to be similar to the 2017 estimate. The Administration advised that although tax arrangements were crucial to aircraft lessors' selection of the place of domicile, the local financial, legal and accounting systems, as well as the availability of talents in the regions were also

important considerations for aircraft lessors in choosing the place for their business.

14. Members asked about any specific measures to cope with the increased manpower demand arising from the enhancement measures as the Administration estimated that more than 1000 direct jobs and about 20000 indirect jobs would be created in the next 20 years due to the implementation of the measures. There was a suggestion that Administration should adopt an innovative mindset in enhancing overall manpower resources. The Administration responded that it would make use of the Maritime and Aviation Training Fund (“MATF”) to collaborate with more training institutions to organize more courses specific to the aircraft leasing profession. Civil Aviation Department and the Airport Authority Hong Kong (“AAHK”) would also strengthen the relevant contents of the life planning course to attract young people to the industry.

#### Port, logistics and maritime services

##### *Development of Hong Kong’s logistics industry*

15. In June 2023, the Panel was briefed by the Administration on the latest progress of its work regarding the formulation of an Action Plan on Modern Logistics Development. Members suggested that the Administration should conduct a detailed analysis on the competitiveness, weaknesses and strengths of air, land and sea domains, enhance cross-departmental cooperation and set up a maritime and port authority or a logistics department for a long-term overall logistics policy. Concern was also raised about the future development of Kwai Chung terminals and Shenzhen-Hong Kong planning as well as the importance of both traditional logistics and high-value cold chain services. To better understand the latest developments of the terminals’ digital operations and the logistics industry, the Panel visited the Kwai Tsing Container Terminals on 7 November 2023 and exchanged views with representatives of the Terminals on the Action Plan and further promotion of the Smart Port development.

16. Members also suggested that the Administration should provide adequate land supply for the logistics industry, make proper and definite planning for logistics sites and additional land supply, including the formulation of transitional arrangements for land use in the New Territories. Noting the necessity for land resumption for the development of Northern Metropolis, members requested for a clear and definite timetable for land resumption, subject to the principle of confidentiality as far as practicable. In response to the industry’s suggestion about the provision of open-air or low-rise premises for the operations of the industry, the Administration advised that, due to the

shortage of land in Hong Kong, multi-storey logistics facilities were considered the future development direction.

17. Members considered it imperative for Hong Kong to have professional talents to provide high-end and high value-added logistics services. They enquired about the plans of the relevant government departments for manpower training and the latest position of the MATF. There were suggestions that the Administration should explore measures to enhance the understanding of young people on the latest development and prospect of the logistics industry and adopt a two-pronged strategy to bring in talents as soon as possible in order to capitalize on the business opportunities. The Administration responded that it planned to launch MATF for applications by the industry within the second half of 2023.

18. Members enquired about the role of the Transport and Logistics Bureau (“TLB”) in terms of e-commerce and the Administration’s plans for development of e-commerce logistics in the Northern Metropolis and promotion of cross-boundary e-commerce logistics. The Administration responded that TLB would assist the logistics industry in seizing the relevant business opportunities of e-commerce. On the suggestion of expediting the development of smart logistics and formulating concrete measures to address the problem of ageing of the logistics workforce in Hong Kong, the Administration advised that it would formulate and announce measures on the development of a modern logistics industry as soon as possible.

19. Noting the abundant land supply and ample labour force in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”), members suggested strengthening the synergy with GBA cities and formulating policies to facilitate the long-term development of Hong Kong’s logistics industry. The Administration was also requested to be conversant with the operation and business models of the entire industry for providing a development direction and solutions for cross-boundary logistics. The Administration advised that it was committed to introducing and implementing new access measures to facilitate the flow of goods within GBA and currently studying appropriate mechanisms to promote cross-sectoral collaboration to meet the needs of modern logistics development.

#### *Regulating drink and drug boating*

20. In May 2023, the Panel was briefed by the Administration on the latest development of the proposed legislation to regulate drink and drug boating within the Hong Kong waters. Members supported the legislative proposal.

21. Members noted that the proposed legislation would only apply to a vessel that was underway and not to a vessel which was anchored, made fast to the shore or aground. Members enquired whether a vessel made not underway due to an accident would render law enforcement officers unable to investigate any breaches of the proposed legislation in respect of the accident. The Administration advised that the proposed legislation would apply to vessels underway only. In case a person on board a vessel engaged in drink or drug boating and caused the vessel to stop after it collided with another vessel, the Marine Department (“MD”) would be responsible for law enforcement and the Police might also step in to conduct investigation. An offence endangering the safety of others, if detected, would be handled on a case-by-case basis. The proposed legislation would also empower authorized persons to demand a person who had operated a vessel underway and committed a marine traffic accident when it was underway to undergo a screening breath test or preliminary drug test.

22. Members enquired about the standards of screening breath test or drug test for drink boating and the details of conducting the Marine Field Sobriety Test (“MFST”) and the relevant tests. The Administration advised that the same standards for drink and drug driving were adopted for tests for drink boating while MFST was also modelled on the tests used for drink and drug driving and the practices of overseas law enforcement agencies. In response to members’ enquiry about the frequency of spot checks and inspection measures for regulating speedboat activities, the Administration stated that MD and the Police would step up enforcement efforts by conducting spot checks and joint operations.

#### *Management of typhoon shelters and sheltered anchorages*

23. The Panel was briefed by the Administration on the updated situation of the management of typhoon shelters and sheltered anchorages on 2 May 2023. Members were gravely concerned about the inadequacy of sheltered spaces in Hong Kong to meet the future demand despite the Administration’s projection that there would be sufficient supply of sheltered spaces throughout the period up to 2035. Members were worried that the Administration might not be able to make advance planning for typhoon shelters to meet the urgent demand of vessels in a timely manner given the 5-year interval between the Assessment of Typhoon Shelter Space Requirements (“the Assessment”) by the Administration. They suggested that the Administration and the organization responsible for conducting the Assessment should have more direct communication with the industry to find out the on-site situations of various typhoon shelters for a more comprehensive assessment.

24. Members raised serious concerns about illegal activities such as the use of pleasure vessels for non-pleasure purposes, in particular the illegal use of pleasure vessels as guesthouses and other accommodation in Hong Kong waters. They were worried that such illegal uses might give rise to fire and environmental hazards and aggravate the problem of insufficient berthing spaces as well as constituted unfairness to other berthed vessels and licensed guesthouses. Members considered the maximum fine of \$10,000 clearly not a sufficient deterrent for this type of illegal activity using pleasure vessel as accommodation.

25. There were views that the berthing spaces and associated facilities in Hong Kong could complement the development of tourism, leisure, recreation and the fishing industry. Members suggested that the breakwaters around the Aberdeen Typhoon Shelter be revitalized to develop them into unique scenic spots and similar tourism elements also be incorporated into other breakwaters. Concern was also raised about the provision of more landing and water supply facilities, including water selling kiosks for vessels.

26. In this connection, a Subcommittee to Study Matters Relating to Typhoon Shelters and Sheltered Anchorages was formed under the House Committee in May 2023 to review the berthing spaces, embarking and disembarking facilities, planning and wind protection capacity of typhoon shelters in Hong Kong, and make relevant recommendations.

## Tourism

### *Strategies and measures to revitalize Hong Kong's tourism industry*

27. The Panel received an annual briefing by the Hong Kong Tourism Board ("HKTB") on its work plan for 2023-2024 on 27 March 2023. Members expressed concern about the potential worsening of manpower shortage in the tourism industry with the gradual recovery of the sector in post-epidemic period. Members requested for a comprehension assessment of the tourism industry chain to review the manpower shortage and solutions to such problem, including importation of foreign labour.

28. Members urged the Administration to further enhance the promotion of Hong Kong's tourism image and hospitality culture following the launch of "Hello Hong Kong", a large-scale global publicity campaign. There were suggestions that the Administration should consider deploying resources and providing appropriate support for promoting Hong Kong to the Mainland and

other regions, such as Southeast Asia, Japan, Korea and the Middle East, to attract more high-spending visitors. The Administration was also requested to strengthen cooperation with GBA and launch collaborative initiatives to harness the opportunities brought about by Hong Kong as a core demonstration zone for multi-destination tourism in GBA. HKTB advised that it would invest more resources for promotion in important and emerging markets, such as Southeast Asia, and work with governments of cities in GBA for better collaboration and integration of resources for promotion of tourism in GBA.

29. Apart from stepping up publicity, members also suggested that the Administration should enhance tourism initiatives and develop new tourism projects, including promoting cultural tourism activities and cooperating with the Marine Department to open the Central Fairway in Hong Kong waters for promotion of cruise tourism. The Administration was also urged to liaise with various consulates in Hong Kong to introduce commercial or leisure tourism or world-class performances in Hong Kong.

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

30. 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 May 2023, the Administration updated the Panel on the operation of HKDL in fiscal year 2022 (“FY22”), running from late September 2021 to early October 2022.

31. The Panel noted that the financial performance of HKDL was less than satisfactory due to the impact of the epidemic in the past few years. In view that HKDL had recorded net profits in only three years since the commencement of its operation in 2005, members enquired when HKDL would expect to improve its financial performance, including reaching the breakeven point and profit turnaround. The Administration advised that it focused not only on HKDL’s financial performance but its contribution to the overall socio-economic benefits as an important tourism infrastructure project. In FY22, HKDL brought about HK\$700 million value-added to Hong Kong’s economy, equivalent to 0.03% of the Gross Domestic Product.

32. Questions were also raised about other aspects of HKDL’s financial performance and business operation, including possible concessions on collection of the royalty payments by TWDC based on the actual situation of HKDL and the Government’s injection of funds in the future. HKDL indicated that TWDC had deferred royalty payments payable in FY22 and would not charge interest accordingly. HKDL currently had no plans to seek additional



funding from the Government. According to HKDL, TWDC upsized its revolver facility to HKDL in November 2022 from HK\$2.1 billion to HK\$2.7 billion to ease the financial and cash position of HKDL.

33. Members considered that HKDL should be more proactive in enhancing its promotion and publicity, such as leveraging its branding impact to attract more local and overseas visitors and actively exploring the GBA market. They also enquired about the Administration's plan to ensure the sustainable development of the resort to promote Hong Kong's overall economic development. There were suggestions that the Administration should consider partnering with HKDL to build a Hong Kong downtown Disney district and leverage HKDL's strengths to support the development of local arts and cultural industries as well as local textile and garment and fashion industries. In response, HKDL advised that GBA was one of its business priorities while it would continue to launch new attractions, including launching a new themed land, the World of Frozen, in the second half of 2023. HKDL indicated that it would strengthen cooperation with the cultural sector as appropriate to promote the development of local arts and cultural industries.

*Dedicated 100% Loan Guarantee Scheme for travel sector*

34. The Panel was briefed on the proposed establishment of the Dedicated 100% Loan Guarantee Scheme for Travel Sector ("the Dedicated Scheme") to provide 100% loan guarantee for eligible passenger service operators and licensed travel agents to help them obtain commercial loans for resolving short-term funding difficulties. The proposed Dedicated Scheme would be managed by the HKMC Insurance Limited ("HKMCI"). Members were generally supportive of the proposal.

35. Members raised concern about the eligibility and the application period of the Dedicated Scheme. Noting that the application period of the Dedicated Scheme would only last for six months from its launch, members requested the Government to extend the application period. The Administration however considered a six-month application period sufficient, and it would review and extend such period if necessary. As regards the eligibility, the Administration advised that the lending institutions would carefully consider the circumstances of each case in approving applications.

36. Members also asked whether the provision of a commitment not exceeding \$2.3 billion by the Administration would suffice to meet the needs of all eligible applicants and about ways to ensure that the estimated default rate of 25% would not be exceeded. The Administration advised that the proposed

repayment scheme was believed to already allow a certain degree of flexibility. It would monitor the actual situation and adjust the scheme in a timely manner if necessary. According to HKMCI, a control and safeguard mechanism would be in place to ensure prudent use of public money and that the Dedicated Scheme would benefit only the borrowers in need.

### Work of the Competition Commission

37. In June 2023, the Panel was briefed by the Competition Commission (“the Commission”) on its work since its last report made to the Panel in June 2022 and outlook for 2023-2024. Members commended the Commission’s efforts in enforcing the Competition Ordinance (Cap. 619), such as the cartel case brought before the Competition Tribunal and its current more proactive approach in commencing investigations.

38. Members enquired about ways to facilitate enforcement and the criteria and considerations for litigation or non-litigation options. They also asked about the number of cases and the latest developments of investigations carried out by the Commission in relation to the Second Conduct Rule since its inception. There was a suggestion that the Commission should conduct initial observations and regular monitoring on emerging industries to address the potential issues of natural monopoly. The Commission responded that depending on the nature and facts of each case, it might initiate proceedings, adopt suitable non-litigation remedies or refer the case to other departments for action where necessary.

39. For effective regulation and prevention of inadvertent breaches of the law by the public and organizations, members suggested that the Commission should draw up a list of conduct setting out contraventions of the competition law and set up a dedicated team to explore with relevant parties various options regarding different tender exercises. The Commission responded that as the enforcement agency of the competition law, it had difficulty in providing specific advice on the suitability of adopting tendering for different projects. However, it would take action against any undertakings suspected of anti-competitive behavior, especially those affecting public livelihood and involving defraud of public funds.

40. Members pointed out that the Competition Ordinance came into force in 2015 and the amended Anti-Monopoly Law of the Mainland had been in force since 1 August 2022. They called on the Administration to consider reviewing the Competition Ordinance to strengthen the Commission’s powers and enforcement of the Competition Ordinance, in a bid to cope with the ever-changing market and challenging global economic environment. The

Commission advised that it considered the powers conferred by the Competition Ordinance generally adequate while it had strengthened liaison with the Mainland to learn from their experience with the amended Anti-Monopoly Law.

### Implementation of the Trade Description Ordinance

41. The Panel was briefed by the Administration on the implementation of the Trade Descriptions Ordinance (Cap. 362) at the meeting on 27 March 2023.

42. Members expressed concern about the enforcement effectiveness of the Trade Descriptions Ordinance and the relatively low proportion of prosecutions and convictions despite the surge in the number of complaints related to online shopping from 2019 to 2020. The Administration advised that the overall number of complaints received had been on a downward trend over the past 10 years. Over the period, the Customs and Excise Department (“C&ED”) initiated more than 700 prosecution cases with a success rate of over 90% and the Consumer Council handled more than 30 000 complaints involving suspected breaches of the Trade Descriptions Ordinance, with over 60% of closed cases resolved by conciliation. The Administration advised that C&ED would take immediate action against trade practices that were of significant public interest or concern or that involved elderly persons or persons with intellectual disabilities.

43. Members were also concerned about unfair trade practices to mislead or deceive consumers and tourists, including some medicine shops misleading tourists about the weight of goods and traders selling chilled or frozen pork as fresh pork. Members urged the authorities to enhance enforcement actions and investigations and collaborate with the Food and Environmental Hygiene Department, so as to protect consumer interests and safeguard Hong Kong’s image and reputation as an international tourist destination. Members also called on the Administration to review the need to increase the penalties or sentences for breaches of the Trade Descriptions Ordinance to create a deterrent effect. In response to members’ enquiry about cases relating to illegal activities by overseas websites, the Administration replied that C&ED would also approach overseas websites or online platforms to request the removal of webpages related to illegal activities and worked in collaboration with Interpol.

44. Members considered it important to enhance publicity on good trade practices among traders, consumers and tourists, and raise consumers’ understanding of unfair trade practices, such as cooperating with the Consumer Council to produce television programmes on consumer rights. Members also enquired about any cooperation mechanism established by C&ED and the Travel Industry Authority to strengthen the protection of tourists’ rights. In

order to handle cross-border complaints by Mainland tourists more effectively, the Administration advised that the Consumer Council had established with 26 provinces and municipalities in the Mainland the Consumer Dispute Referral Mechanism, and had joined the Online Shopping Consumer Protection Express Platform.

#### Other issues

45. During the current legislative session, the Panel received a briefing on 30 October 2023 by the Administration on the relevant policy initiatives of the Culture, Sports and Tourism Bureau and Transport and Logistics Bureau featured in the Chief Executive's 2023 Policy Address.

46. The Panel was also consulted on the following issues –

- (a) legislative amendments to provide regulations and controls over the operation, movement and anchorage of the Floating Storage and Regasification Unit vessel and the operation of the offshore Liquefied Natural Gas terminal to ensure navigational safety within Hong Kong water;
- (b) proposed injection of \$200 million into MATF to sustain and enhance the support for the manpower development and promotion of the maritime and aviation industries;
- (c) legislative amendments relating to the latest standards promulgated by the International Civil Aviation Organization for the safe transport of dangerous goods by air in Hong Kong;
- (d) legislative amendments to seven pieces of local subsidiary legislation for the implementation of the latest amendments made by the International Maritime Organization to the conventions relating to maritime safety;
- (e) transport arrangements at Kai Tak Cruise Terminal during the berthing of cruise ships, as well as its business operation and nearby developments; and
- (f) Action Plan on Modern Logistics Development promulgated by the Government on 31 October 2023 which set out strategies and action measures to meet the short, medium and long-term development needs of the logistics sector, with a view to

promoting the sustainable and high-quality development of Hong Kong's logistics industry.

Council Business Division 4  
Legislative Council Secretariat  
5 December 2023

**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 2023 session**

**Chairman** Hon Sunny TAN

**Deputy Chairman** Dr Hon SO Cheung-wing, SBS, JP

**Members** Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Steven HO Chun-yin, BBS, JP  
Hon Frankie YICK Chi-ming, GBS, JP  
Hon Jimmy NG Wing-ka, BBS, JP  
Hon Holden CHOW Ho-ding, JP  
Hon YUNG Hoi-yan, JP  
Hon LUK Chung-hung, JP  
Dr Hon Hoey Simon LEE, MH, JP  
Hon Robert LEE Wai-wang  
Dr Hon CHOW Man-kong  
Hon LAM San-keung, JP  
Hon Andrew LAM Siu-lo, SBS, JP  
Hon Duncan CHIU  
Hon YIU Pak-leung, MH, JP  
Hon CHAN Yung, BBS, JP  
Ir Hon CHAN Siu-hung, JP  
Hon Edmund WONG Chun-sek  
Hon YIM Kong

(Total : 20 members)

**Clerk** Ms Sophie LAU (up to 1 September 2023)  
Mr Colin CHUI (from 1 September 2023)

**Legal Adviser** Miss Dorothy YUNG (up to 27 November 2023)  
Mr Timothy WU (from 27 November 2023)