

**Replies to supplementary questions raised by Finance Committee Members  
in examining the Estimates of Expenditure 2006-07**

**Director of Bureau: Secretary for Economic Development and Labour  
Session No.: 8**

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

Head: 42 Electrical and Mechanical Services  
Department

Subhead:

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

Controlling Officer: Director of Electrical and Mechanical Services

Director of Bureau: Secretary for Economic Development and Labour

Question:

In relation to Hon. James TO's concern about the plan to lay electric cables of high voltage systems under Sycamore Street, Tai Kok Tsui to upgrade the electricity substation of China Light and Power Company Limited there, the Administration was requested to consider working out an electromagnetic fields (EMF) monitoring programme for the area to address residents' concern about the effects of EMF on health. According to Mr. TO, the safety-based standard for power frequency fields should be worked out for residents' information, and measurement of the electric field strength generated by the said underground cables should be made from time to time to ensure the EMF emitted would be within the above EMF safety limits.

Asked by: Hon. TO Kun-sun, James

Reply:

The Electrical and Mechanical Services Department (EMSD) conducts sample site measurements on the strength of electromagnetic fields (EMF) around high voltage electricity supply installations on a regular basis and it also responds to public enquiries on the issue in accordance with the guidelines issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) of World Health Organisation. Since 2001, a total of 62 site measurements have been carried out. In all these measurements, the strength of the all EMF measured were found to be below the public exposure limits stipulated in the ICNIRP guidelines.

For the substation and underground cables at Sycamore Street, EMSD will conduct EMF measurements before and after the substation is put into operation, in order to determine whether the exposure limits have been exceeded due to the newly-installed high voltage system. The exposure limits as well as the measured results will be provided to those who have made enquiries with EMSD, and be made available in the relevant district office of Home Affairs Department.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

Roger S.H. LAI

Post Title \_\_\_\_\_

Director of Electrical and Mechanical Services

Date \_\_\_\_\_

20.3.2006

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

Head: 145 Government Secretariat: Economic Development and Labour Bureau  
(Economic Development Branch) Subhead:

Programme: (5) Travel and Tourism

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

Hon. LI Fung-ying referred to the Administration's reply [reply serial no. EDLB(ED)086] to her question, which shows that the five enhancement projects of existing tourism attractions and facilities to be implemented in 2006-07 involve some 800 job vacancies. In response to Hon LI Fung-ying's request, the Administration undertakes to provide a further breakdown on:

- (a) the number of jobs that have been and will be created; and
- (b) the number of temporary and permanent jobs.

Asked by: Hon. LI Fung-ying

Reply:

Out of some 800 posts required for the five enhancement projects, about 80% of the posts have been created and 20% will be created. All the posts are created for the specified works period of the five enhancement projects. Most of them are full time employment.

On a long-term basis, as the improvement projects will enhance the attractiveness of Hong Kong and our competitive edge in tourism, there will be further job opportunities in the tourism and related trades such as the retail and service sectors.

Signature \_\_\_\_\_

Name in block letters MS SANDRA LEE

Post Title Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date 20.3.2006

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

Head: 145 Government Secretariat: Economic  
Development and Labour Bureau  
(Economic Development Branch)

Subhead:

Programme: (5) Travel and Tourism

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

At the request of Hon. SIN Chung-kai, the Administration undertakes to give an account on how it has arrived that the tourism expenditure in 2005 exceeded \$100 billion.

Asked by: Hon. SIN Chung-kai

Reply:

The tourism expenditure of over \$100 b in 2005 refers to the "Tourism Expenditure Associated to Inbound Tourism" calculated on the basis of the recommended methodology of the World Tourism Organisation. The expenditure items include visitor spending on goods and services in Hong Kong, such as hotel accommodation, shopping, meals and entertainment, etc., and receipts of Hong Kong-based carriers from cross-boundary transportation of these visitors by air, sea and land.

The \$29.3 b quoted by the Hon Sin Chung-Kai at the special meeting of the Finance Committee on 14 March 2006 refers to the "direct value added contribution of tourism industry" in the First Quarter Economic Report 2005 published by the Government. The analysis of the above report is based on data in 2003. This figure shows the value added brought about by the overall tourism industry in Hong Kong and does not refer to total expenditure. It is calculated by deducting from the "Tourism Expenditure Associated to Inbound Tourism" the value of imported goods and the value of goods and services consumed by business establishments when serving Hong Kong tourists (e.g. banking services and communications services).

The above two sets of figures present two completely different definitions to measure the economic contribution of the tourism industry. Both are calculated on the basis of methodologies widely used in economics and tourism statistics, and based on tourism data in different years. Both figures are correct; however, any direct comparison will cause confusion.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

MS SANDRA LEE

Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Post Title \_\_\_\_\_

Date \_\_\_\_\_

20.3.2006

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

Head: 145 Government Secretariat: Economic      Subhead: 000 Operational expenses  
                    Development and Labour Bureau                                      700 General non-recurrent  
                    (Economic Development Branch)

Programme: (3) Posts, Power, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

At the request of Hon. Ronny TONG, the Administration agrees to provide information on the work of the Competition Policy Advisory Group for 2005-06 and details of its work plan for 2006-07 in promoting public awareness of competition issues, as well as the expenditures involved for each. [reply serial no. EDLB(ED)058]

Asked by: Hon. TONG Ka-wah

Reply:

In 2005-06, the Competition Policy Advisory Group (COMPAG) took the following initiatives to promote public awareness of competition issues -

- (a) received and investigated complaints relating to competition. In the process, the Government's competition policy was explained to the parties concerned and they were reminded of the competition guidelines promulgated by COMPAG – "*Guidelines to maintain a competitive environment and define and tackle anti-competitive practices*" ("the COMPAG Guidelines");
- (b) published the COMPAG annual report for 2004-05, which described COMPAG's work for the previous year. These included the progress of initiatives to promote competition, complaint cases reviewed, publicity and training programmes undertaken, and contributions to international forums relating to competition;
- (c) issued the COMPAG Guidelines to some 300 trade associations and industry organisations to raise their awareness of competition issues and seek their support in promoting adherence to the guidelines by their members;
- (d) maintained and updated the COMPAG website to ensure easy public access to information on competition issues under the group's purview;
- (e) briefed primary school teachers and curriculum development officers on competition policy and competition concepts, and sought their support in promoting these concepts in schools;

- (f) gathered feedback from secondary school teachers on the module on competition concepts within the integrated humanity curriculum – this indicated that the module was useful in enhancing students’ awareness and knowledge of anti-competitive practices and the adverse impact such practices might have on society and the economy; and
- (g) distributed an interactive CD-ROM about competition concepts to all primary schools in Hong Kong.

COMPAG also appointed in mid-2005 an independent Competition Policy Review Committee (CPRC) to review the existing competition policy and the composition, terms of reference and operations of COMPAG. The CPRC had held five meetings by mid-March 2006, and had also invited five experts to a seminar in August 2005 to advise the review committee on overseas experience in the formulation and implementation of competition law. The CPRC is expected to complete the review and submit its report to COMPAG in mid-2006.

Moreover, in 2005-06, COMPAG authorised the commissioning of an independent consultant to assess the competition situation in the auto-fuel market in Hong Kong, and examine whether the oil companies involved might have engaged in any anti-competitive practices. Accordingly, a consultant was appointed in July 2005 to undertake the study.

In 2006-07, COMPAG will continue to receive and investigate competition-related complaints, review the effectiveness of initiatives to promote competition, consider new initiatives, publish the annual report, update the information on its website and maintain liaison with trade and industry organisations to promote adherence to the COMPAG Guidelines. COMPAG will also work with the Education and Manpower Bureau to evaluate the effectiveness of the various educational initiatives and, in the light of the feedback received, review and improve the relevant programmes.

In addition, COMPAG will examine the report of the CPRC and consider an appropriate way forward for Hong Kong’s competition policy. As regards the consultancy study on the local auto-fuel retail market, the consultant has yet to complete its work in full. We will inform the Legislative Council and the public of the consultant’s findings as soon as the assignment is fully completed.

The staffing expenses required for the above are included in the provision under Head 145 Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) Programme (3) relating to competition policy and cannot be separately itemised. Funding for specific initiatives is available under Subhead 700 General non-recurrent Items 014, 015 and 926–

- (a) Item 014 is for engaging consultants to conduct studies or produce educational materials to nurture awareness and promote understanding among students and young people of anti-competitive practices. Up to February 2006, expenditure under this item was \$0.1 m, to cover the cost of inviting experts to the seminar in August 2005 by the CPRC. The estimated cash flow requirement for 2006-07 is \$0.1 m;
- (b) Item 015 is for maintaining and updating the COMPAG website and producing publicity materials to promote awareness of competition issues. Up to February 2006, we spent \$0.1 m under this item on maintaining and updating the COMPAG website, and producing and distributing CD ROMs to all primary schools in Hong Kong. The estimated cash flow requirement for 2006-07 is \$40,000; and
- (c) Item 926 is for the consultancy study on the local auto-fuel retail market. Up to February 2006, we spent \$6 m under this item. The estimated cash flow requirement for 2006-07 is \$1.1 m.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ MS SANDRA LEE

Post Title \_\_\_\_\_ Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date \_\_\_\_\_ 20.3.2006

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

Head: 145 Government Secretariat: Economic Development and Labour Bureau  
(Economic Development Branch) Subhead:

Programme: (5) Travel and Tourism

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

In response to the request of Hon. CHAN Yuen-han, the Administration undertakes to provide information to explain why it is necessary to conduct further consultation in early 2007 upon completion of the preliminary design of the "Lei Yue Mun Waterfront Enhancement Project". [reply serial no. EDLB(ED)095]

Asked by: Hon. CHAN Yuen-han

Reply:

We sought the initial views of the Kwun Tong District Council on the proposed scope of the "Lei Yue Mun Waterfront Enhancement Project" in May 2005. The District Council supported the proposal in principle and selected the site for the proposed landing facility. This was followed by a technical feasibility study which was completed and endorsed in end 2005. Departments concerned are now conducting detailed technical studies on the project including ground investigation, preliminary environmental review, marine traffic impact assessment, marine archaeological investigation, etc. The project design is scheduled to be completed in end 2006 for public consultation in early 2007. We hope to enable the public to participate in the development of the project and express their views at different stages.

Signature \_\_\_\_\_

Name in block letters MS SANDRA LEE

Post Title Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date 20.3.2006



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

Head: 145 Government Secretariat: Economic Development and Labour Bureau  
(Economic Development Branch) Subhead:

Programme: (3) Posts, Power, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

The Administration has been requested by Hon. LEE Wing-tat to provide further information on the power system planning criteria used in monitoring the supply reliability of the power companies, and to provide the associated study report, if any. [reply serial no. EDLB(ED)114]

Asked by: Hon. LEE Wing-tat

Reply:

Supply reliability is different from planning criteria. Supply reliability is an indicator for measuring the performance of the power companies. To ensure reliability of supply, we have adopted a series of power system planning criteria. Simply speaking, in generation planning, power companies adopted the Loss of Load Probability (LOLP) as the primary criterion. LOLP is the probability of the demand exceeding the supply capability in considering the planned outages and faults of generation units. There is also a second planning criterion that guard against power supply shortage in the case that one or two of the generation units are in outage. In electricity network planning, the main planning criterion is that outage of one single transmission circuit or component should not lead to power interruption to the customers. Details of the above-mentioned planning criteria have been described in paragraphs 2.3.7 to 2.3.12 of the consultancy report "Interconnection and Competition in the Hong Kong Electricity Supply Sector" dated October 1999. They were also reported in the Energy Advisory Committee Paper "Planning Criteria and Reliability Standard" dated July 2002 and the Legislative Council Economic Services Panel Paper "Technical Study on Increasing Power Interconnection in Hong Kong: Consultancy Findings" dated July 2003. These three documents have been uploaded onto the website of the Economic Development and Labour Bureau (Economic Development Branch)<sup>1</sup>. The professional consultancy companies employed by the Government to help assessing the development plans of the power companies have also evaluated their planning criteria. The consultancy companies considered that the planning criteria are reasonable.

<sup>1</sup> The respective website addresses of the above-mentioned documents are:

[http://www.edlb.gov.hk/edb/eng/papers/ue\\_consult/final.doc](http://www.edlb.gov.hk/edb/eng/papers/ue_consult/final.doc)

<http://www.edlb.gov.hk/edb/eng/papers/electricity/pdf/Reference07.pdf>

[http://www.edlb.gov.hk/edb/eng/papers/ue\\_panel/E71.html](http://www.edlb.gov.hk/edb/eng/papers/ue_panel/E71.html)

Signature \_\_\_\_\_

Name in block letters MS SANDRA LEE

Post Title Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date 20.3.2006

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

Head: 145 Government Secretariat: Economic Development and Labour Bureau  
(Economic Development Branch) Subhead:

Programme: (3) Posts, Power, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

Under the Scheme of Control Agreements with the Power Companies, which is under review, if the development funds of the two power companies exceed 12.5% of local sales, is the Administration entitled to request for the disbursement of the funds? If yes, how much of the funds will be disbursed? Have any resources been set aside for monitoring the development funds of the two power companies?

Asked by: Hon. LI Wah-ming, Fred

Reply:

The development funds under the current Scheme of Control Agreements are established to assist in financing the acquisition of new fixed assets and, where necessary, to ameliorate any tariff increase. The Government and the two power companies agreed in the 2003 Interim Review that the balance of the development funds be capped at a level equivalent to 12.5% of annual local sales effective from 2004. When the estimated year-end balance of the development funds exceed the cap, monies in excess of the cap have to be returned to customers in the immediate following year in the form of either a one-off rebate or tariff reduction. The balance of the development fund of CLP Power Hong Kong Limited (CLP Power) as at the end of 2004 exceeded the cap by about \$10 m. According to the above arrangement, CLP Power returned the excess amount to its customers in the form of a \$6 one-off credit per customer during March to April 2005. The balance of the Company's development fund as at the end of 2005 was also in excess of the cap. Thus, the Company transferred about \$500 m from the development fund to provide a special rebate in 2006. This special rebate offsets the increase in fuel clause charge and maintains the Company's 2006 tariffs at the 2005 level. The development fund of the Hongkong Electric Company Limited had a zero balance over the past three years.

Resources for monitoring the development funds of the two power companies have been included in the overall provision under Head 145 Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) Programme (3) Posts, Power, Competition Policy and Consumer Protection. As the officers concerned also handle other tasks concurrently, it is difficult to separately itemise the expenditure and manpower related to the monitoring of the development funds.

Signature

Name in block letters

MS SANDRA LEE

Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Post Title

Date

20.3.2006

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

Head: 145 Government Secretariat: Economic  
Development and Labour Bureau  
(Economic Development Branch)

Subhead:

Programme: (2) Air and Sea Communications and Logistics Development

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

According to Reply Serial No.: EDLB(ED)068, there is no immediate plan to increase the number of anchorages in 2006-07, and the so-called measures to enhance mid-stream cargo handling capacity simply refer to the establishment of new anchorages in February 2006. Please advise:

Why did paragraph 44 of the Budget Speech mention that the Government would “establish more service anchorages to increase mid-stream cargo handling capacity”?

Asked by: Hon. WONG Kwok-hing

Reply:

Since we have just established five new anchorages in February 2006, we have no plan to increase the number of anchorages in 2006-07 at this stage. That said, we would closely monitor the take up situation of the anchorages and the demand of the industry for these facilities. We would consider establishing new anchorages if there is a need.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_

MS SANDRA LEE

Post Title \_\_\_\_\_

Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date \_\_\_\_\_

20.3.2006

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

Head: 145 Government Secretariat: Economic Development and Labour Bureau  
(Economic Development Branch) Subhead:

Programme: (2) Air and Sea Communications and Logistics Development

Controlling Officer: Permanent Secretary for Economic Development and Labour  
(Economic Development)

Director of Bureau: Secretary for Economic Development and Labour

Question:

According to Reply Serial No.: EDLB(ED)068, there is no immediate plan to increase the number of anchorages in 2006-07, and the so-called measures to enhance mid-stream cargo handling capacity simply refer to the establishment of new anchorages in February 2006. Please advise:

In respect of the so-called “enhance the mid-stream cargo handling capacity”, it is still confined to the establishment of hardware facilities, does the Government has any effective plans and policy measures to enhance the competitiveness of the trade?

Asked by: Hon. WONG Kwok-hing

Reply:

To maintain Hong Kong's position as the leading trading and logistics hub in the light of the rapid development of our neighbouring ports, the Government has consulted the industry on the recommendations of the “Study on Hong Kong Port – Master Plan 2020” (HKP2020) and has taken forward a number of measures to enhance Hong Kong's port competitiveness. Details and progress of these measures are summarised below:

- (a) Adjustment to cross-boundary trucking cost – Following our discussion with the Guangdong Provincial authorities, the “four-up-four-down” rule and “one-truck-one-driver” rule were relaxed, and the validity period of licenses for operating cross-boundary trucking business was extended from three to six years. The Guangdong Provincial authorities have also agreed to extend the operating hours at selected inland customs points according to the cargo volume and practical needs of different regions. We hope that the above relaxations will enhance the efficiency of the trucking industry and lower the transportation cost. In 2006-07, we will continue discussions with the Guangdong Provincial authorities to further extend the operating hours of inland customs points at Dongguan. Also, we will conduct a pilot project on on-board trucker information system to further enhance trucking efficiency through advanced technologies such as global positioning system and fleet management system.
- (b) Reduction in port fees and charges – We will reduce port fees and charges, and increase the mid-stream cargo handling capacity through establishing five more service

anchorage. We will also introduce multiple entry permits for river trade vessels to streamline the application procedure and lower their operating cost with a view to attracting more river and transshipment cargoes to Hong Kong. With these measures, a medium sized vessel calling Hong Kong for two days can save 25% of anchorage charge, whilst a river trade vessel using the multiple entry permits can save up to 50% of the cost on entry permit. The above-mentioned reduction of port fee and anchorage dues, and the introduction of the multiple entry permits will forego about \$59.2 m revenue, whereas the five additional service anchorages will bring about \$1.2 m revenue. The reduction in anchorage dues was implemented through legislation in February 2006. We would make the necessary legislative amendments to effect the other measures in 2006-07.

- (c) Enhancement of port productivity – After consulting the industry and with the support of the Hong Kong Port Development Council, suitable container terminal back-up land adjacent to the Kwai Chung-Tsing Yi container terminals to enhance the capacity of container terminals will be made available by open tender later this year. The first two barging facilities have just been put up for open tender in February 2006, and we expect that the tendering process will be completed by mid-2006.
- (d) Improvement in transport infrastructure – To facilitate the flow of goods across the boundary, a new bridge connecting Lok Ma Chau and Huanggang dedicated for goods vehicles has been in operation since January 2005, and the Hong Kong-Shenzhen Western Corridor is scheduled to open in late 2006. The commissioning of the Hong Kong-Shenzhen Corridor will triple our capacity to about 80 000 cross-boundary trucks per day. In addition, the Stonecutters Bridge connecting Container Terminal 9 with other terminals in Kwai Chung will be completed by 2008. The above-mentioned cross-boundary infrastructure projects are undertaken with other concerned bureaux and departments.
- (e) Overall infrastructure planning – We have followed the recommendations of the HKP2020 to conduct an ecology study on northwest Lantau to assess its environmental suitability for the development of Container Terminal 10, and a port cargo forecast study to determine the optimal timing for the construction of the terminal. Both studies commenced in late 2005. We will review the port expansion options when more data is available.
- (f) Strengthening Hong Kong as the prime logistics information centre – The Digital Trade Transportation Network launched in December 2005 will provide an open, neutral, secure and reasonably priced e-platform to facilitate information flow along the supply chain in an efficient and reliable manner. We will also organise training workshops for employees in the logistics industry to promote the use of information technology and e-logistics.

We believe that the above measures will enhance the efficiency and competitiveness of our port to meet the challenges facing Hong Kong.

Signature \_\_\_\_\_

Name in block letters MS SANDRA LEE

Post Title Permanent Secretary for  
Economic Development and Labour  
(Economic Development)

Date 20.3.2006