

**立法會**  
**Legislative Council**

LC Paper No. CB(4)1274/15-16

(These minutes have been seen  
by the Administration)

Ref : CB4/PL/EDEV

**Panel on Economic Development**

**Minutes of meeting**  
**held on Monday, 27 June 2016, 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  
Dr Hon LEUNG Ka-lau  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Gary FAN Kwok-wai  
Hon Charles Peter MOK, JP  
Hon CHAN Yuen-han, SBS, JP  
Hon Kenneth LEUNG  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Elizabeth QUAT, JP  
Hon TANG Ka-piu, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS
- Members absent** : Hon Paul TSE Wai-chun, JP  
Hon Albert CHAN Wai-yip  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHUNG Kwok-pan

**Public Officers  
attending**

: Agenda item III

Transport and Housing Bureau

Mr Wallace LAU  
Deputy Secretary for Transport and Housing  
(Transport)4

Civil Aviation Department

Mr Kevin CHOI  
Deputy Director (Special Duties)

Mr Raymond NG  
Assistant Director-General of Civil Aviation  
(Airport Standards)

Mr Stewart SHUM  
Chief Treasury Accountant

Mr Michael LAU  
Flight Operations Inspector(S)3

Mr Peter PANG  
Senior Airworthiness Officer (6)

Agenda item IV

Environment Bureau

Ms Christine LOH, JP  
Under Secretary for the Environment

Mr Vincent LIU, JP  
Deputy Secretary for the Environment

Ms Esther WANG  
Principal Assistant Secretary for the Environment  
(Financial Monitoring)

Housing Department

Miss Rosaline WONG  
Assistant Director (Estate Management)2

Mr NG Tat-kwan  
Chief Building Services Engineer (2)

**Clerk in attendance :** Ms Shirley CHAN  
Chief Council Secretary (4)5

**Staff in attendance :** Ms Shirley TAM  
Senior Council Secretary (4)5

Ms Lauren LI  
Council Secretary (4)5

Ms Zoe TONG  
Legislative Assistant (4)5

---

Action

**I. Confirmation of minutes of meetings**

(LC Paper No. CB(4)1096/15-16 — Minutes of meeting on  
24 March 2016

LC Paper No. CB(4)1143/15-16 — Minutes of meeting on  
19 April 2016)

The minutes of the meetings held on 24 March 2016 and 19 April 2016 were confirmed.

**II. Information papers issued since the last regular meeting**

(LC Paper No. CB(4)1058/15-16(01) — Joint letter from Hon Starry LEE and Dr Hon Elizabeth QUAT dated 23 May 2016 on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (Chinese version only)

LC Paper No. CB(4)1058/15-16(02) — Joint letter from Hon CHAN Yuen-han and Hon TANG Ka-piu dated 23 May 2016 on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (Chinese version only)

LC Paper No. CB(4)1061/15-16(01) — Administration's paper on tables and graphs showing the import and retail prices of major oil products from May 2014 to April 2016

LC Paper No. CB(4)1119/15-16(01) — Administration's response to two joint letters from Members on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 as set out in LC Paper Nos. CB(4)1058/15-16(01) and (02)

LC Paper No. CB(4)1155/15-16(01) — Further joint letter from Hon CHAN Yuen-han and Hon TANG Ka-piu dated 20 June 2016 on implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (Chinese version only))

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

**III. Review of fees and charges under the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D) and the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A)**

(LC Paper No. CB(4)1138/15-16(01) — Administration's paper on review of fees and charges

under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D))

### Presentation by the Administration

3. At the invitation of the Chairman, Deputy Secretary for Transport and Housing (Transport)<sup>4</sup> ("DSTH") introduced the progress of the review of the statutory fees under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D). With the aid of power-point presentation material, Chief Treasury Accountant presented the details of the review and the way forward for implementing the review results and fee proposals. Details of the presentation were set out in the Administration's paper (LC Paper No. CB(4)1138/15-16(01)).

*(Post-meeting note: The power-point presentation material provided by the Administration was issued to members vide LC Paper No. CB(4)1172/15-16(01) on 27 June 2016.)*

### Discussion

#### *Fee levels*

4. Mr Kenneth LEUNG enquired about the types of charges imposed by the Civil Aviation Department ("CAD") via the Airport Authority Hong Kong ("AAHK") on airlines.

5. Deputy Director (Special Duties) ("DD/SD") advised that the 79 statutory fee items under discussion were charged by CAD to AAHK and/or airlines, among others, in accordance with Cap. 312A and Cap. 448D. Air navigation charges were charged separately, where charges for navigating aircrafts landing at and taking off from the Hong Kong International Airport ("HKIA") were payable by AAHK, whereas charges for overflying aircraft without landing at HKIA were recovered directly from the aircraft operators.

6. Mr Kenneth LEUNG further enquired about the charging levels of the 79 statutory fee items vis-à-vis similar items charged by the airport authorities of neighbouring cities as well as other major Asian cities.

7. Mr YIU Si-wing also asked about how the proposed statutory airport fees and charges compared with those of other overseas jurisdictions. Given that the landing and parking charges of aircraft at HKIA would increase shortly so as to finance the three-runway system ("3RS") project, Mr YIU was concerned about the overall cost implication on the aviation industry following these fee adjustments proposed by the Administration, and enquired if any trade consultation would be conducted.

8. DD/SD responded that generally speaking the charging levels of the 79 statutory fee items were relatively low when compared with other overseas jurisdictions and hence any increase of these fees would not bring about significant upward adjustment of the total airport charges. In fact, the current fee revision would mainly reflect inflation since the last fee revision in 2012. CAD was finalizing the review of the fees and charges under Cap. 312A and Cap. 448D and would consult major stakeholders once the fee proposals were ready in the second quarter of 2016. After that, CAD would report the outcome of the consultation to the Panel on Economic Development ("the Panel") and proceed with the requisite legislative procedures with a view to implementing the new fee levels in mid-2017. At members' request, DD/SD undertook to provide a comparison of the proposed fees and charges of CAD and those of other neighbouring civil aviation authorities after the meeting.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1249/15-16(01) on 15 July 2016.)*

9. Noting that the Administration last briefed the Panel on the fee revision proposal under Cap. 312A and Cap. 448D in June 2011, Mr SIN Chung-kai suggested that the Administration should brief the Panel on the review of such fees every four years. To facilitate members' consideration, the Administration should also provide the cost recovery rates for each of the fee items in discussion.

#### *Fees for holders of Air Operator's Certificates*

10. Noting that CAD was considering making changes to the fee structure for the grant or variation of Air Operator's Certificates ("AOCs"), Mr Kenneth LEUNG enquired about details of this arrangement.

11. DD/SD responded that at present, the said fees which applied to civil aircraft, helicopters and business light aircraft were dependent on the weight of aircraft concerned and categorized into five different weight levels. According to CAD's experience, the cost of investigation or processing did not necessarily relate to the weight of aircraft. In particular, the fee levels for lighter aircraft

could not fully reflect the cost spent by CAD. As a result, fees for lighter aircraft types were under-recovering and CAD was considering rationalizing the fee structure for AOC with a view to achieving full-cost recovery. In taking forward the new fee proposals, CAD would also take into account the implication on the affected aircraft operators.

12. In response to Mr Kenneth LEUNG's further question, Flight Operations Inspector (S)3 advised that under the five-level fee structure for AOC, airbus A350 with a take-off weight of about 270 tonnes belonged to the heaviest weight level, whereas a general business aircraft with take-off weight of about 60 tonnes fell in the second or third weight level.

*Environmental performances of airlines*

13. Noting that the fee structure and levels of the 79 statutory fee items simply followed the "user pays" principle of the Government and the charging principles adopted by the International Civil Aviation Organisation and that some of the fees were set in accordance with aircraft weights, Mr YIU Si-wing suggested that the Administration should also take into account the efforts made by airlines to reduce air and noise pollution from flight operation when determining the fee structure and levels so as to encourage airlines to enhance their environmental performances.

14. Sharing Mr YIU Si-wing's concern on aircraft noise, Mr Frankie YICK considered that the Administration should provide incentives under the charging mechanism for airlines to use new generation aircraft which were larger and quieter. Airlines should also be encouraged to use the flight path farther away from more densely populated areas during night-time. In order to address the capacity constraint of the two runways and optimize their usage before the completion of 3RS in 2020, the Administration should explore the feasibility of extending the airport's operating hours by starting one hour earlier in the morning.

15. In response, DD/SD advised that the Administration acknowledged the need to enhance the environmental performances of airlines and hence the Administration had been collaborating with AAHK to encourage airlines to use larger but quieter aircraft. In addition, CAD and AAHK had been exploring measures with a view to increasing runway movements at night, such as allowing more movements of quieter aircraft and shortening the period of runway closure at night for routine maintenance, having regard to the need of minimizing the noise impact on neighbouring residents.

## Conclusion

16. The Chairman invited the Administration to take note of members' various concerns and views raised at the meeting.

### **IV. Prices of domestic liquefied petroleum gas**

(LC Paper No. CB(4)1138/15-16(02) — Environment Bureau's paper on price adjustment mechanism and transparency of domestic liquefied petroleum gas prices

LC Paper No. CB(4)1138/15-16(03) — Transport and Housing Bureau's paper on centralised liquefied petroleum gas supply for public housing

LC Paper No. CB(4)1138/15-16(04) — Paper on prices of domestic liquefied petroleum gas and selection of centralized domestic liquefied petroleum gas suppliers for subsidized housing prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(4)992/15-16(01) — Letter from Hon TANG Ka-piu dated 12 May 2016 on issues relating to domestic liquefied petroleum gas (Chinese version only)

### Presentation by the Administration

17. At the invitation of the Chairman, Deputy Secretary for the Environment ("DSEN") briefed members on the price adjustment mechanism of domestic liquefied petroleum gas ("LPG") and the Government's efforts in monitoring these prices. Assistant Director (Estate Management)<sup>2</sup> ("AD/EM") introduced the arrangements of the Hong Kong Housing Authority ("HA") for the adoption of centralized LPG supply in public rental housing ("PRH") estates. Details of the introductions were set out in the Administration's papers (LC Paper Nos. CB(4)1138/15-16(02) and (03)).



Discussion

*Prices of domestic liquefied petroleum gas*

18. Mr TANG Ka-piu expressed concern that both the retail prices and price adjustments set by local LPG suppliers were almost the same. Although two of the three domestic piped LPG suppliers had already published the updated prices on their websites, he suggested that the Administration should publish domestic piped LPG prices of all the three suppliers centrally on the Government website to enhance the price transparency.

19. DSEN responded that the Environment Bureau had consulted the Competition Commission ("the Commission") on this suggestion. Given the highly concentrated nature of the domestic LPG market in Hong Kong, the Commission was of the view that publishing the price information on a designated platform so as to enhance price transparency could in fact facilitate price coordination and lead to an alignment of prices between suppliers. This arrangement might violate the Competition Ordinance (Cap. 619) or give rise to risks under the competition policy. In the light of the Commission's opinion, the Administration would not mandatorily request the oil companies to centrally publish their price information on the Government website.

20. Mr TANG Ka-piu was not convinced of the Administration's explanation given that prices of auto-fuel products and auto-LPG had already been published on the websites of the Consumer Council under its "auto-fuel price calculator" and of the Electrical and Mechanical Services Department respectively. He called on the Administration to further consult the Commission on publishing centrally the time-lagged prices of domestic piped LPG of all suppliers on the Government website so that the public could easily monitor the quality of gas supply service and the reasonableness of the LPG prices.

21. In response, DSEN relayed the Commission's views that the contracts for domestic piped LPG supply had a longer timeframe and end-users could hardly change a supplier even they received LPG price information from a designated online platform. In contrast, end-users of auto-fuels and auto-LPG could compare the relevant prices and discounts based on the information provided on the pricing platforms before choosing suppliers. Notwithstanding, he undertook to consult the Commission further regarding the suggestion of publishing the time-lagged prices of domestic piped LPG of all suppliers on the Government website.

*Centralized liquefied petroleum gas supply in public rental housing estates*

22. Noting that there were 15 PRH estates installed with centralized LPG supply system under HA's management, Mr TANG Ka-piu expressed concern about the current arrangements for renewals of contracts with LPG suppliers for provision of centralized domestic LPG. He said that although the LPG supply contracts of these PRH estates stipulated that the suppliers should not levy any charges higher than that in the prevailing private market, the LPG prices of these estates were actually higher than those of some private housing estates, such as Heng Fa Chuen, after the deduction of rebates and discounts offered by LPG suppliers.

23. AD/EM advised that on the premise of a safe and stable gas supply to its tenants, it was HA's policy to arrange with the LPG supplier for renewal of the contract upon the expiry of a term of 10 years, provided that the performance of the supplier was satisfactory during the contract period. This renewal arrangement instead of re-tendering would prevent temporary suspension of service and possible disturbance to the users that might be brought about by a change of supplier. Nevertheless, HA would look into the latest market situation and take into account the experience in private housing developments, with a view to considering whether any changes should be made to the policy.

24. Mr TANG Ka-piu expressed dissatisfaction with the renewal arrangement as this might not be to the best interest of users in PRH estates. He opined that HA should take a more active approach to negotiate with LPG suppliers prior to renewal of contracts with a view to negotiating more favourable terms for end users.

25. Miss CHAN Yuen-han asked about the timetable for completion of the review on the said renewal arrangement. In addition, she was concerned whether such arrangement violated the competition policy, and urged the Administration to make timely updates to its policies to tie in with the new legislation. In response, AD/EM advised that the Administration would look into the matter and consider making changes to its policies having regard to the latest market situation, the implication on end users, the Commission's view and the expiry time of existing contracts for LPG supply services.

26. To further follow up the issue, Mr TANG Ka-piu and Miss CHAN Yuen-han requested the Administration to provide information on the expiry dates of the existing contracts entered with LPG suppliers for provision of centralized LPG in PRH estates.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1239/15-16(01) on 14 July 2016.)*

27. Mr WU Chi-wai considered that the Administration should step up efforts to enhance market competition in order to provide more choices for end users. In this regard, he asked if HA would allow the 15 PRH estates to switch to use town gas provided by The Hong Kong and China Gas Company Limited ("Towngas"), and whether the land leases and Deed of Mutual Covenant ("DMC") of these estates stipulated any terms restricting such change.

28. AD/EM responded that relevant land leases and DMCs did not contain any terms restricting the switch of fuel supply. Nevertheless, considerations should be given to a host of cost and technical factors involved in switching those piped gas supply from LPG to town gas, such as the need to install connecting pipes to the town gas network and replace the gas main and service pipes. In response to Mr WU Chi-wai's further enquiry, AD/EM advised that Towngas had never applied to HA for providing towngas to the PRH estates concerned. The Administration would take into account all relevant factors if such application was received.

#### Conclusion

29. The Chairman invited the Administration to take note of members' various concerns and views raised at the meeting.

#### **V. Any other business**

30. There being no other business, the meeting ended at 12:01 pm.