

立法會
Legislative Council

LC Paper No. CB(1)409/05-06
(These minutes have been seen
by the Administration)

Ref: CB1/PL/ES/1

Panel on Economic Services

**Minutes of special meeting held on
Thursday, 20 October 2005, at 11:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, SBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Fred LI Wah-ming, JP
Hon CHAN Kam-lam, SBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Vincent FANG Kang, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin
Hon TAM Heung-man
- Member attending** : Hon WONG Kwok-hing, MH
- Members absent** : Dr Hon David LI Kwok-po, GBS, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon SIN Chung-kai, JP
Hon Abraham SHEK Lai-him, JP
Hon WONG Ting-kwong, BBS

- Public Officers attending** : Mr Stephen IP
Secretary for Economic Development and Labour
- Ms Miranda CHIU
Acting Permanent Secretary for Economic Development and Labour (Economic Development)
- Ms Eva CHENG
Commissioner for Tourism
- Mr Wilson FUNG
Deputy Secretary for Economic Development and Labour (Economic Development) 2
- Miss Janice TSE
Deputy Secretary for Economic Development and Labour (Economic Development) 3
- Clerk in attendance** : Mr Andy LAU
Chief Council Secretary (1)2
- Staff in attendance** : Ms Pauline NG
Assistant Secretary General 1
- Ms Anita SIT
Senior Council Secretary (1)9
- Miss Winnie CHENG
Legislative Assistant (1)5

Action

- I Briefing by Secretary for Economic Development and Labour on relevant policy initiatives in the Chief Executive's Policy Address 2005/2006**
(LC Paper No. CB(1)15/05-06(01) - Information paper provided by the Administration)
- Address by the Chief Executive at the Legislative Council meeting on 12 October 2005 - "Strong Governance For the People"; and
 - The 2005/2006 Policy Address - "Policy Agenda"

The Secretary for Economic Development and Labour (SEDL) briefed members on the new initiatives under the 2005-06 Policy Agenda and the on-going initiatives under the policy area of economic development. The details were as set out in the Administration's information paper LC Paper No. CB(1)15/05-06(01). With regard to the development of new cruise terminal facilities, SEDL informed

Action

members that the Administration would openly invite proposals from the private sector for the development of a cruise terminal to meet Hong Kong's medium term needs in November 2005.

Electricity market

2. On the future development of the electricity market after 2008, Mr LAU Chin-shek enquired about the timing and the scope of the stage II public consultation on the future development of the electricity market in Hong Kong. Highlighting the concern of the public about the unreasonably high tariff and profit levels of the two power companies, he asked what measures were being contemplated to ensure that the future tariffs after 2008 would be reasonable and lower than the present tariffs.

3. SEDL said that the Stage I public consultation on the "Future development of the electricity market in Hong Kong" launched in January 2005 was to gather views from the public on various issues pertaining to the future arrangement for the electricity market. Taking into account the views received, the Administration was drawing up proposals on the future direction which would be put out in the Stage II of the public consultation. In particular, the Administration would set out its recommendation on whether the present regulatory framework in the form of a Scheme of Control Agreement should continue, and if so, how the permitted rate of return should be determined. The Administration planned to launch the Stage II consultation by the end of 2005 with a three-month consultation period. In 2006, the Administration would consolidate the views received and would commence substantive discussions with the two power companies on the post-2008 arrangements. The Administration would continue to consult the Panel on the matter at different junctures as appropriate.

Competition policy

4. Miss TAM Heung-man expressed support for a comprehensive review of the Government's competition policy. Noting that for this purpose, the Administration had set up a Competition Policy Review Committee (CPRC), she sought assurance that the report on the review would be made public and a concrete timetable would be set for implementation of the resulting proposals.

5. Mr Fred LI enquired about the Administration's current stance on the need to enact a fair competition law to safeguard the business environment in Hong Kong.

6. Regarding the composition of CPRC, Mr Ronny TONG said that virtually all members of the committee were stakeholders from the business sector. It was rather disappointing that no lawyers or academics had been co-opted into the committee. He also gathered from certain experts who had attended a seminar recently hosted by the committee that members of the committee were not familiar with fair competition law. He then sought clarification on the focus of the work of the CPRC.

Action

7. SEDL said that in his Policy Address, the Chief Executive had already stated clearly the background and objective of the review. CPRC would examine the effectiveness of the existing competition policy and whether additional measures including legislation were needed to ensure fair competition in Hong Kong. In this connection, the composition, terms of reference and operation of the Competition Policy Advisory Group would also be reviewed. The Administration held an open mind on the matter and had no pre-set views on the need for a comprehensive fair competition law. To ensure its independence and objectivity, the Administration had appointed a non-official to chair the committee, comprising mainly members drawn from different sectors of the community. The CPRC had commenced work since June 2005 and was expected to complete the review in mid-2006. The committee might issue interim reports. The Administration would report the results of the review to this Panel.

8. Regarding the membership of CPRC, the Permanent Secretary for Economic Development and Labour (Economic Development) (PS/ED) informed members that CPRC comprised the following members (excluding ex-officio members) –

Chairman

Mr Christopher CHENG

Members

Mr Andrew BRANDLER

Prof Andrew CHAN

Prof CHAN Ka-keung

Dr William FUNG

Mr John GRIFFITHS

Mr Peter HUNG

Mr IP Kwok-him

Mr Larry KWOK

Mr Frederick LAM

The Hon Andrew LEUNG

The Hon SIN Chung-kai

Action

9. PS/ED pointed out that all members of CPRC, with different backgrounds and areas of expertise were appointed in their personal capacity. Among them there were two academics, namely Prof Andrew CHAN and Prof CHAN Ka-keung, and two legal professionals, namely Mr John GRIFFITHS and Mr Larry KWOK. The committee held a seminar in August 2005, at which five local and overseas experts on competition shared their views and experience with members on the competition policies, legislation and relevant experience in other economies. According to the feedback from the attendees of the seminar, there had been very useful and in-depth exchanges of views at the seminar on various aspects pertinent to competition policies.

10. Mr Ronny TONG said that according to his understanding, a majority of the members of CPRC were not in favour of enacting a general fair competition law in Hong Kong, whilst all the five experts attending the seminar were in support of enacting such a law. His impression was that there was a large gap in opinion between the experts and the members of the Committee.

Competition situation of the auto-fuel retail market

11. Ms Miriam LAU expressed support for the consultancy study to 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. She pointed out that at present, the statutory octane level of unleaded petrol was 95, but the local petrol filling stations (PFSs) only supplied Octane 98 unleaded petrol. PFSs in the Mainland supplied unleaded petrol of different octane levels and the price difference could be fairly significant. Octane 92 was very popular in the United States. She considered that consumers should be given choices of unleaded petrol of different octane levels, and asked whether the Administration had any planned measures in this regard.

12. PS/ED advised that the Administration had previously followed up this matter with oil companies. The Administration understood from the oil companies that when unleaded petrol was first introduced, both Octane 95 and Octane 98 had been available. Nevertheless, since Octane 98 was more popular among motorists and as most PFSs in Hong Kong were relatively small in landsize, the oil companies had difficulties in installing sufficient pumps to supply the two fuel types, hence ceased to supply Octane 95. She added that the consultancy study would cover this aspect as it would examine the market structure and the supply and demand situation of the auto-fuel retail market.

13. SEDL said that he appreciated some motorists' demand for more choices of fuel products, and bringing in more competition into the market would help in this regard. To this end, the Administration had implemented a series of measures, in particular, the new arrangement for tendering of PFS sites in a batch to facilitate potential new entrants in achieving a "critical mass" to sustain a competitive market position. Two new players had since entered into the local auto-fuel retail market.

Action

14. Ms Miriam LAU pointed out that so far, the new oil companies still relied on existing oil companies for wholesale oil supply, and thus there had been little improvement in competition. Oil companies lacked the incentives to provide more choices of fuel products. The Administration therefore should implement specific measures to address the problem.

15. SEDL assured members that Ms LAU's concern would be looked into in the auto-fuel retail market study, which was expected to be completed end 2005.

Heritage tourism

16. Miss TAM Heung-man asked whether the Administration had plans to strengthen the conservation of areas or buildings with local cultural characteristics and promote these areas or buildings of cultural heritage as tourism attractions.

17. The Commissioner for Tourism (C for T) advised that there were plans to promote heritage tourism in Hong Kong. The Administration and the Hong Kong Tourism Board would continue to assist the local communities to organize various festive events such as the Cheung Chau Bun Festival and the Buddha's Birthday. The Administration had also drawn up an initial concept plan for the Aberdeen Tourism Project to complement the Ocean Park's redevelopment plan. The scope of the project would include both hardware (e.g. enhancement works) and software (e.g. development of more structured sampan tours and traditional cultural walks) with a view to bringing out the unique character of Aberdeen and enhancing its tourism appeal. The Administration would conduct extensive consultation with local community organizations and interested parties in the planning process. This was another example of promoting tourism attractions with local cultural characteristics.

Redevelopment of Ocean Park

18. Mr Howard YOUNG said that in the past discussion of the Ocean Park redevelopment plan at the Panel, members were in general supportive of the direction of the redevelopment plan. He sought clarification on how the Administration would take forward the matter. He also opined that whilst it might not be necessary to have the MTR South Island Line in place by the time the redevelopment of Ocean Park was completed, it would be prudent to reserve necessary land for possible construction of the railway line in future.

19. SEDL responded that the Administration had discussed with this Panel and had consulted Southern District Council on the redevelopment plan. Currently, the Administration was assessing the plan in detail. If the Administration arrived at a decision to take forward the redevelopment plan and there were financial implications for the Government, the Administration would consult the Legislative Council and seek approval from the Finance Committee.

Action

Development of Lantau South

20. Mr WONG Kwok-hing relayed the concern of Lantau residents and Islands District Council members that the Policy Agenda had not given attention to the economic development of Lantau South. At present, the South Lantau Road was restricted to permit holders. The lack of necessary transport infrastructure had impeded the economic development. He asked whether the Administration had any plan to bolster the development of Lantau South.

21. SEDL said that the development of Lantau was beyond the purview of the Economic Development and Labour Bureau. The Lantau Development Task Force which was set up in February 2004 under the chairmanship of the Financial Secretary, was looking at Lantau development proposals with inputs from all relevant bureaux. A concept plan for Lantau had been published for public consultation. The Administration was consolidating the views and suggestions received. The planning process was open and any suggestions could be made to the Task Force.

22. Mr WONG Kwok-hing said that Islands District Council was of the strong view that Lantau South Road should be widened and open to traffic to facilitate tourism and other economic activities of Lantau South, and there should be other complementary measures to support the economic development there. The District Council had got the impression that the Task Force had not given due consideration to its views.

Admin 23. SEDL agreed to convey Mr WONG's concern to ETWB and the Task Force and provide a written response in due course.

Hong Kong Disneyland

24. Referring to media reports that the visitor arrivals during this year's Golden Week holidays and the number of visitors to the Hong Kong Disneyland (HKD) since its opening were below the expected levels, Mr Fred LI asked whether the Administration had conducted any review in this regard. He was also concerned about the cost-effectiveness of the development and operation of HKD. As public funds were involved, he asked what the Administration would do to inspire public confidence that those public funds would be used in a prudent and cost-effective manner. Mr Fred LI took the opportunity to express appreciation for the Administration's plan to upgrade the facilities along the Lei Yue Mun waterfront.

25. SEDL said that well before the official opening of the HKD, the Administration had made public that the first-year visitor number of the theme park was estimated to be around 5.6 million. The actual visitor number so far did not deviate much from this projection. As regards the overall visitor arrivals to Hong Kong, he said that so far, tourism statistics revealed a satisfactory situation. The growth of the long haul markets was particularly encouraging. For example, the number of visitors from Australia and Europe had a 40% and 30% year-on-year increase respectively.

Action

26. The Chairman said that in view of members' concerns about the expansion plans for HKD, it would be appropriate to discuss the subject in detail at a near future meeting. He then consulted the Administration and members on the arrangements. It was agreed that a special meeting would be convened in around mid-November 2005 to discuss the expansion plan for HKD and the Ocean Park redevelopment plan in mid-November 2005.

(Post-meeting note: The above two subjects were subsequently scheduled to be discussed at the regular Panel meeting on 28 November 2005.)

Air traffic management

27. Mr Howard YOUNG pointed out that in view of sustained high oil prices, it was necessary to avoid those situations where incoming aircraft were required to linger in the air awaiting to land. He asked how far this aspect had been taken into account in formulating the air traffic management plans for the airport. He also asked whether the Civil Aviation Department (CAD) had co-ordinated with adjacent air traffic control authorities in working out its air traffic management plans.

28. Citing his personal experience of delayed flight departures due to a long queue of aircraft awaiting their turn to take off at the Hong Kong International Airport (HKIA), Mr Jeffrey LAM considered that there was an urgent need to address the traffic congestion problem at the airport in view of the rapid growth of air traffic between Hong Kong and the Mainland. He thus enquired about the work to liaise and collaborate with the relevant Mainland authorities to ensure reliable and efficient air traffic control services to support air services growth in the Pearl River Delta (PRD) region.

29. Apart from traffic congestion, Mr Vincent FANG was also concerned whether the existing air traffic management systems and procedures were capable of ensuring air traffic safety, given the continual rapid growth of air traffic in the PRD region. He was particularly concerned about the co-ordination between HKIA and the adjacent airports in air traffic control.

30. SEDL concurred with members that there had been rapid growth of air traffic in the PRD region as the Mainland was opening up its sky. He acknowledged the problem of occasional delayed departures and landing due to heavy air traffic, and assured members that the Administration would pursue the matter with the Mainland authorities.

31. The Deputy Secretary for Economic Development and Labour (Economic Development) 2 (DS/ED2) advised that since its opening, aircraft movements at HKIA had been growing at a rate far higher than the growth rate forecasted at the time when the airport was designed. The present air traffic control management system of the airport was designed in 1995 and put into operation in 1998. Given the advance in technology in the last decade, there was a need for CAD to overhaul its ATC system so

Action

that CAD could continue to provide safe and efficient air traffic control services to meet the demand of the growing air services. To this end, CAD had already set up an inter-departmental working group to review the system.

32. DS/ED2 further advised that the existing air traffic control procedures were designed by CAD in collaboration with the other four neighbouring airports in the PRD region. To enhance safety, operational efficiency as well as airport and airspace capacity in the region, CAD would continue to improve the procedures through regular liaison with the General Administration of Civil Aviation of China and the Civil Aviation Authority of Macau. DS/ED2 further clarified that ATC services within the PRD region were not provided individually by the five airports concerned. He explained that the airspace within the PRD region was managed largely by Guangdong to the north and Hong Kong in the south with Zhuhai managing a small area in between.

33. Highlighting the need to streamline customs formalities to facilitate the development of the local logistics industry, Mr Vincent FANG asked whether there were measures to streamline the customs clearance procedures for Mainland cargos delivered to other places through HKIA.

34. DS/ED2 advised that the Administration adopted a proactive approach in identifying ways to facilitate both people and cargo flows between the Mainland and Hong Kong through HKIA. For example, the cross-boundary ferry service introduced at the Sky pier had greatly facilitated transit passengers to and from the Mainland as passengers were not required to undergo customs and immigration clearance at HKIA and all such formalities were undertaken in one-go at the Mainland ferry piers. On the cargo side, Hong Kong Air Cargo Terminals Ltd had also launched an air cargo consolidation service in Shenzhen, where cargoes originating from different places in the Pearl River Delta Region were consolidated and underwent one-stop streamlined customs clearance arrangements for cross-boundary delivery direct to the Hong Kong International Airport. He hoped that such services could be extended to other areas of the PRD.

II Any other business

35. There being no other business, the meeting ended at 12:45 pm.