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## *Economic Services Bureau*

In the past year, we have been working on 42 pledges, of which :

- we have completed 11;
- we are on schedule on 20;
- one is under review;
- we are taking active measures to speed up the progress on five which are behind schedule; and
- we are pressing ahead with five on-going commitments.

The following sets out the detailed report for each main programme area.

### **Air Communications**

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
<b>Action Completed</b>		
1997	1. To continue to make the best use of Kai Tak before the opening of the new airport at Chek Lap Kok by increasing runway capacity from 30 to 31 movements per hour by end of 1997.	The runway capacity of Kai Tak was increased from 30 to 31 since October 1997. The airport was relocated to Chek Lap Kok on 6 July 1998.
<b>Action in Progress : On Schedule</b>		
1997	2. To work out arrangements with the Central People's Government for air services with other parts of the People's Republic of China in accordance with the Basic Law.	We are discussing with the Central People's Government with a view to working out the arrangements.

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| 1997 | 3. | To establish an Automatic Dependent Surveillance System within the Civil Aviation Department using satellites and datalink to improve monitoring of aircraft movements outside radar coverage. This will help enhance flight safety and cope with increase in air traffic. | Trial use of the Automatic Dependent Surveillance System and datalink communications commenced on 9 October 1997. Suitably equipped aircraft can now communicate with Hong Kong air traffic control staff via satellite datalink. Evaluation of results with a view to finalising the operational requirements is in progress. The system will be upgraded in 1998. |
| 1996 | 4. | The Airport Authority will increase the capacity of the new airport at Chek Lap Kok by constructing the second runway which will be completed by late 1998.  | Works on the second runway are now at the final stage. The contractor's works were about 90% complete as at the end of August 1998.   |

Good progress has been made with the following commitments in the past year. We will continue to work on them on an on-going basis.

- | <i>Year</i> |    | <i>Pledge</i>  |
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| 1997        | 1. | To seek specific authorisations from the Central People's Government to negotiate and conclude air services agreements with other aviation partners. |
| 1995        | 2. | To arrange exchange programmes for air traffic controllers between Hong Kong and Mainland to strengthen communications.                              |

<b>Sea Communications</b>
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<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
<b>Action Completed</b>		
1997	1. In 1998 and after the completion of the 1997 Port Cargo Forecasts, to determine when Container Terminals (CTs) 10 and 11 should be constructed and formulate a long-term port development strategy to maintain Hong Kong's competitiveness.	Port Cargo Forecasts have been completed and the Port Development Strategy Review finalised. The timing for the construction of CTs 10 and 11 will depend on the actual growth in container throughput and the capacity of CT 9 when completed.
1997	2. To plan the implementation of a strategy for optimising the use of Hong Kong waters and minimising risks to vessel traffic.	An action plan to implement recommendations of the "Comprehensive Study on Marine Activities Associated Risk Assessment and Development of a Future Strategy for the Optimum Usage of Hong Kong Waters" (MARAD) has been formulated.
1996	3. To enhance marine safety by implementing the High Speed Craft Code and the International Safety Management Code in 1997-1998.	Relevant subsidiary legislation has been approved by the Provisional Legislative Council .
1996	4. To implement in 1997-1998 Phase I of the management plan to improve the operational efficiency and financial performance of public cargo working areas (PCWAs).	Berthing spaces in PCWAs were leased to cargo operators in February 1998 by tender.

### Action in Progress : On Schedule

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| 1997 | 5. | To examine the need to replace and upgrade the existing Vessel Traffic Services (VTS) system in order to maintain the capacity of effective vessel traffic control and marine safety. | A consultancy study commenced in May 1998 and is scheduled for completion in mid-1999.   |
| 1997 | 6. | To plan the establishment of a new local marine traffic control station on Green Island to enhance marine safety.   | A funding proposal for civil works will be submitted to the Finance Committee in March 1999.   |
| 1996 | 7. | To commission consultancy studies for the development of sites at Tseung Kwan O Area 131 and Northshore Lantau in late 1996 in order to satisfy the demand for mid-stream sites.      | A study for Tseung Kwan O Area 131 has been completed. A study on North Shore Lantau commenced in June 1998 and will be completed in early 2000. |
| 1996 | 8. | To examine in 1997-1998 the marine and environmental impact of using the Tonggu Channel as an alternative route for vessels using the congested Ma Wan Channel.                       | A consultancy study is in progress. The study report is due to be produced in December 1998.   |
| 1995 | 9. | To continue the search for land for cargo back up services to support the operation of the port, including 6.7 hectares on Stonecutters Island.                                       | The Stonecutters mid-stream site was leased to operators in February 1998. A further search for additional mid-stream sites is under way.        |

### Action in Progress : Under Review

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| 1995 | 10. | To conduct detailed feasibility studies on the development of CTs 12 and 13 at a cost of \$200 million in 1996-1997. | The need for CTs 12 and 13 is dependent on the actual growth in container throughput in future and the programme of port development in North Lantau which is under review. |
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### Action in Progress : Behind Schedule

1997	11.	To complete the land grant for CT9 by the end of 1997 and hand over the site to the developer for construction of the terminal.	Land grant negotiation with developers has been completed. Execution of the land grant and handing over of the site is scheduled for October 1998.
1996	12.	To dredge the Rambler Channel in 1997-1998 to enable new types of large container vessel to enter our port.	Dredging works have been incorporated into the CT9 land grant and will be carried out by the developers as contingent work.
1995	13.	To strengthen navigational and maritime safety by providing a legislative framework for safety in navigation and construction standards as well as crew qualifications in 1996-1997.	Drafting of the Merchant Shipping (Local Vessels) Bill was completed in September 1998. The Bill will be introduced into the Legislative Council (LegCo) in mid-1999.
1994	14.	To invest \$80 million over the next three years (1995 to 1997) to upgrade the Marine Department's vessel tracking system.	Commissioning of the system is scheduled for end 1998.

<b>Post</b>
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<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
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### Action Completed

1997	1.	To establish a new Air Mail Centre in the new airport at Chek Lap Kok in 1998.	The new Air Mail Centre commenced full operation on 6 July 1998, on the same day as the new airport opened at Chek Lap Kok.
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1997 2. To continue to improve the quality of service of the Post Office and introduce new products to satisfy customers' needs and changing market demand. These include in 1998:

- additional evening deliveries for parcels;
- additional clearance of posting boxes in the New Territories;
- selective opening of post offices on Sundays and public holidays; and
- improvements to the Local Standing Order Service for philatelic products.

In 1998, additional evening deliveries of parcels are scheduled as and when traffic volume warrants.

With effect from 30 March 1998, an additional collection has been arranged for 221 posting boxes in the New Territories. Following this service improvement, all posting boxes in the New Territories now receive two collections a day except for 18 boxes located in remote areas.

Since 14 December 1997, the General Post Office and Tsim Sha Tsui Post Office open from 8 am to 2 pm on Sundays and selected public holidays.

New improvements to the Local Standing Order Service have been put in place with effect from January 1998. They include a flexible application system allowing the public to join the service at any time of the year, to pay by instalment, to order a different quantity of products for each stamp issue, and to opt for a home delivery service if the order quantity is fixed for each issue. In addition to the original target, a further service improvement has been made since July 1998 to enable the public to collect their orders on the first day of new stamp issues.

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| 1996 | 3. | To improve Speedpost mail processing, enquiries and accounting procedures by implementing a computerised mail-tracking and tracing system in 1997-1998. | The computerised Speedpost mail-tracking and tracing system has been operating efficiently since August 1997. In addition to the original target, we will extend, by 1999-2000, the computerised mail-tracking and tracing system to the processing of the registered mail, parcels and mail bags. |
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#### Action in Progress : Behind Schedule

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| 1997 | 4. | To improve the productivity of the Post Office through increased mechanisation of postal processing, including installation of two additional machines for letter piling and stamp cancelling and enhancement of the Mechanised Letter Sorting System by the end of 1998. | The installation of the two additional machines will be completed before the end of 1998. The enhancement of the Mechanised Letter Sorting System is however expected to be completed in March 1999 instead of in 1998 because it took longer than expected to agree on the terms of the contract with the supplier. |
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<b>Energy Supplies</b>
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<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
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#### Action in Progress : On Schedule

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| 1997 | 1. | To negotiate with the power companies to enter into formal agreements on implementation of full scale demand side management programmes in 1998. | Formal agreements on implementation of demand side management programmes were signed with Hongkong Electric and China Light & Power in November 1997 and February 1998 respectively. Details of the full scale programmes to be implemented in 1998 are being discussed with the companies. |
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| 1997 | 2. | To conduct, starting from October 1997, an interim review of the Scheme of Control Agreements with the power companies to ensure that consumers' interests are safeguarded.  | Separate negotiations with China Light & Power and Hongkong Electric on possible modifications to the Scheme of Control Agreements are in progress. |
| 1997 | 3. | To conduct a study of interconnection and competition in the electricity supply sector in Hong Kong in 1998 with a view to promoting efficient use of generating capacity and encouraging competition in the power sector which are in the overall interests of consumers. | The consultancy study started in May 1998 and is expected to be completed in end 1998.  |

Good progress has been made with the following commitment in the past year. We will continue to work on it on an on-going basis.

- | <i>Year</i> | <i>Pledge</i>  |
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| 1996        | 4. To consult the newly formed Energy Advisory Committee in 1997 on energy policy matters. |

## Public Safety

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
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### Action in Progress : On Schedule

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| 1997 | 1. | To prepare new legislation in 1998 to control electricity supply standards.                 | A consultation paper on the proposed new legislation will be issued in October 1998 with a view to issuing drafting instructions in December 1998. |
| 1997 | 2. | The Hong Kong Observatory to install a high resolution numerical weather prediction system. | Software is under development in the Hong Kong Observatory. Tenders have been invited for the hardware.  |



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| 1997 | 3. | To introduce new legislation in 1998 to deter third parties from damaging underground electricity cables and overhead electricity wires. | A bill is being drafted with a view to its being gazetted in December 1998 for introduction into LegCo in January 1999. |
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### Agriculture and Fisheries

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
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#### Action Completed

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| 1997 | 1. | To set up a Veterinary Surgeons Board to register veterinary surgeons by the end of 1997. | The Veterinary Surgeons Board was established in September 1997. |
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#### Action in Progress : On Schedule

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| 1997 | 2. | To review the existing legislation and intelligence collection on illegal trade in endangered species of animals and plants in Hong Kong in 1998 with a view to strengthening our control over such trade. | The scope of the legislation has been extended to cover species set out in Appendix III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora since January 1998. The review of intelligence collection is being undertaken in the context of drawing up a reward scheme mentioned in the pledge below. |
| 1997 | 3. | To set up a reward scheme for collecting intelligence on illegal trade in endangered species.  | We are working out details of the reward scheme for implementation by the end of 1998.   |
| 1996 | 4. | To formulate a fisheries conservation strategy for Hong Kong following the completion in mid-1997 of a consultancy study on fisheries resources and fishing operations.                                    | Consultation on the proposed fisheries conservation strategy recommended by the consultant began in October 1998. We will consider the way forward in the light of the outcome of the consultation.  |

1996	5.	To introduce legislation to increase penalties for the use of poison and explosives to catch fish.	The Fisheries Protection (Amendment) Bill 1998 was introduced into LegCo in July 1998.
1995	6.	To introduce measures to conserve fisheries resources and marine ecosystems by deploying artificial reefs in a five-year programme between 1996 and 2001 at a total cost of \$106 million.	A consultancy study has identified suitable sites outside marine parks for artificial reef deployment and drawn up recommendations for artificial reef management. Deployment of artificial reefs in marine parks began in January 1998 and preparation for artificial reef deployment outside marine parks will begin in late 1998.

## Tourism

<i>Year</i>	<i>Pledge</i>	<i>Present Position</i>
<b>Action Completed</b>		
1997	1.	To set up in 1998 a \$100 million International Events Fund (IEF) to provide the necessary seed money to enable major events to be held in Hong Kong.
		Finance Committee's approval for the funding for the establishment of the IEF was obtained on 27 March 1998. A Steering Committee has been set up to oversee the use of the IEF.
1997	2.	To set up in 1998 a Tourist Information Counter, two Visitor Service Centres and a Research Office at the new airport at Chek Lap Kok to improve information dissemination to visitors to Hong Kong and to promote usage of facilities, attractions, services and events.
		The Information Counter, Visitor Service Centres and the Research Office at the new airport are already in operation.

### Action in Progress : On Schedule

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| 1996 | 3. | The Hong Kong Tourist Association (HKTA) will use the Tourism Development Fund to commission feasibility studies on new tourist attractions and improvement works, as recommended in the Visitor and Tourism Strategy Report. The first outline feasibility study on a Hong Kong Exposition project will commence in late 1996. | The following feasibility studies have been completed : Study on the Hong Kong Exposition; Study on Tsing Yi/Ma Wan Film City Theme Park; Study on Cruise Market in Hong Kong; Study on proposed aquatic centre for Hong Kong (Stage I) and; Study on hotel supply and demand in Hong Kong. The self-guided “Heritage and Architecture Walks (Stage I)” has been launched. |
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Good progress has been made with the following on-going commitments. We will continue to work on them on an on-going basis.

- | <i>Year</i> |    | <i>Pledge</i>   |
|-------------|----|---|
| 1997        | 4. | The task force set up by the Government, the HKTA and all sectors of the industry to consider ways to enhance our competitiveness and continue to promote Hong Kong as a tourist destination. |
| 1995        | 5. | In partnership with the HKTA, to ensure that Hong Kong has the necessary infrastructure and facilities to cater for the long-term needs of the local tourism industry.                        |