
Chapter 1

Developing the Infrastructure for Economic Growth

Preamble

Infrastructure development is a driving force for Hong Kong's development. In the 1970s and 1990s, large-scale infrastructure projects provided the momentum for Hong Kong to develop into a cosmopolitan city.

The ten major infrastructure projects announced by the Chief Executive are being implemented. The construction of infrastructure for early development of Kai Tak commenced in July 2009 while site formation works for the new cruise terminal will commence before the end of 2009. The construction of both the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge are planned to commence in 2009. The various major infrastructure developments will create ample employment opportunities and boost our Gross Domestic Product.

In terms of economic development, we will consolidate Hong Kong's status as a centre of financial services, trade and shipping while maintaining our leading position in tourism, logistics and aviation and maritime services. To further develop Hong Kong into a knowledge-based economy, we will also promote the development of six industries where Hong Kong enjoys clear advantages, namely, educational services, medical services, testing and certification, innovation and technology, cultural and creative industries, and environmental industry. In the face of global competition, the Government will enhance Hong Kong's competitiveness, improve the business environment and step up co-operation with Guangdong on all fronts.

New Initiatives

We will:

- Carry out the auction of radio frequency spectrum for the introduction of broadcast-type mobile TV services.
- Make available additional radio spectrum in various frequency bands for further development of public mobile services.
- Study the application of spectrum utilisation fees for administratively assigned spectrum to encourage more efficient use of the scarce frequency resources.
- Review the procedure for landing submarine cables in Hong Kong with a view to making it simpler and speedier for interested parties to install new submarine cables with or without affiliated data centres in cable landing stations.
- Review the local access charge for interconnection between the local networks operators and external telecommunications service providers to ensure a fair and updated regulatory regime conducive to service and technology developments in the telecommunications market.
- Introduce an R&D Cash Rebate Scheme to encourage companies to increase their investment in research and development and to reinforce their collaboration with the local public research institutions.

- Implement the Three Year Action Plan under the “Shenzhen-Hong Kong Innovation Circle” and promote closer co-operation between Hong Kong and Shenzhen in innovation and technology.
- Assist the Hong Kong Council for Testing and Certification to draw up a three-year market-driven industry development plan and promote the development of the testing and certification industry in Hong Kong.
- Explore actively with the Hong Kong Council for Testing and Certification to facilitate the development of Chinese medicine in Hong Kong through the provision of new accreditation services.
- Promote the development of Chinese medicine in Hong Kong by collaborating with experts from the Mainland, regional and international arena in the research and development of standards for 200 herbs. We have developed the standards for 60 commonly used herbs so far, and shall continue to develop the remaining ones.
- Formulate policy on promoting Hong Kong as a data centre hub.
- Strengthen the co-operation with Guangdong Province in taking forward the implementation of “The Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020)”, including the drawing up of a framework agreement with Guangdong Province on co-operation between the two places. We will strengthen the functions and establishment of the Hong Kong Economic and Trade Office in Guangdong to prepare for the setting up of a dedicated unit for liaison with Shenzhen.
- Broaden the scope and depth of exchanges and interaction between Hong Kong and Taiwan to complement the establishment of the bilateral business co-operation committees in the two places.

- Enhance legal co-operation in civil and commercial matters between Hong Kong and the Mainland, to facilitate the resolution of civil and commercial disputes in a more convenient and cost-effective manner.
- Introduce policy measures to expedite the wholesale conversion or redevelopment of private industrial buildings, especially those situated in non-industrial areas, to provide premises and land to meet Hong Kong's changing economic and social needs.
- Launch strategic planning and technical studies to facilitate planned development of underground space aiming at promoting the enhanced use of rock caverns as part of Hong Kong's pursuit of sustainable development.
- Provide two sites within the urban area to support the development of self-financing degree programmes by interested sponsoring bodies.
- Increase the total commitment of the Start-up Loan Scheme by \$2 billion to provide loans to assist interested sponsoring bodies in developing college premises and facilities for the operation of self-financing degree programmes.
- Introduce legislative proposals to enhance protection for depositors, in the light of the outcome of the review of the Deposit Protection Scheme.
- Consult the public on proposals to establish a cross-sector investor education council and a financial dispute resolution scheme to strengthen preventive and remedial measures for investor protection.

- Consult the public on draft legislative provisions to impose statutory requirements on listed companies to disclose price sensitive information in a timely manner, with a view to cultivating a continuous disclosure culture among listed companies.
- Revisit, and conduct public consultation on, the introduction of a corporate rescue procedure to provide companies in financial trouble with an opportunity to turn around.
- Develop a closer working relationship with our counterparts in Guangdong and Macao through the setting up of a joint working group to strengthen anti-corruption support for small and medium enterprises (SMEs) including in particular those operating in the Pearl River Delta.
- Launch a comprehensive campaign reaching out to all stakeholders in relevant international ranking institutions to elucidate the ethics and integrity building efforts as related to the achievements of Hong Kong in the business community.

On-going Initiatives

We are:

- Continuing to strengthen regional co-operation through our co-operation mechanism with the Pan-Pearl River Delta Region; the Guangdong Province; the Municipalities of Beijing, Shanghai and Shenzhen; and the Macao Special Administrative Region.
- Following up with the relevant Mainland authorities on how the HKSAR could complement the preparation of the National 12th Five-Year Plan under the principle of “One Country, Two Systems”. The objectives are to help ensure that we can make necessary preparations to realise Hong Kong’s development potentials, and to facilitate our timely and effective contribution to the Mainland’s social and economic development during the 12th Five-Year Plan period.
- Participating actively in the work of the World Trade Organization to bring about continual trade liberalisation and to promote and protect the trade interest of Hong Kong.
- Encouraging more enterprises from the emerging markets in Russia, India and the Middle East to invest in Hong Kong and helping our enterprises tap the growing business opportunities in these markets.

- Encouraging more Mainland, Taiwan and overseas enterprises to invest and set up offices in Hong Kong; strengthening aftercare services and support to those enterprises already established here to encourage them to upgrade their presence; and undertaking joint promotional efforts with the Mainland authorities to promote the combined competitive advantages offered by Hong Kong and the Mainland.
- Working closely with the Mainland authorities to ensure the smooth and effective implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); and seeking further trade liberalisation under CEPA, particularly for early and pilot implementation in Guangdong Province to complement the development direction in “The Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020)”.
- Continuing to support Hong Kong enterprises on the development and promotion of Hong Kong brands to enable them to better compete in the Mainland and overseas markets.
- Continuing to support Hong Kong enterprises (in particular SMEs) through measures including various funding schemes.
- Working closely with the trade to facilitate the latter to adapt to the Mainland’s policy adjustments, to facilitate them to upgrade, restructure and relocate their operation, to develop new markets, as well as to reflect their views to the Mainland authorities.
- Further promoting and expanding trade, investment, tourism and other areas of economic co-operation between Hong Kong and Taiwan.

- Assessing the long-term demand for convention and exhibition infrastructure and making plans for the provision of additional facilities when needed.
- Preparing a Competition Bill for introduction into the Legislative Council in the 2009-10 legislative session, taking account of views put forward by stakeholders.
- Following through the enactment of the Copyright (Amendment) Bill 2009 in relation to the “business end-user copying/distribution offence” as well as rolling out targeted public education programmes before bringing the offence into operation.
- Taking forward various proposals for strengthening copyright protection in the digital environment with a view to introducing the relevant amendment bill into the Legislative Council in the second half of 2010.
- Continuing to promote awareness of and respect for intellectual property rights in the business sector, and to assist business, in particular SMEs, to achieve compliance with intellectual property rules.
- Continuing to support the further development of wine trading and distribution businesses in Hong Kong, riding on growing demand across Asia. Measures being pursued include trade and investment promotion, facilitating the movement of wine imports into the Mainland, introduction of a certification scheme for wine storage facilities, manpower training and education, combating counterfeits, and collaboration with trading partners.

- Taking forward a programme aimed at enhancing the aviation weather services for the Hong Kong International Airport, including the replacement/upgrading of the Hong Kong Observatory's meteorological equipment.
- Continuing to pursue measures to facilitate the movement of people and goods across the boundary, with a view to maintaining Hong Kong's competitiveness. These include the further promotion of self-service immigration clearance to visitors, and the promulgation of a "Road Cargo System" in 2010 that provides the electronic infrastructure for facilitating customs clearance of road cargoes.
- Implementing measures in providing greater immigration convenience to Hong Kong and Macao residents travelling between the two places.
- Together with local stakeholders and Mainland tourism authorities, continuing the promotion of honest tourism and hospitality culture to further uplift the quality of Hong Kong's tourism services.
- Supporting the Hong Kong Tourism Board (HKTB) in its promotion work in key source markets, in particular in its effort to help the trade tide over the challenges arising from the global economic crisis and human swine influenza.
- Supporting HKTB's dedicated office "Meetings and Exhibitions Hong Kong" and continuing partnership with our local and overseas networks to promote MICE (meetings, incentive travels, conventions and exhibitions) tourism in Hong Kong.

- Pursuing the early completion of a new cruise terminal at Kai Tak; and continuing to work closely with the Advisory Committee on Cruise Industry to develop Hong Kong into a leading cruise hub in the region for local, regional and international visitors.
- Co-ordinating efforts of Government and the tourism industry to facilitate the operation and development of major tourism infrastructure facilities, including –
 - (a) planning and co-ordinating new projects including the enhancement of the Lei Yue Mun waterfront, development of a piazza in Tsim Sha Tsui and development of Bruce Lee’s Residence;
 - (b) promoting new tourism products, such as the Former Marine Police Headquarters Historic Compound and the Noah’s Ark;
 - (c) liaising closely with the Ocean Park and relevant parties to ensure smooth implementation of the Park’s redevelopment and hotel projects; and
 - (d) overseeing the implementation of the Hong Kong Disneyland expansion plan.
- Closely monitoring the rollout of the CDMA2000 mobile service to strengthen Hong Kong’s strategic position as a world city and the gateway between the Mainland and the world.
- Examining the feasibility of introducing radio spectrum trading in Hong Kong.

- Continuing to implement the 2008 Digital 21 Strategy and developing new action plans based on the key focus areas in the Strategy and the Statements of Desired Outcomes, so as to harness the benefits of IT for business and citizens and to strengthen Hong Kong's position as a leading digital city in the world.
- Continuing with the scheme on the commercial exploitation of the intellectual property in the Government IT systems originally developed by contractors for creating a better business environment for Hong Kong.
- Continuing with the procurement arrangement for IT professional services that focuses on overall value to the Government and sustains the vibrant economy.
- Reviewing the outcome of the pilot e-procurement programme to handle low-value, high-volume purchases to improve internal efficiency and encourage external suppliers to adopt e-commerce.
- Strengthening support for information technology industries, including facilitating market access.
- Upholding our information security policies and practices and developing a strong culture of data protection. Continuing to promote information security to the public on the proper use of computing facilities and ways to protect their computer resources and information assets.

- Extending the coverage of digital terrestrial television progressively with the building of 22 supplementary transmission stations from 2009 to 2011 and studying the feasibility of making use of this opportunity to improve television reception in certain remote and less populated areas; and closely monitoring the take-up situation, market and technology development of digital terrestrial television.
- Consulting the public on how best Radio Television Hong Kong should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community.
- Introducing the legislative proposal for the establishment of a new Communications Authority to enhance regulatory co-ordination and efficiency and facilitate further development of the electronic communications industry.
- Promoting applied research and development (R&D) and technology transfer to the industry through the R&D Centres and the Innovation and Technology Fund.
- Enhancing collaboration in science and technology with the Mainland at different levels.
- Continuing with the construction works for the Central Government Complex, Legislative Council Complex and open space development at the Tamar site with a view to completing the works by 2011.

- Enhancing our capability to resolve cross-bureaux and cross-departmental issues relating to major infrastructure, to conduct high level public engagement, and to address strategic issues which might impede progress in the major infrastructure projects.
- Reviewing the strategy on manpower resources in individual sectors of the construction industry to meet the demand for the implementation of the upcoming infrastructure projects.
- Continuing with the detailed engineering study including design for the Liantang/Heung Yuen Wai Boundary Control Point and passenger building as well as the access road network.
- Carrying out the North East New Territories New Development Area Planning and Engineering Study (NENT NDA Study) — comprising Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling NDAs with a view to providing housing land and meeting other land use requirements in the future, and preparing for the commencement of the Hung Shui Kiu NDA study. We aim to complete the NENT NDA Study by 2011.
- Co-operating closely with the Shenzhen Municipal Government through the “Hong Kong-Shenzhen Joint Task Force on Boundary District Development” in jointly undertaking studies to explore the feasibility of developing the Lok Ma Chau Loop, with higher education as the leading land use, complemented with hi-tech R&D development as well as cultural and creative industries. The Task Force will continue to steer further research and planning work on other cross-boundary development issues like border crossings and the development of the boundary areas.

- Undertaking the necessary legislative and administrative measures with a view to reducing the coverage of the Frontier Closed Area and preparing development plans for the land to be released from the Area.
- Pressing ahead with the implementation of mega projects essential to Hong Kong's economic development, such as the Kai Tak Development through close supervision at a high level.
- Continuing to work closely with the Construction Industry Council (CIC) to pursue initiatives for improving the standards of the construction industry, in particular on promoting construction site safety.
- Continuing with the comprehensive review of the manpower situation in the construction industry in collaboration with CIC.
- Working closely with the Construction Workers Registration Authority to facilitate registration of construction workers and implementation of prohibition in phases.
- Strengthening collaboration with the Mainland authorities to assist the local construction industry in exploring business prospects and pursuing mutual recognition of professional qualifications under CEPA, and with Mainland cities in the secondment of graduate trainees to encourage exchange of talent and enhance co-operation.
- Taking into account views of key stakeholders to refine proposed amendments to the Land Titles Ordinance with an aim to putting forward the changes involved to the Legislative Council for deliberation within 2010.

- Progressively implementing the proposals in the Revised Concept Plan for Lantau to realise the vision for balanced and co-ordinated development of Lantau.
- Monitoring the pilot scheme of including “hotel use only” sites in the Application List to encourage the development of hotels to support our tourism industry.
- Working with the Hong Kong Housing Society and the Construction Industry Council to bring to fruition their respective senior citizens housing project and construction workers training centre at Area 115 and Area 112 respectively of Tin Shui Wai and continuing to identify other land use proposals for the remaining portion of Area 112 with a view to creating more local job opportunities.
- Continuing to work closely with the arts sector to strengthen our cultural software and human resources in preparation for the West Kowloon Cultural District (WKCD). We have enhanced our funding support to the performing arts groups to launch more arts education and audience building initiatives. The Leisure and Cultural Services Department has also strengthened their arts education and audience building work.
- Assisting the WKCD Authority in the preparation of the Development Plan for the WKCD, which includes organising public engagement exercise to seek views of the public and various stakeholders including the arts and cultural sector and in other strategic matters to bring the operation of the Authority into full swing.

- Continuing with the investigation and design of the proposed Tuen Mun-Chek Lap Kok Link and with public engagement on the alignment options for the Tuen Mun Western Bypass.
- Overseeing the implementation of the improvement of the expressway section of Tuen Mun Road and finalising the preparatory work for the widening of the town centre section.
- Studying in conjunction with the Airport Authority the engineering and environmental feasibility of building a new runway at the Hong Kong International Airport.
- Improving air traffic management through the establishment of a new air route to cater for flights between Hong Kong and the eastern part of the Mainland and the implementation of the recommendations of a study to increase our runway capacity by improving the existing infrastructure of the Hong Kong International Airport, air traffic control and flight procedures.
- Continuing to foster closer co-operation between the Hong Kong International Airport and Shenzhen Airport, including further planning of the Hong Kong-Shenzhen Western Express Line as a multi-purpose railway which complements the planning and development of Qianhai, Shenzhen and northwestern part of the New Territories and exploits the synergy from the complementary strengths of the two airports.
- Reviewing the demand for air services from time to time and continuing to formulate appropriate development strategies to support the continued growth and development of the civil aviation industry.

- Continuing to assist the Airport Authority to expand inter-modal connections to strengthen the links between the Hong Kong International Airport and the Pearl River Delta Region.
- Replacing the Civil Aviation Department's (CAD) air traffic control system and developing a new CAD Headquarters on the Airport Island to support the long-term growth of the aviation industry.
- Continuing with the review on the regulatory regime of the Air Transport Licensing Authority for our local airlines.
- Promoting ship finance in Hong Kong.
- Implementing measures to enhance the competitiveness of the Hong Kong Port.
- In the context of cross-boundary logistics co-operation, further enhancing collaboration on the basis of the achievements so far, and continuing to discuss with the Guangdong authorities measures to reduce cross-boundary trucking cost, with a view to enhancing freight flow and logistics efficiency between the two sides.
- Facilitating the development of a logistics cluster and high value-added third party logistics services in Hong Kong by making available suitable sites around the Kwai Tsing area and keeping in view the development of the Lantau Logistics Park in the light of the need of the logistics sector and the global and local economic situation.

- Pressing ahead for the completion and commissioning of the Hong Kong-Zhuhai-Macao Bridge by 2015-16 by finalising the financing arrangement between the three governments concerned and the lead bank in respect of the main bridge and completing its preliminary design for commencement of construction in phases by the end of 2009; and by on-time completion of the necessary statutory procedures for the works within Hong Kong and the detailed design of the boundary crossing facilities and the link road between them and the main bridge.
- Pursuing vigorously the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, so that construction may start in 2009 with estimated completion in 2015.
- Monitoring the progress of the West Island Line for timely commissioning in 2014.
- Continuing with the planning and design of the Shatin to Central Link and the Kwun Tong Line Extension with a view to commencing construction as soon as practicable.
- Continuing with the planning and design of the South Island Line (East) with a view to commencing construction in 2011.
- Continuing to pursue the planning of the Northern Link in conjunction with the planned developments in the New Territories.
- Launching the sale of the remaining surplus Home Ownership Scheme flats in phases.

- Exploring further opportunities for the legal profession to tap into the Mainland legal services under CEPA and strengthening co-operation between the legal professions in Hong Kong and the Mainland.
- Promoting the development of Hong Kong as a regional centre for legal services and dispute resolution.
- Promoting legislation to reform the law of Arbitration to provide for the unification of legal regimes for domestic and international arbitration and make both the law and the process more user-friendly.
- Continuing to advance financial co-operation with the Mainland and develop a mutually-assisting, complementary and interactive relationship between the financial systems of the two places, which includes seeking for the expansion of the presence of Hong Kong financial institutions on the Mainland; encouraging Mainland funds, investors and financial institutions to go overseas through Hong Kong; strengthening the links of the financial markets in Hong Kong and the Mainland; continuing to expand the Renminbi business in Hong Kong; and enhancing the financial infrastructural links between Hong Kong and the Mainland.
- Continuing to strengthen Hong Kong-Guangdong financial services co-operative relationships under the framework of Hong Kong/Guangdong Co-operation Joint Conference.
- Seeking to broaden the source of corporations using Hong Kong as a platform for listing with a view to facilitating and attracting listings of quality overseas companies.

- Promoting the development of an Islamic bond market in Hong Kong by amending the taxation laws to accommodate transactions of Islamic bonds in our conventional systems.
- Reviewing and strengthening the supervisory framework for authorised institutions in Hong Kong to further enhance the resilience of Hong Kong's banking system and reinforce our role as an international financial centre, in the light of the recommendations from the Financial Stability Board, Basel Committee on Banking Supervision and other relevant international organisations.
- Promoting Hong Kong's asset management industry with a view to enhancing Hong Kong's position as a major asset management centre in Asia.
- Promoting the further development of the local bond market by implementing the Government Bond Programme. Also, the Hong Kong Monetary Authority will continue to enhance the Exchange Fund Bills and Notes Programme by suitably adjusting the maturity profiles of the Exchange Fund Bills and Notes and promoting the use of the electronic trading platform for the Exchange Fund Bills and Notes.
- Promoting the quality of our financial markets through enhancing the regulatory regime and our financial infrastructure (including the implementation of a scripless securities market and transfer of the public offering regime for structured products from the Companies Ordinance to the Securities and Futures Ordinance) and fostering good corporate governance practices, having regard to the latest development of the financial markets in Hong Kong and around the world.

- Preparing proposals on the setting up of an independent Insurance Authority for consultation with stakeholders.
- Conducting the rewrite of the Companies Ordinance with a view to providing Hong Kong with a modernised legal infrastructure attuned to its needs in the 21st century as an international business and financial centre.
- Reviewing the Trustee Ordinance with a view to strengthening the competitiveness of Hong Kong's trust services industry and enhancing Hong Kong's position as an international financial centre.
- Preparing legislation to enhance the anti-money laundering regulatory regime in respect of the financial sectors to better align with prevailing international standards.
- Preparing proposals to consult the public on the establishment of an insurance policyholders' protection fund in collaboration with the industry to improve market stability and safeguard the interest of policyholders in the event of insolvency of an insurer.