

立法會  
*Legislative Council*

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**Report of the Panel on Economic Services  
for submission to the Legislative Council**

**Purpose**

This report gives an account of the work of the Panel on Economic Services (the Panel) during the 2005-2006 legislative session. It will be tabled at the meeting of the Legislative Council on 12 July 2006 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

**The Panel**

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 20 members, with Hon James TIEN Pei-chun and Hon Jeffrey LAM Kin-fung elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is at **Appendix II**.

**Major Work**

Tourism

4. During the session, a number of new tourism infrastructure projects, namely, the Hong Kong Disneyland and the Hong Kong Wetland Park were opened to the public. Construction of the Ngong Ping Skyrail and the Ngong Ping Village were completed. Full scale testing of the Skyrail was being carried out.

### *Hong Kong Disneyland*

5. Hong Kong Disneyland (HKD) was a strategic investment by the Hong Kong Special Administrative Region Government. With its opening, it should have heralded a new era for tourism in Hong Kong and helped Hong Kong reposition itself as a premier destination for family tourists. The Panel however was gravely concerned about the negative feedbacks from visitors and the media about the operations of the park which might have already tarnished the image of HKD. Members called on the Administration to ensure that suitable measures were put in place to ensure a smooth and orderly flow of visitors. Every effort should be made to enhance co-operation between HKD and the travel trade to promote HKD among other tourist attractions in Hong Kong. An effective notification and communication strategy should also be worked out to keep visitors informed of the latest situation in HKD. Arrangements should also be made to expand the number of rides and attractions to attract visitors to the theme park.

### *Hong Kong Wetland Park*

6. The Hong Kong Wetland Park (HKWP) was the first major green tourism facility in Hong Kong. As such, the Panel considered it necessary for the Administration to step up publicity for educating the public on rules to conserve the environment in the Park. Arrangements should be made to expand the Volunteer Scheme to promote the awareness of wetland protection through direct participation. Members also urged the Administration to improve the signage and pedestrian walkway to the park and to leverage on the opening of HKWP to promote attractions in Yuen Long to boost local economy and employment. There was also a need to review the adequacy of parking spaces in HKWP to facilitate visitors.

### *Ngong Ping 360*

7. The Ngong Ping 360 Project (comprising the Ngong Ping Skyrail and Ngong Ping Village) was another major tourist destination which was scheduled for opening this year. The Panel had reviewed the operational readiness of the project, including the management and operation of the facility, ticketing arrangement, crowd management strategy, public transport plan, and contingency planning. The Panel also sought information on the environmental measures to safeguard the environment and preserve the natural beauty of North Lantau. The Panel noted with concern an operational failure of the cableway system which occurred during trial runs on 17 June 2006, resulting in some passengers being stranded in the cable cars while repair works were in progress. As a result of the incident, the commissioning of the Skyrail had to be deferred. The Panel would continue to follow the implementation of the project.

### *Ocean Park Redevelopment*

8. The Panel was briefed on the Ocean Park Redevelopment Plan and its funding arrangements. The Panel saw the need for redeveloping Ocean Park to enhance its statutory function as a public recreational and educational park, and to enhance the status of Hong Kong as a premier destination for family visitors in the region. The Panel therefore supported the proposed funding arrangement for the Redevelopment Plan. Members however raised concerns about the traffic situation of the Southern District in view of the estimated increase in patronage after the redevelopment of the Ocean Park. They urged the Administration to expeditiously proceed with the implementation of the South Island Line.

### Port and logistics services

9. In the face of competition from nearby regions, the Panel considered that every effort should be made to improve efficiency and provide speedy, reliable and full-scale value-added logistics services so as to maintain Hong Kong's position as an international hub. During the session, the Panel was briefed on the latest development of the Digital Trade and Transportation Network System (DTTN). The Panel noted that DTTN sought to provide a neutral and open e-platform for logistics players in the supply chain to exchange data. It would improve efficiency and reliability of information flow, lower cost, and provide interconnectivity to different stakeholders along the supply chain – both in the region and globally.

10. Whilst the Panel recognized the economic benefits of the DTTN system, members had expressed concern about the need and rationale for the proposed acquisition of shares in DTTN Company (DTTNCo) by the Government through the Financial Secretary Incorporated (FSI), and whether FSI involvement in DTTNCo might give the company an unfair advantage over prospective competitors. Having examined the need for Government's involvement in DTTNCo, and taking into account the industry's view, the majority of the members indicated its support for the Administration's proposal. Members however urged the Administration to put in place an effective mechanism for monitoring the DTTNCo and introduce relevant safeguard measures to ensure fair competition.

11. The Panel noted that the port had always been a key factor in the development and prosperity of Hong Kong. During the session, the Panel was consulted on a number of marine-related legislative proposals which were intended to bring local legislation in line with international standards. The major ones included the control of air pollution from ships, and measures to enhance safety in handling, stacking and transportation of containers used in international transport.

## Airport and aviation services

12. The Panel noted that Hong Kong experienced a remarkable increase in air traffic in 2004/05 due to the region's economic recovery. The Panel supported the Administration's plan to replace the Air Traffic Control (ATC) radar simulator of the Civil Aviation Department so as to facilitate the evaluation of possible new air routes or flight procedures aimed at improving ATC reliability and efficiency for the busy Pearl River Delta (PRD) airspace. The Panel also called on the Administration to formulate measures to tackle the congestion problem at Hong Kong International Airport and other PRD airports. In order to meet the growth in air traffic in the region, the Administration should expedite the review for replacement of the existing ATC management system.

13. In order to cater for the increasing demand for movement of air cargo, the Panel saw the need for timely expansion of new terminal facilities and maintaining effective and efficient customs and quarantine clearance for air cargo. To ensure aviation safety, the Panel also reviewed the legislation governing the classification, packing, marking, labeling and loading of dangerous goods consignments on board aircraft as well as training requirements for air cargo personnel. Members called on the Administration to ensure that the trades were ready for the implementation of the new requirements.

14. In reviewing the development of the helicopter market in Hong Kong and PRD, the Panel considered that there was potential for growth in the market for cross-boundary helicopter services in Hong Kong. Over the last decade, the cross-boundary helicopter shuttle service between Hong Kong and Macau had exhibited continued growth since its commencement towards the end of 1990. As soon as cross-boundary routes were available to new destinations in PRD, the demand for helicopter services and, consequently, heliport facilities was expected to increase rapidly. Noting that Government had a plan to expand the existing cross-boundary heliport at Macau Ferry Terminal to meet the potential demand for cross-boundary helicopter services, the Panel called on the Administration to ensure timely delivery of the expansion project.

15. During the session, the Panel continued to review the design of the proposed Government helipad at Hong Kong Convention and Exhibition Centre (HKCEC) to allow shared use by commercial heliport operators and the Government. It held a joint meeting with the Panel on Planning, Lands and Works and sought views from various stakeholders on the Administration's latest proposal. Whilst members generally agreed that Hong Kong urgently needed a permanent facility for the operation of commercial helicopter services within the Central Business District, some members had expressed concern about the environmental implications of the Administration's latest proposal.

Noting that the Administration would conduct a feasibility study and detailed design on the proposed Government helipad at HKCEC, members called on the Administration to brief the Panels again when further information was available.

## Energy supply

### *Electricity*

16. The Panel was briefed on the annual tariff revision plans by the two power companies. Under the existing Scheme of Control Agreements (SCAs) signed between the Government and the two power companies, the Panel noted that the Government could not unilaterally ask the two power companies to withhold increasing the electricity tariffs to relieve the burden of the general public and the business community. Members found this situation undesirable and considered the existing permitted rate of return too high in present-day economic climate, leading to high electricity tariffs. Members asked the Administration to address the problems.

17. Given the limitations in the existing SCAs, and in order to ensure that the public could continue to enjoy reliable, safe and efficient energy supplies at reasonable prices, the Panel attached great importance to the on-going review of the proposed regulatory framework for the future electricity market in Hong Kong upon the expiry of the existing SCAs between the Government and the two power companies in 2008. The Panel scheduled a series of meetings to review with the Administration and the two power companies issues relating to future market development, regulation on return and tariff, environmental impact of electricity supply, etc. It also held a meeting to collect views and comments from different stakeholders, academics and local groups. The Panel urged the Administration to refine the economic regulatory framework, enhance interconnection between the two power companies, and provide grid access to any new supply sources in future with a view to lowering costs for consumers after the expiry of the current SCAs in 2008. There was also a need to minimize the environmental impact caused by the production and use of energy.

As Government was discussing with the two power companies on the post-2008 arrangement, the Panel would continue to monitor closely the future development of the electricity market, having regard to the overall long-term interests of Hong Kong as a whole.

### *Gas safety and tariff*

18. The Panel welcomed the planned introduction of natural gas by Hong Kong and China Gas Company Limited (HKCG) before the end of 2006 to replace portions of naphtha as feedstock to generate town gas. The Panel considered that this initiative would help establish a reliable long-term supply

of energy for Hong Kong as well as to reduce gas production cost to bring fuel savings to customers. The initiative would also improve the environment as emissions of carbon dioxide, nitrogen oxides and sulphur dioxide would be reduced.

19. Following the gas explosion incident at Ngau Tau Kok, the Panel discussed the actions and measures taken by the Administration, and HKCG to ensure the safety of town gas supply in Hong Kong. The Panel also reviewed the respective role played by Government and HKCG in ensuring gas safety. Members called on the parties concerned to enhance the reliability of leakage surveys of existing pipelines and accelerate the replacement programme for existing Town gas pipelines to ensure public safety.

### Competition

20. The Panel was briefed on the main findings and recommendations of the consultancy study on the local auto-fuel retail market and reviewed the need for introducing a comprehensive and cross-sector law on fair competition. The Panel was still concerned that as the local auto-fuel market was dominated by a small number of major suppliers, there was a risk that collusion could occur. As a result, consumers were not benefiting from the degree of price competition found in some other markets. The Panel called on the Administration to review the competition policy and examine ways to enhance competition in the local auto-fuel market. As the Competition Policy Review Committee was preparing a report on the review of competition policy and would submit its report in the middle of the year, the Panel would revisit the subject matter in due course.

21. During the period from October 2005 to May 2006, the Panel held a total of 14 meetings. One of which was joint meeting with the Panel on Planning, Lands and Works. The Panel paid a visit to HKWP to review the progress of the project.

**Panel on Economic Services**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council  
Panel on Economic Services**

**Membership list for 2005 - 2006 session**

<b>Chairman</b>	Hon James TIEN Pei-chun, GBS, JP
<b>Deputy Chairman</b>	Hon Jeffrey LAM Kin-fung, SBS, JP
<b>Members</b>	Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP Dr Hon David LI Kwok-po, GBS, JP Hon Fred LI Wah-ming, JP Dr Hon LUI Ming-wah, SBS, JP Hon CHAN Kam-lam, SBS, JP Hon SIN Chung-kai, JP Hon Howard YOUNG, SBS, JP Hon LAU Chin-shek, JP Hon Miriam LAU Kin-yee, GBS, JP Hon Abraham SHEK Lai-him, JP Hon Vincent FANG Kang, JP Hon Andrew LEUNG Kwan-yuen, SBS, JP Hon WONG Ting-kwong, BBS Hon Ronny TONG Ka-wah, SC Hon CHIM Pui-chung Hon Albert Jinghan CHENG Hon KWONG Chi-kin Hon TAM Heung-man  (Total: 20 members)
<b>Clerk</b>	Mr Andy LAU
<b>Legal Adviser</b>	Miss Anita HO
<b>Date</b>	3 July 2006