

Vibrant Economy

Preamble

We will anchor economic development as the focus of the Government and help the economy power ahead at full steam; uphold the principles of “Big Market, Small Government” and “Market Leads, Government Facilitates”; adhere to the principles of free enterprise and fair competition, respect private ownership and honour contractual obligations; adopt an economic strategy rooted in leveraging China’s growth for Hong Kong’s global economic success to consolidate and strengthen Hong Kong’s position as “Asia’s World City” and the territory’s role as a key financial, trade, tourism and information centre of China; and boost Hong Kong’s role in the Pan-Pearl River Delta (PPRD) Region. We will promote sectors that generate higher value for our economy, including financial, logistics, professional and producer services. We will make job creation an important consideration in formulating public policies. We will increase investment in our infrastructure, enhance employment opportunities and upgrade our human capital. While doing this, we will maintain our traditional institutional strengths including the rule of law, a level playing field, clean and efficient government, free flow of information, low and simple taxes and good order, to provide a business-friendly environment.

New Initiatives

We will:

- Establish a Mainland Affairs Liaison Office (MALO) in the Constitutional Affairs Bureau. The MALO will co-ordinate Hong Kong's regional co-operation initiatives with the Mainland and keep an overview of the liaison functions of the Beijing Office and the Guangdong Economic and Trade Office with the relevant Mainland authorities.
- Strengthen our representation in the Mainland and Europe to further the economic and investment interests of Hong Kong.
- Review and update the existing telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services.
- Enable commercial exploitation of the intellectual property in the Government IT systems originally developed by contractors, thus creating a better business environment for Hong Kong.
- Put in place a new standing offer procurement facility for IT professional services that focuses on overall value to the Government and sustains the vibrant economy.
- Outsource the Government Central Computer Centre with a view to creating operational efficiency and fostering the development of the local industry.

- Map out an e-procurement strategy for departmental purchases so that Government procurement could better facilitate opportunities for businesses.
- Review the law of arbitration with a view to making it more user-friendly and thereby attract more international arbitrations to Hong Kong.
- Review the Government' s competition policy and the composition, terms of reference and operation of the Competition Policy Advisory Group (COMPAG). The Competition Policy Review Committee (CPRC) – an independent committee chaired by a non-official, with members drawn from different sectors of the community, is examining the effectiveness of the existing competition policy and whether additional measures including legislation are needed to ensure fair competition in Hong Kong. The CPRC has commenced work in June 2005. The review is scheduled to be completed in mid-2006.
- Assess the competition situation in the auto-fuel retail market in Hong Kong and consider the need for further measures to ensure fair competition in the market. COMPAG has commissioned an independent consultant in July 2005 to conduct the study, which is expected to be completed around end 2005.
- Review the air traffic management system and formulate development strategy to support the continued growth and development of the civil aviation industry.
- Launch a global promotion campaign “2006 Discover Hong Kong Year” to attract more visitor arrivals, leveraging on the commencement of key tourism infrastructure projects, including Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360 (i.e. Tung Chung Cable Car System).

- Work with Ocean Park Hong Kong and relevant parties on how to implement its Redevelopment Plans to strengthen Hong Kong's position as a premier destination for family visitors in the region.
- Initiate and plan new projects under the Tourism District Enhancement Programme. These include the Aberdeen Tourism Project to complement the redevelopment plan of the Ocean Park, enhancement of the Lei Yue Mun waterfront, and development of an open plaza in Tsim Sha Tsui.
- Relax the scheme rules for the Special Incentive Allowance Scheme for Local Domestic Helpers (LDHs) to further promote the LDH market.
- Improve the Youth Pre-employment Training Programme for young people aged 15 to 19 to enhance its vocational training value.
- Set up a job centre each in Yuen Long and North District.
- Strengthen co-operation with the PPRD on financial services.
- Provide all necessary support to the Housing Authority to relaunch the Initial Public Offering of The Link Real Estate Investment Trust.

Ongoing Initiatives

We are:

- Participating actively in PPRD regional co-operation to implement the PPRD Regional Co-operation Framework Agreement signed in June 2004 with the governments of the various PPRD provinces and regions.
- Reviewing the procedures and mechanisms associated with contract management and performance monitoring in accordance with best practices to ensure that the use of the private sector to deliver government services is done efficiently and cost-effectively.
- Examining the opportunities for greater private sector involvement in public works projects to deliver better value for money and help meet economic and fiscal policy objectives for the Government.
- Working with the World Trade Organisation to ensure the successful hosting of the Sixth Ministerial Conference in Hong Kong in December 2005.
- Working closely with the Mainland authorities at the central, provincial and municipal levels to ensure the smooth and effective implementation of CEPA; promoting greater understanding of the opportunities under CEPA and making use of the standing consultation mechanism of CEPA to seek to discuss with the Mainland authorities on further trade liberalisation and additional market access opportunities for Hong Kong goods and services.

- Undertaking joint promotional efforts with relevant authorities in the Mainland to attract more overseas enterprises to invest in Hong Kong and use Hong Kong as a platform to tap the business opportunities in the Mainland.
- Stepping up promotional efforts to attract Mainland enterprises to invest in Hong Kong and to use Hong Kong to reach out to the rest of the world.
- Developing a new exhibition centre at Chek Lap Kok jointly with the Airport Authority and a private sector consortium.
- Pursuing legislative amendments to the Copyright Ordinance to implement recommendations of the recent review of a number of provisions in the Ordinance, including the scope of criminal liability for end-user piracy; and continuing to review the effective protection of copyright in the digital environment.
- Pursuing a series of measures to facilitate the movement of people and goods across the boundary including the establishment of a new boundary control point on the Hong Kong - Shenzhen Western Corridor and installation of automated passenger, vehicle and cargo clearance systems.
- Providing assistance to small and medium enterprises (SMEs) through the SME funding schemes.
- Implementing the framework for the migration from analog to digital terrestrial television broadcasting with a view to commencing digital terrestrial television broadcasting by 2007 and achieving within 2008 digital coverage for 75% of the area of Hong Kong.
- Planning to consult the public on the proposal to merge the Broadcasting Authority and the Telecommunications Authority into a unified regulator for the electronic communications sector.

- Reviewing the broadcasting regulatory regime in view of technological and market convergence.
- Continuing to support the film industry through a variety of measures.
- Initiating a review of the Digital 21 Strategy in 2006 while keeping up our efforts under the current Strategy to harness the benefits of information technology for the business and the community and to strengthen Hong Kong's position as a leading digital city in the world.
- With the opening of new support facilities in Cyberport in 2005, positioning Cyberport as the one-stop hub providing a variety of infrastructure, resources and support services to the digital entertainment industry in Hong Kong.
- Implementing the new strategic framework for innovation and technology development through the establishment of five research and development (R&D) centres to conduct applied R&D and promote technology transfer to the industry.
- Continuing to enhance collaboration in science and technology with the Mainland through the Mainland-Hong Kong Science and Technology Co-operation Committee.
- Continuing to work closely with the Guangdong Provincial Department of Science and Technology under the Expert Group on Co-operation in Innovation and Technology of the Hong Kong-Guangdong Co-operation Joint Conference to promote research and development collaborations between research institutions and enterprises in the region.
- Implementing the DesignSmart Initiative to promote wider use of design and innovation in industries to help them move up the value chain.

- Continuing to plan and promote actively the International Telecommunication Union (ITU) TELECOM WORLD 2006 and host a successful event in December 2006.
- Reviewing and developing a comprehensive radio frequency spectrum management and policy framework.
- Implementing a new regulatory regime by end of 2005 to license Internet telephony services.
- Continuing to consult the industry in order to develop a framework for the deployment of broadband wireless access technologies and services.
- Preparing legislation to contain the problem of unsolicited electronic messages, with a view to introducing legislation into the Legislative Council in 2006.
- Overseeing socio-legal research being conducted by consultants into the supply of, and demand for, legal services in the community.
- Facilitating further discussions with Mainland authorities on legal co-operation; implementing legal co-operation agreements with individual Mainland Justice Department or Justice Bureau; enhancing exchanges between Hong Kong legal profession and the Mainland counterparts; and promoting greater understanding of business opportunities among Hong Kong lawyers in business opportunities in the Mainland.
- Contributing to the development of a legal services information website.
- Assisting in the development of Hong Kong as a regional centre for legal services and dispute resolution.

- Exploring with Hong Kong legal profession, and discussing and concluding with Mainland authorities, on further market access opportunities for legal services under CEPA III.
- Conducting the Port Cargo Forecast Study to work out the optimal timing for the construction of Container Terminal 10.
- Conducting the Ecology Study on Northwest Lantau to assess the environmental suitability of this location for the development of Container Terminal 10.
- Conducting a detailed feasibility study on the Lantau Logistics Park project to fulfil the statutory requirements for the subsequent zoning and reclamation of the site for the Park.
- Co-ordinating Government's efforts to help ensure smooth opening and operation of various major tourism infrastructure projects, including the Hong Kong Disneyland, Hong Kong Wetland Park and the Tung Chung Cable Car System.
- Preparing legislation to provide the legal instrument for the partial privatisation of the Airport Authority.
- Implementing the measures recommended by the Hong Kong Port - Master Plan 2020 Study to enhance the competitiveness of the Hong Kong Port.
- In the context of cross-boundary logistics co-operation, further enhancing collaboration and continuing to discuss with the Guangdong authorities measures to reduce cross-boundary trucking cost to enhance freight flow and improve logistics efficiency between the two sides.
- Taking steps to develop new cruise terminal facilities. We will openly invite private sector to submit proposals for the development.

- Following Stage I of the public consultation which concluded in April 2005, proceeding to seek the views of the public on the proposed regulatory arrangement for the electricity market after the expiry of the current Scheme of Control Agreements in 2008 under Stage II of the public consultation exercise in end 2005.
- Facilitating the launch of the Digital Trade and Transportation Network (DTTN) System in 2005 and monitoring its implementation in accordance with the Operating Agreement signed with the DTTN Limited.
- Assisting the Airport Authority to expand intermodal connections such as transit passenger ferry service between the Hong Kong International Airport and the Pearl River Delta region.
- Monitoring the implementation of the Tung Chung Cable Car Project and heritage tourism project at the site of the former Marine Police Headquarters in Tsim Sha Tsui for completion by early 2006 and 2008 respectively.
- Continuing with the Work Trial Scheme for 2 000 unemployed persons having special difficulty in finding jobs.
- Continuing with the Work Orientation and Placement Scheme to help place 1 000 people with disabilities into employment.
- Continuing with the Re-employment Training Programme to help place middle-aged unemployed into jobs.
- Continuing with the Youth Work Experience and Training Scheme and integrating it with the Youth Pre-employment Training Programme to provide young people aged 15 to 24 with training and employment opportunities.
- Extending some of the temporary jobs in the public sector to meet operational needs.

- Pursuing the preparatory work for the Hong Kong-Zhuhai-Macao Bridge, including commencing the conceptual design of the Bridge.
- Considering Kowloon-Canton Railway Corporation (KCRC)' s study report on the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and discussing with the Mainland authorities concerned the best way to proceed with the project.
- Continuing discussion with the MTR Corporation Limited and the KCRC on a possible merger.
- Continuing to actively pursue the planning of various proposed railway projects giving careful consideration to changing community needs. The work includes planning the Shatin to Central Link, Northern Link and West Island Line, and assessing the viability of the South Island Line.
- Continuing to monitor the progress of the Lok Ma Chau Spur Line and the Kowloon Southern Link for timely commissioning in 2007 and 2009 respectively.
- Continuing to monitor the construction of the Hong Kong section of the Hong Kong-Shenzhen Western Corridor and Deep Bay Link for timely completion by end 2005 and subsequent commissioning in 2006 to tie in with the completion of the boundary-crossing facility at Shekou.
- Reviewing the existing cross-boundary vehicle quota system with a view to further facilitating vehicular movement across the boundary, in anticipation of the commissioning of the Hong Kong-Shenzhen Western Corridor.

- Continuing to consider measures to regulate traffic including fiscal and traffic management means with a view to reducing congestion along major transport corridors and to consult the community on the proposals.
- Implementing improvement measures by phases to better coordinate the change in non-franchised bus services with demand and to enhance regulation of their operation.
- Establishing a Construction Industry Council as an umbrella organisation with self-regulatory powers to pursue continuous quality improvements and to take ownership of a reform programme mapped out by the Construction Industry Review Committee.
- Carrying out registration of existing construction workers, and subsequently, prohibiting unregistered construction workers from carrying out construction work on construction sites as well as employment of unregistered construction workers for such purpose.
- Monitoring and reviewing the re-engineered methodology for planning and implementing infrastructural projects with a view to deriving better efficiency and cost-effectiveness by various means, including the wider adoption of a partnering approach, alternative dispute resolution mechanisms, alternative designs and procurement methods, as well as systematic risk management techniques.
- Formulating the Concept Plan for Lantau, with input from public participation, with a view to providing fresh impetus for Hong Kong's economic development and maintaining a balance in conservation of the environment.

- Continuing the work of the Economic and Employment Council to facilitate business development and job creation through encouraging departments to cut red tape, and remove outdated or unnecessary regulations. These work objectives will be achieved mainly through regulatory reviews and promoting a business facilitating culture.
- Preparing for the implementation of the New Basel Capital Accord (commonly known as Basel II) to enhance the risk management capability and stability of the banking sector.
- Continuing to facilitate the smooth operation of personal renminbi business in Hong Kong, and to explore how the business scope can be expanded with due regard to the pace of financial reform and liberalisation in the Mainland.
- Rolling out the Deposit Protection Scheme.
- Continuing our efforts to promote Hong Kong's asset management industry, with a view to enhancing Hong Kong's position as a major asset management centre in Asia.
- Continuing our efforts in promoting bond market development. The Securities and Futures Commission is consulting the public on possible reforms to the law relating to public offers of shares and debenture.
- Continuing our efforts to promote the quality of our financial markets through enhancing the regulatory regime and fostering good corporate governance practices. A Securities and Futures (Amendment) Bill is being prepared to give statutory backing to important listing requirements.
- Working on new legislation for establishing the Financial Reporting Council so as to enhance oversight of auditors and quality of financial reporting.

- Providing a platform for the sports sector to engage business partners in organising international sports events.
- Further facilitating the development of creative industries, pursuant to consultation with local creative industries and organisation of various activities to arouse public interest.
- Organising various types of local community economy projects in collaboration with District Councils and local bodies.
- Refining the Land Titles Ordinance. We will introduce amendments to the Land Titles Ordinance and the supporting regulations to prepare for the effective implementation of the new title registration system.
- Continuing to co-ordinate the timetable for the disposal of railway property developments to ensure that there would not be adverse impact on the property market.
- Exploring various options for disposal of the Housing Authority' s surplus Home Ownership Scheme blocks.
- Taking steps to facilitate private sector participation in the solemnisation of marriages and to provide greater flexibility and convenience to members of the public.