

**Replies to supplementary questions raised by Finance Committee Members
in examining the Draft Estimates of Expenditure 2001-02**

**Bureau Secretary : Secretary for Economic Services
Session No. : 1**

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Bureau Serial No.

S-ESB001

Question Serial No.

S003

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 145-Government Secretariat: Subhead(No. & title) :
Economic Services Bureau

Programme : (2) Posts, Power and Competition Policy

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question(s) :

In response to my question at the meeting, the Deputy Secretary for Economic Services, Ms Kwan Sik-ning, pointed out that all policy bureaux and government departments helped with the promotion of competition policy. In this respect, will the government set out in detail the number of staff and the amount of funds deployed by various policy bureaux in assisting the Economic Services Bureau to promote competition policy?

Asked by : Hon Fred LI Wah-ming

Reply :

Promoting competition is the responsibility of the Government as a whole. All policy bureaux and departments have to take into account the competition angle in formulating new policies or reviewing existing policies within their purviews. Moreover, all bureaux and departments will review the existing practices in their respective purviews from time to time, and depending on the situation in individual sectors, will adopt suitable measures to promote competition.

As all bureaux and departments have to take into account the promotion of competition in their policy implementation and work, the manpower and resources involved are already included in their approved provisions. On the whole, it is difficult to quantify individually.

Name in block letters MS SANDRA LEE

Post Title Secretary for Economic Services

Date 26.3.2001

Bureau Serial No.

S-ESB002

Question Serial No.

S011

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 145-Government Secretariat: Subhead(No. & title) :
Economic Services Bureau

Programme : (2) Posts, Power and Competition Policy

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question(s) :

The Competition Policy Advisory Group has altogether discussed 10 items of anti-competition practices at the three meetings convened in 2000-01. Can the content of such meetings and the discussion papers be released? What are the conclusions of these meetings? For the complaints lodged by the public in particular, will the Advisory Group announce the results of the studies and deliberations?

Asked by : Hon Fred LI Wah-ming

Reply :

The 10 items discussed by the Competition Policy Advisory Group (COMPAG) at its three meetings in 2000-01 were not all about anti-competition practices. Some were new measures proposed by bureaux and departments to promote competition in response to COMPAG's request, and some were progress reports on previous measures or follow-up actions on complaint cases. As in the past, we will issue the 2000-01 annual report on the work of COMPAG around the middle of this year to inform the public of the above-mentioned work. As regards complaints lodged by the public, the COMPAG Secretariat or the relevant bureaux/departments will inform the complainant of the outcomes of government's study. We have no plan to release the contents of COMPAG's meetings and the discussion papers at this stage. Some information which is suitable for release has been individually presented to the relevant Panels of the Legislative Council or announced separately.

Name in block letters MS SANDRA LEE

Post Title Secretary for Economic Services

Date 26.3.2001

Bureau Serial No.

S-ESB003

Question Serial No.

S012

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 145-Government Secretariat: Subhead(No. & title) :
Economic Services Bureau

Programme : (2) Posts, Power and Competition Policy

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question(s) :

- (a) The Economic Services Bureau has indicated that it will refer to the stances and measures taken by other economies when handling competition complaints and other competition matters before determining the approach and measures applicable to Hong Kong. Will this involve changes in the competition policy of the Economic Services Bureau? If this will not involve changes in the policy and the stance of the Bureau, what does “before determining the approach and measures” mean? (ESB 044, 1330)
- (b) The Economic Services Bureau will engage a consultant to advise on competition issues in other economies, will this include the study of overseas experiences in enacting fair competition laws and the experiences of the Competition Authority? Will the Government please explain clearly the plans, the sectors involved, contents and purposes of this (these) study? Will the results be announced? (ESB 044, 1330)
- (c) What are the details of expenditure and purpose regarding the engagement of consultants to provide training on the promotion of competition for various bureaux? Why is the Government of the view that the bureaux' current efforts in this area are not adequate. Does it mean there are inadequacies in the study of monopolistic situations in individual sectors, or poor understanding of monopoly in the economy? Please give a detailed account of the relevant programme. (ESB 044, 1330)

Asked by : Hon Fred LI Wah-ming

Reply :

- (a) The government has no plan to change the existing competition policy. The objective of our proposal to engage a consultant is mainly to provide information and views for our reference when we need to understand certain competition issues in other economies.
- (b) The objective of engaging the consultant has been set out in the reply to (a). Accordingly, the content and timing of the consultant's study would depend on our need, and whether the results could be released would depend on the nature of individual cases. We have no plan for a comprehensive study of overseas experience in fair competition laws and competition authorities at this stage.
- (c) As all government bureaux and departments have to deal with competition-related issues and implement measures to promote competition within their purview, we

plan to organise seminars on competition policy and to arrange the proposed consultant to explain the concepts of competition policy to enhance our colleagues' understanding in this area. The expenditure involved has been included in the \$720,000 earmarked for the payment of the consultant's fee in item 014 of Head 700.

Name in block letters MS SANDRA LEE

Post Title Secretary for Economic Services

Date 26.3.2001

Bureau Serial No.

S-ESB004

Question Serial No.

S013

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 145-Government Secretariat: Subhead(No. & title) :
Economic Services Bureau

Programme : (2) Posts, Power and Competition Policy

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question(s) :

Has the Competition Policy Advisory Group conducted any independent investigations and studies of the 8 complaint cases received last year? If no, how does the Advisory Group assess whether or not the follow-up actions taken by the relevant bureaux handling the referred cases fulfill the principles of the competition policy? Does the Government have any plans to expand the terms of reference and increase the establishment of the Advisory Group for an effective implementation of the competition policy?

Asked by : Hon Fred LI Wah-ming

Reply :

Depending on the nature and the sector involved in the individual complaints, the Competition Policy Advisory Group (COMPAG) would refer them to the relevant bureaux and departments for necessary follow-up action, and would require them to report progress and outcome to COMPAG in future. Where necessary, COMPAG will give advice to bureaux and departments to ensure that their follow-up actions comply with the principles of the competition policy, and will help implement the competition policy effectively. In the coming year, we will continue to implement the competition policy using our existing resources. We have no plan to expand COMPAG's terms of reference and increase the manpower responsible for the competition policy at this stage.

Name in block letters MS SANDRA LEE

Post Title Secretary for Economic Services

Date 26.3.2001

Bureau Serial No.

S-ESB005

Question Serial No.

S008

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177-Subventions:
Non-departmental Public Bodies

Subhead (No. & title) : 429 & 955
Consumer Council

Programme : Subvention: Hong Kong Tourist Association, Consumer Council

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question :

This is a follow-up question to answers ESB053-0521. When was the idea of empowering the Council to institute legal proceedings first mooted, why has it taken the Administration so long to study the subject, why should matters of crucial consumer interests be confined to unfair trade practices and unconscionable contract terms, when is the study expected to be completed and will the report be published?

Asked by : Hon. Emily Lau

Reply :

In July 1999, the Consumer Council first submitted an outline proposal to the then Trade and Industry Bureau (TIB) to seek the power for the Council to institute legal proceedings on behalf of consumers. The proposal contained preliminary ideas which were discussed between TIB and the Council during the following months.

Shortly after Economic Services Bureau took up policy responsibility for consumer protection in mid-2000, we met with the Council to review progress in the matter. Having considered the preliminary proposal, we wrote to the Council in September 2000 to request it to consider a number of fundamental issues relating to the proposal, including the specific scope of the proposal and the circumstances under which the proposed power would be exercised. The Council has indicated that it requires some time to study the issues thoroughly before reverting to us. We expect the Council to complete its deliberation of the issues in 2001-02.

At this stage of the exercise, the issue of what would constitute matters of crucial consumer interests in the context of the proposal is still being considered by the Council. Pending the receipt of further details from the Council, and our consideration of the policy issues involved, we are not in a position to comment on whether a report will be published in due course.

Signature:

Name in block letters :

MS SANDRA LEE

Post Title :

Secretary for Economic Services

Date :

24.3.2001

Bureau Serial No.

S-ESB006

Question Serial No.

S009

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 - Subventions: Non-departmental Subhead (No. & title) : 429 & 955 Consumer Council Public Bodies

Programme : Subventions: Hong Kong Tourist Association, Consumer Council

Controlling Officer : Secretary for Economic Services

Bureau Secretary : Secretary for Economic Services

Question :

For better understanding of the work of the Consumer Council, please give a brief description of the allocation of the provision for each of its five statutory functions. If it is difficult to break it down by statutory function, please do so by work type. (ESB055, 0849)

Asked by : Hon Fred LI Wah-ming

Reply : The Consumer Council carries out its work through the concerted efforts of its various divisions with a view to making the most effective use of resources. Resources are not allocated according to the tasks listed in the Consumer Council Ordinance. A breakdown of the Council's allocation of its total income (including government subvention, interests and other expected income) for 2001-02 by its divisions is as follows :

Administration Division	\$ 16,932,000
Complaints and Advice Division	\$ 18,650,000
Consumer Education Division	\$ 3,647,000
External Affairs & Committees Division	\$ 2,532,000
Legal Affairs Division	\$ 3,534,000
Public Affairs Division	\$ 7,422,000
Research & Survey Division	\$ 11,347,000
Trade Practices Division	\$ 5,771,000
Total :	\$ 69,835,000

Name in block letters :

MS SANDRA LEE

Post Title :

Secretary for Economic Services

Date :

24.3.2001

Bureau Serial No.

S-ESB009

Question Serial No.

S037

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 42-EMSD Subhead (No. & title) :

Programme : 1-Energy supply; electrical, gas and nuclear safety

Controlling Officer : Director of Electrical and Mechanical Services

Bureau Secretary : Secretary for Economic Services

Question : In respect of the targets for assessing the performance in electricity safety:

(i) The target set for registration of recognised certification bodies and manufacturers is 20 working days. The actual performance in 2000 has surpassed the above-mentioned standard in that it took 10 working days to complete the work. Why no further improvement is made to the target in 2001, being still stuck to the standard 20 working days? Please explain the reasons for the discrepancy.

(ii) The target set for providing technical input in the financial auditing review of capital expenditure variances of transmission and distribution projects for power companies is 60 working days. Why did it actually take 82 days in 2000, a variance of 22 days from the current target? Please explain the reasons for the variance.

(iii) In 1999 and 2000, the targets set for conducting an assessment of the planning/performance of the two power companies' Demand Side Management programmes were 37 and 27 working days respectively. Why is it that the estimated working days in this regard for 2001 will retrogress to 45 working days (taking 67% more time than in 2000)? Please explain the reasons for the variance.

Asked by : Hon Fred LI Wah-ming, JP

Reply : (i) The target processing time for registration of recognized certification bodies and manufacturers was 40 working days before year 2000. In the light of experience gained in prior registration and reviewing and streamlining of the work procedures, the target was reduced from 40 to 20 working days in year 2000. There were only three applications for registration in relation to recognized certification bodies in year 2000. One was a new application whereas the other two were for extension of scope of certification submitted by existing local recognized certification bodies. The assessment work involved in the latter was comparatively less, resulting in an apparently short overall processing time. The prevalent target (i.e. 20 working days) is considered realistic, particularly for those new applications from overseas organizations.

(ii) The 60 working days target is inclusive of the approximate time taken by the power companies in answering queries raised by the government. In year 2000, the actual time taken was longer than the target because the power companies had taken longer than usual in providing reply to the queries raised by the government.

(iii) The three-year Demand Side Management programmes was formally launched in 1 July 2000. Therefore, the number of working days needed by EMSD in 2001 will be slightly more than that in 1999 and 2000. In addition to the assessment of cost, estimated electricity savings and cost-effectiveness for each programme as carried out in previous years, EMSD will also have to select samples of the rebate programme participants for conduct of site surveys in order to ensure that information submitted in connection with applications for rebate is correct, and to verify the actual electricity savings and rebate amounts for these applications.

Signature _____

Name in block letters Roger S.H. LAI

Post Title Director of Electrical & Mechanical Services

Date 24 March, 2001