

立法會
Legislative Council

LC Paper No. CB(1)19/14-15
(These minutes have been seen
by the Administration)

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Panel on Economic Development

Minutes of meeting
held on Monday, 23 June 2014, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK
Hon CHAN Han-pan
Hon Kenneth LEUNG
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu
Hon CHUNG Kwok-pan
- Members absent** : Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau

Members attending : Hon Cyd HO Sau-lan
Hon Michael TIEN Puk-sun, BBS, JP

Public officers attending : Agenda Item IV

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Andy YAU, JP
Head (Airport Expansion Project Coordination Office)

Agenda Item V

Mrs Alice CHEUNG
Deputy Secretary
(Commerce and Economic Development)
(Commerce and Industry)

Ms Manda CHAN
Principal Assistant Secretary
(Commerce and Economic Development)
(Commerce and Industry)

Mr CHAN Kwok-kee
Assistant Secretary
(Commerce and Economic Development)
(Commerce and Industry)

Mr CHAN Chi-keung
Head of Trade Controls
Customs and Excise Department

Mr MAK Yuk-kam
Principal Trade Controls Officer
Customs and Excise Department

Attendance by invitation : Agenda Item IV

Airport Authority Hong Kong

Mr Stanley HUI, JP
Chief Executive Officer

Mr John CHAI
Executive Director, Projects

Mr NG Chi-kee
Executive Director, Airport Operations

Ms Stephanie LI
Chief Communication Officer

Mr Peter LEE
General Manager, Environment (Projects)

Mott MacDonald

Mr Eric CHING

Clymene Enterprises

Dr Thomas JEFFERSON

URS Corporation

Dr Bill FEHRING

Arup

Mr Sam TSOI

The Chinese University of Hong Kong

Professor WONG Tze-wai

Environmental Resources Management

Mr Craig REID

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Daniel SIN
Senior Council Secretary (1)7

Ms Michelle NIEN
Legislative Assistant (1)5

Action

I Confirmation of minutes of meeting

(LC Paper No. CB(1)1627/13-14 —Minutes of meeting held on 24 March 2014)

The minutes of the meeting held on 24 March 2014 were confirmed.

II Information paper issued since last meeting

(LC Paper No. CB(1)1486/13-14(01) —Issues raised at the meeting between Legislative Council Members and Tai Po District Council members on 23 January 2014 relating to the development of regional recreational fisheries in Hong Kong (Restricted to Members)

LC Paper No. CB(1)1550/13-14(01) —Administration's paper on tables and graphs showing the import and retail prices of major oil products from May 2012 to April 2014

LC Paper No. CB(1)1596/13-14(01) —Administration's response to the letter dated 21 May 2014 from Hon James TO Kun-sun in respect of the report on the investigation into staff conduct in the Marine Department in relation to the vessel collision incident near Lamma Island (LC Paper No. CB(1)1480/13-14(01))

LC Paper No. CB(1)1620/13-14(01) —Submission on the purchase of air traffic management system Autotrac 3 by the Civil Aviation Department from Mr Chris LEUNG dated 23 May 2014)

2. Members noted the above papers issued since the last regular meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1)1626/13-14(01) —List of outstanding items for discussion

LC Paper No. CB(1)1626/13-14(02) —List of follow-up actions)

3. The Chairman said that the Administration had not suggested any item for discussion at the regular meeting scheduled for 14 July 2014. Given the public concerns over the proposed Three-Runway System ("3RS") project at the Hong Kong International Airport ("HKIA"), the Chairman suggested that a public hearing for receiving public views on the 3RS Project be scheduled for that meeting. Mr CHAN Kam-lam agreed.

4. Mr Albert CHAN suggested that the first half an hour of the next meeting be allotted for discussing the purchase of air traffic management system Autotrac 3 by the Civil Aviation Department.

5. The Chairman said that he would include in the agenda of the next meeting the item proposed by Mr Albert CHAN but would make alternate arrangements for the meeting when a large number of deputations signed up for the public hearing. There were no dissenting views from members.

IV Updates on the Third Runway Project in the Hong Kong International Airport

(LC Paper No. CB(1)1626/13-14(03) —Administration's paper on the updates on the Third Runway Project in the Hong Kong International Airport

LC Paper No. CB(1)1626/13-14(04) —Paper on the development of a third runway at the Hong Kong International Airport prepared by the Legislative Council Secretariat (background brief))

6. Under Secretary for Transport and Housing ("USTH") made a brief introduction. Chief Executive Officer, Airport Authority Hong Kong ("AAHK") and General Manager, Environment (Projects), AAHK supplemented with the aid PowerPoint. Mr CHAN Kam-lam and Mr Frankie YICK declared that they were members of the Board of AAHK.

7. Dr Elizabeth QUAT said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the implementation of the 3RS Project as early as possible.

Possible cost overrun of and legal challenge against the Three-Runway System

8. Dr Elizabeth QUAT expressed concern about cost escalation of the project in the event that the scheduled completion of 3RS by 2023 was delayed and that Hong Kong might lose out in the regional competition as neighbouring airports were catching up in terms of passenger and cargo throughput. Mr YIU Si-wing and Mr Christopher CHEUNG expressed a similar concern. Dr QUAT asked about the measures that the Administration adopt to prevent cost overrun.

9. USTH said that the current plan to commence construction works of the 3RS in 2016 for commissioning in 2023 was pragmatic and achievable. He added that a Steering Committee, chaired by the Financial Secretary, would co-ordinate the project and monitor various relevant issues such as the supply of labour, implementation of the required statutory process as well as co-operation and liaison with Mainland authorities.

10. As regards HKIA's competitive edge over other neighbouring airports, USTH said that HKIA was positioned as an international air service hub and did not compete directly with regional airports in the Mainland (such as the Baiyun Airport in Guangzhou) which mainly served domestic flights.

11. The Chairman asked whether the Administration would allow the import of labour for the 3RS project to ensure its timely completion. USTH said that the Administration's objective was to ensure a sufficient supply of labour to enable timely completion of the project, and it would remain open in respect of the means to achieve this.

12. Mr CHAN Kam-lam expressed concern about the fast growing competition from neighbouring airports and said that Hong Kong could not afford any delay in the 3RS project. Mr CHAN asked whether AAHK foresaw any risk of the environmental impact assessment ("EIA") report on the 3RS project being challenged legally and whether AAHK could accommodate further environmental requirements put forward by the public.

13. Chief Executive Officer, AAHK expressed agreement to Mr CHAN Kam-lam's concern that 3RS should be implemented as early as possible so that HKIA could have sufficient capacity to handle the increasing air traffic demand. He said that the EIA process had been conducted in a transparent manner and in accordance with all relevant statutory requirements. Relevant mitigation measures would be implemented. However, Chief Executive Officer, AAHK acknowledged that any member of the public had the right to file a judicial review of the 3RS EIA process and that AAHK could not speculate on such possibility.

14. Dr LAM Tai-fai expressed support for the 3RS project and said that Hong Kong must keep up its infrastructural development to maintain its competitive edge in the region. However, Dr LAM cast doubt on the Administration's ability to control cost and prevent cost overruns of the 3RS project. He asked the Administration for the latest estimate of the 3RS project and whether the recent change of the Chairmanship in AAHK board had any impact on the project.

15. USTH explained that a reasonable project cost estimate would be worked out by AAHK in due course and the estimate would be subject to verification by the Government. He added that both the out-going and new Chairmen of AAHK were equally concerned about the progress of the 3RS project and the project was also being monitored by a high level steering committee in the Administration.

16. Mr TANG Ka-piu considered that the planned commencement of the construction of 3RS in 2016 was too optimistic given the possibility of judicial review against the EIA process and the time that the Legislative Council might require for scrutinizing the project and the funding requirement. He asked if the Administration had assessed the time beyond which implementation of 3RS would no longer be cost effective.

17. USTH considered that the current project timetable was pragmatic and achievable and declined to speculate on the time required for the project to receive necessary approval by the Legislative Council. He appealed to members for their support for the project.

18. Mr YIU Si-wing supported the early implementation of the 3RS project. He noted that the capacity of HKIA would be saturated by 2019, and he asked about the economic loss that Hong Kong would suffer each year if the implementation of 3RS was delayed. Dr LAM Tai-fai raised a similar query.

19. Chief Executive Officer, AAHK said that according to the latest forecast, HKIA could reach the point of saturation as early as 2016. Executive Director, Projects, AAHK supplemented that, while detailed assessment was yet to be completed, if 3RS could not come into operation by 2023, Hong Kong might suffer an economic loss estimated to be around \$9 billion to \$10 billion each year. However, as the project estimate for 3RS was still being worked out, the increase in construction expenditure due to delay in project could not be evaluated at the present stage.

20. Noting that HKIA could become saturated by 2016, Mr YIU Si-wing asked the Administration to assess the impact of the situation on the tourism industry and the logistics trade in the interim when the new runway could only come into operation by 2023 at the earliest. USTH considered it unlikely that

the tourism industry and the logistics trade would be severely affected since it was envisaged in some studies that between 2016 and 2023, their growth and hence demand for air traffic might become more stable.

21. Dr Elizabeth QUAT suggested that the Administration should prepare reports for members' reference, on the economic impact on Hong Kong and the impact of the employment situation if 3RS was not implemented or delayed. USTH said that the Administration might consider what information could be made available for members in the light of AAHK's study on 3RS financing options to be completed by the end of the year.

Financing options for the project

22. In response to Dr Elizabeth QUAT regarding financing options of the 3RS project, USTH said that AAHK had engaged consultants to work out cost estimates and explore means to generate income from the project to offset the construction cost. The Administration would also appoint independent consultants to evaluate the financing options to be put forth by AAHK. It was estimated that the consultancy study would be completed by the end of 2014.

23. Mr SIN Chung-kai commented that if the Administration forfeited any dividend payment from AAHK, 3RS could be implemented by AAHK without any additional funding from the Government. USTH responded that AAHK was considering various financing options, including the approach mentioned by members. Chief Executive Officer, AAHK said that members would be kept informed when the assessment on the 3RS financial arrangement had been finalized and agreed with the Government.

Impact of the Three-Runway System Project on Chinese White Dolphins

24. Mr CHAN Kam-lam noted the public concerns about the conditions of the Chinese White Dolphins ("CWDs"). He asked if the dolphins could be relocated during the reclamation phase of the Project. Dr Thomas JEFFERSON of Clymene Enterprises said that the impact of construction activities on the habitat of CWDs had been evaluated, and data were also available from previous studies conducted at the late construction stage of the Chek Lap Kok airport in the 1990s. The information indicated that CWDs did tend to shift their habitat when there were construction activities in progress.

25. While acknowledging that there was a need to construct 3RS in Hong Kong, Mr Albert CHAN considered that Chek Lap Kok was not the appropriate location. Mr CHAN commented constructing the new runway in the proposed location would bring about an ecological disaster as it would practically obliterate the existing habitat for CWDs. He suggested that the environmental issues of the proposed 3RS should be discussed in depth at the Panel on

Environmental Affairs.

26. Mr Kenneth LEUNG asked if the Administration would conserve the CWDs by first designating the Marine Park so that the CWDs could be relocated there before the construction commenced. Mr Thomas JEFFERSON of Clymene Enterprises said that the location of the proposed Marine Park would be very close to the proposed reclamation area for the third runway and once the Marine Park was designated, it would be difficult for the construction works to proceed.

27. Mr Frankie YICK supported the early commissioning of the proposed 3RS. He considered that the proposed re-routing of the ferry services to and from the SkyPier as a measure for protecting the CWDs would result in longer detour and additional operating cost of such services. He asked whether there might be alternatives that could keep the existing ferry routes using SkyPier intact while achieving the conservation objective.

28. Mr Thomas JEFFERSON of Clymene Enterprises said that there were signs that the CWDs were shifting away from development projects and would return when the construction activities ceased. When the Marine Park was designated, the various relevant restrictions would ensure better protection for the CWDs.

29. Mr Michael TIEN asked if the Administration would sign an agreement with AAHK that the third runway would not be put to use before the Marine Park had been designated. USTH replied that the Director of Environmental Protection might consider introducing similar conditions in the Environmental Permit on 3RS which would have served the same purpose.

30. Ms Cyd HO relayed the criticism by some organizations that the EIA report had not fully revealed the opinions and recommendations from experts on the conservation of CWDs. Ms HO asked if the Administration or AAHK could reveal the views and recommendations of experts that had not been adopted in the report. Chief Executive Officer, AAHK responded that the criticism that Ms HO quoted was not factually correct.

31. Mr Jeffrey LAM declared that he was a member of the AAHK Board. In response to the enquiry from Mr LAM, Mr Thomas JEFFERSON of Clymene Enterprises said that the movements of the CWDs in HK waters were being tracked since mid-1990s and detailed information of their movements had been incorporated in the EIA report as appropriate. Mr JEFFERSON said that each dolphin had a particular range of movement and tended to move around certain core areas.

Environment impact of the Three-Runway System

32. Mr Albert CHAN requested the Administration to provide information on the existing Noise Exposure Forecast ("NEF") 25 contour of HKIA. General Manager, Environment (Projects), AAHK said that the information had been included in the EIA report and undertook to provide the information after the meeting.

33. Mr TANG Ka-piu said that Tung Chung residents were concerned about the degradation of air quality in Tung Chung as a result of the airport operation. He asked if the Administration would offer compensatory measures to secure their support for 3RS. General Manager, Environment (Projects), AAHK advised that AAHK had implemented various carbon reduction measures in recent years which had resulted in a 15% drop in the total emission of HKIA. AAHK had invited local residents of Tung Chung to pay visits to the airport to enhance their understanding of the work of AAHK.

34. Mr Michael TIEN said that residents of Ma Wan were concerned about aircraft noise due to the opening of new flight paths following the operation of 3RS. They suggested that, when the third runway was in operation, the centre runway should be on standby mode between 11:00 pm to 7:00 am on the following day. Mr TIEN asked if AAHK would accede to Ma Wan residents' request.

35. General Manager, Environment (Projects), AAHK explained that runways in HKIA would need to undergo regular routine check and maintenance. When one runway was suspended for maintenance, the other runways might need to back up. It was therefore impractical to put the second runway on constant standby mode during late night/morning hours as suggested. In fact, the overall noise levels of the two-runway system and 3RS were expected to be comparable, and with technological improvement, new generation aircrafts were expected to be quieter. Noise impact should be within the acceptable limit.

36. Mr Michael TIEN commented that the flight paths of aircrafts using the proposed third runway appeared to cross Ma Wan area and would therefore generate noise affecting Ma Wan residents. He suggested that the Administration should explain the rationale and the noise impact to the residents' concerned.

37. Mr CHAN Han-pan noted that new flight paths would be open with the commissioning of the proposed 3RS. He said that the additional air traffic along the flight paths would cause noise that would affect the population underneath, such as Tai Lam and Kam Tin. Mr CHAN asked how many people would be affected and what the noise levels would be. General Manager, Environment (Projects), AAHK said that the flight paths were designed to

comply with the Hong Kong Planning Standards and Guidelines which stipulated that noise sensitive land uses (including residential uses) were considered acceptable if they fell outside the NEF 25 contour. The areas mentioned by Mr CHAN would not fall within the NEF 25 contour of the proposed 3RS.

Employment opportunities arising from the Three-Runway System

38. Mr TANG Ka-piu said that the existing 70 000 job positions were not filled because they were not attractive given the long travelling distance between the airport and the urban areas, as well as the high commuting cost. Mr TANG asked what measures the Administration would introduce to attract more workers to take up employment in the airport. Executive Director, Airport Operations, AAHK said that AAHK had maintained regular communication with the local community and bus operators on the feasibility of increasing bus frequencies and the provision of travelling subsidies for workers.

Reclamation requirement

39. Mr Kenneth LEUNG asked whether the area of the proposed 650 hectares of reclamation area for the 3RS could be further reduced, and how the reclaimed areas would be used. Executive Director, Projects, AAHK said that the reclamation area would be used for constructing the essential facilities, including concourse and other ancillary facilities. There was no scope for further reduction in the scale of reclamation.

Capacity of the Three-Runway System and airspace management

40. Mr Kenneth CHAN noted that the maximum runway capacity of HKIA would be increased from 68 air traffic movements ("ATMs") per hour with the existing two runways to a maximum of 102 ATMs per hour under 3RS. He queried whether the latter figure was a theoretical limit, and whether factors such as wind conditions and airspace control had been taken into account when setting this limit.

41. General Manager, Environment (Projects), AAHK replied that AAHK had commissioned the National Air Traffic Services of the United Kingdom to carry out airspace and runway capacity analysis. Geographical characteristics, physical terrain, traffic mix, etc., had been taken into account in evaluating the aircraft movement capacity of the airport under 3RS.

42. Mr SIN Chung-kai asked, when 3RS was in full operation, whether there would be sufficient timeslots in the airspace to allow full utilization of the third runway. USTH said that there were established communication channels between Hong Kong and Mainland authorities on the optimal use of the airspace.

The 3RS project was taken into account in the long-term management of the airspace.

Impact on the fishing sector

43. Mr Steven HO commented that the Administration had so far only focused on the impact of the 3RS project on fishing resources without addressing the operational issues faced by the fishery sector. Mr HO suggested that the Panel on Food Safety and Environmental Hygiene should be invited to follow up on the matter. Mr Eric CHING of Mott MacDonald replied that during the preparation of EIA, a survey on the fishing community had been conducted to gain better understanding of their operations, and to recommend mitigation measures such as the setting up of the fisheries enhancement fund to encourage enhancements in the operation of the fishery industry.

Rail connection between Chep Lap Kok and Shenzhen

44. Mr Michael TIEN commented many international flights might not choose to call at HKIA if there was no rail connection with the Shenzhen airport, even with the commissioning of the third runway. He urged the Administration to consider the feasibility of constructing a rail link between the two airports. USTH responded that studies indicated that such proposed rail link might not necessarily be cost effective and for some sectors, it might even be counterproductive.

Charging for the use of the airport

45. Mr Christopher CHEUNG supported the early implementation of 3RS. Mr CHEUNG asked whether AAHK had worked out the various charges associated with the use of HKIA by airlines. Mr CHEUNG expressed concern that high charges would affect the competitiveness of HKIA and that airlines might pass on the additional costs to passengers. He asked whether AAHK would consider cost reduction measures or listing HKIA in the Hong Kong Stock Exchange.

46. USTH advised that the question of charging would be considered in the context of the study on the financial arrangement and financing options currently being worked out for the 3RS project and that these options and relevant recommendations would be available by end of 2014.

47. Chief Executive Officer, AAHK said that AAHK adhered to the "user pays principle" when setting or adjusting fees and charges for the use of the airport. He echoed members' concern about the impact on Hong Kong's competitiveness.

V Draft guidelines for the operation of the relevant sections concerning the control on phthalates in the Toys and Children's Products Safety (Additional Safety Standards or Requirements) Regulation

(LC Paper No. CB(1)1626/13-14(05) —Administration's paper on the draft guidelines for the operation of the relevant sections concerning the control on phthalates in the Toys and Children's Products Safety (Additional Safety Standards or Requirements) Regulation

LC Paper No. CB(1)1626/13-14(06) —Paper on the draft guidelines for the operation of the relevant sections concerning phthalates control in Toys and Children's Products Safety (Additional Safety Standards or Requirements) Regulation prepared by the Legislative Council Secretariat (background brief))

48. Deputy Secretary (Commerce and Economic Development) (Commerce and Industry) ("DS(CI)") briefed members on the draft guidelines for the operation of the relevant sections concerning the control on phthalates in the Toys and Children's Products Safety (Additional Safety Standards or Requirements) Regulation ("the Regulation"). DS(CI) said that the industry had been consulted on the draft guidelines.

49. Mr TANG Ka-piu asked what measures the Administration would undertake to help small shop operators understand the new requirements under the Regulation. Mr TANG pointed out that some shops might have stocked toys or children's products which might not be compatible with the new requirements regarding the amount of phthalates contents. He asked whether the Customs and Excise Department ("C&ED") would immediately prosecute the shops without warning if they were found to be in possession of toys or children products that did not comply with the new requirements.

50. DS(CI) advised that the draft guidelines under discussion would assist retailers (including small shop operators) in understanding and complying with the new requirements under the Regulation. In addition, C&ED was rolling out publicity and public education activities, including conducting seminars for the trade and visiting kindergartens and nurseries to elucidate on the regulatory regime for toys and children's products and the new requirements under the

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Regulation, and producing publicity pamphlets. C&ED was also already conducting spot checks on toys and children products being sold in the market and would give suitable advice to operators found to have products that would not comply with the new requirements of the Regulation. As explained at the Subcommittee on the Regulation, C&ED would, during the early stage upon the commencement of the Regulation, advise or warn non-compliant operators concerned if appropriate and practicable.

51. In response to the enquiry by Mr TANG Ka-piu whether the new requirements were applicable to toys or children products sold on the Internet or as second-hand products, DS(CI) replied in the affirmative. DS(CI) added that the principal legislation had defence provisions for an accused person selling second-hand products.

52. Mr Jeffrey LAM declared that he was a toy manufacturer and director of a toy company. Mr LAM commented that phthalates were widely used in the manufacturing of many plastic products. He suggested that the Administration should provide more relevant information to retailers and the general public about the risks of phthalates and the new requirements under the Regulation. Mr LAM asked about the details of publicity and public education activities being carried out.

53. Principal Trade Controls Officer, C&ED advised that apart from preparing for the trade's reference the guidelines giving technical guidance on the operation of the relevant sections of the Regulation concerning the control of phthalates, C&ED was also conducting seminars for the trade and visits to kindergartens and nurseries as mentioned by DS(CI) above. During the seminars, C&ED would give advice to the trade, especially small shop operators, on how to source Regulation-compliant products. During the visits, C&ED would explain the potential risks of the regulated phthalates to children's health and how to choose Regulation-compliant products.

VI Any other business

54. There being no other business, the meeting was adjourned at 12:33 pm.