

立法會
Legislative Council

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Panel on Transport

**Minutes of special meeting held on
Wednesday, 20 October 2004, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon LAU Kong-wah, JP (Chairman)
Hon Albert CHAN Wai-yip (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP
- Member attending** : Hon Albert Jinghan CHENG
- Members absent** : Hon LI Fung-ying, BBS, JP
Hon LEUNG Kwok-hung
- Public Officers attending** : Mr Joshua LAW
Permanent Secretary for the Environment, Transport and Works

Mr Arthur HO
Deputy Secretary for the Environment, Transport and Works

Mr William SHIU
Principal Assistant Secretary for the Environment, Transport
and Works

Mr K H LO
Chief Inspecting Officer (Railways)
Hong Kong Railway Inspectorate
Environment, Transport and Works Bureau

Mr Albert YUEN
Assistant Commissioner for Transport/Bus & Railway

Attendance by invitation : **MTR Corporation Limited**

Mr C K CHOW
Chief Executive Officer

Mr Phil GAFFNEY
Managing Director, Operations & Business Development

Mrs Miranda LEUNG
General Manager, Corporate Relations

Kowloon-Canton Railway Corporation

Mr Samuel LAI
Acting Chief Executive Officer

Mr Y T LI
Senior Director, Transport

Mrs Grace LAM
General Manager, Corporate Affairs

Clerk in attendance : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Ms Alice AU
Senior Council Secretary (1)5

Miss Winnie CHENG
Legislative Assistant (1)5

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- I Railway incidents and performance of the railway systems in Hong Kong**
(LC Paper No. CB(1)63/04-05(01) - Information paper provided by the Administration;
LC Paper No. CB(1)63/04-05(02) - Information paper provided by the Kowloon-Canton Railway Corporation;
LC Paper No. CB(1)63/04-05(03) - Information paper provided by the MTR Corporation Limited; and
LC Paper No. CB(1)64/04-05 - Background brief on Railway incidents prepared by the Secretariat)

The Chairman welcomed representatives of the Administration, the Kowloon-Canton Railway Corporation (KCRC) and the MTR Corporation Limited (MTRCL) to the special meeting of the Panel convened to follow up on recent railway incidents and the performance of railway systems in Hong Kong.

2. Mr Abraham SHEK declared his interest as a Member of the Managing Board of KCRC.

3. The Permanent Secretary for the Environment, Transport and Works (PSET) apologized for the late submission of the information papers for members' consideration. At the invitation of the Chairman, PSET introduced the paper provided by the Administration on the subject (LC Paper No. CB(1)63/04-05(01)).

4. Mr C K CHOW, Chief Executive Officer of MTRCL (CEO/MTRCL), briefed members on the paper provided by MTRCL (LC Paper No. CB(1)63/04-05(03)) on recent service disruptions and overall MTR service performance.

5. Mr Samuel LAI, Acting Chief Executive Officer of KCRC (CEO/KCRC(Acting)), highlighted the salient points of the paper provided by KCRC (LC Paper No. CB(1)63/04-05(02)) on the railway incidents which occurred in the past three months, the results of the investigations into these incidents and remedial actions taken to prevent the recurrence of similar incidents in future.

6. Notwithstanding the two railway corporations' pledge of the great importance they attached to the maintenance of railway safety and reliability, members in general expressed grave concern about the frequent occurrence of service disruption incidents, particularly in recent months, which had cast serious doubts on the public mind about the standard of existing maintenance programmes adopted by MTRCL and KCRC to prevent possible ageing and systemic failures of the railway systems.

Independent third party review on the MTR system

7. While welcoming MTRCL's decision to appoint Lloyd's Register Rail (Lloyd's) to conduct an independent third party review on the MTR system, Ir Dr Raymond HO considered that the focus of the review should be on the recent MTR service disruption incidents so that the correct enhancement measures could be identified as early as

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MTRCL possible. To facilitate members' monitoring, he requested MTRCL to provide members with the findings of Lloyd's review when available. If possible, the part of Lloyd's findings on the recent MTR service disruption incidents should preferably be provided to members for consideration as an interim report before the forthcoming meeting of the Subcommittee on matters relating to railways scheduled for 19 November 2004.

8. Mr CHEUNG Hok-ming queried whether the need to conduct an independent third party review was an indication of MTRCL's assessment that there might be systemic failures of the MTR system.

9. While agreeing to provide the findings of Lloyd's review for members' information when available, CEO/MTRCL said that it would not be appropriate to pre-empt the progress of Lloyd's independent review. He stressed that after the recent incidents, MTRCL had already conducted its own investigations and reviews with recommendations on the necessary rectification measures. The recent incidents were due to isolated and random failure of different parts of the system occurred in various railway lines. So far, there was no positive evidence to reveal any significant systemic safety defeats of the railway. Nonetheless, the Corporation recognized the need of being extra vigilant in the matter and had, after discussions with the Government, decided to conduct the said independent review on MTR performance, conditions of service critical assets and the adequacy of MTR maintenance regime. If weaknesses and shortcomings were identified, the Corporation would correct them and put in place improvements.

Railway safety and service performance

10. Ms Miriam LAU opined that it would be most important to ensure that the performance of railway services in Hong Kong was not deteriorating. To facilitate members' understanding, she requested the two railway corporations and the Administration to provide comparative information on the aggregate duration of service disruptions which occurred on the MTR and KCR networks from July to September 2004 with their respective historical performance over the preceding six months/same period in the preceding year, and with those of similar overseas railway systems.

MTRCL/
KCRC/
Admin

11. In response, CEO/MTRCL explained that MTR was designed to the fail-safe principle, in which, each system and each piece of equipment were designed to minimize risk. Trains would be brought to a safe halt immediately if an essential component or system fault was detected. The safety of passengers would not be jeopardized even if an incident occurred due to a component or device failure. He added that over the years, the MTR had maintained a very high standard of service, setting and achieving high customer service performance targets. While it might seem that more incidents had occurred in 2004, the performance of MTR system had in fact improved when compared with the same period last year. MTR was also one of the top performers among the member cities of the Community of Metros "CoMET" in its annual international benchmarking study exercise. He also pointed out that more delays might

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occur if more train journeys were made. Hence, it might not be meaningful to consider the number of minutes of service delays in isolation.

12. CEO/KCRC(Acting) also said that KCR was operated according to the fail-safe principle. Over the years, the quality of KCRC's railway services had been consistently high and compared favourably with other similar railway systems in the world. In recent years, the service delivery and punctuality rates of KCRC's railway services had been well above KCRC's service pledges and the terms of operating agreements with the Government. He pointed out that since December 2003, the railway corporations were required under the alert mechanism to issue notification to the Transport Department (TD) within eight minutes of any service disruption incidents that had occurred for 8 minutes or was expected to last for 8 minutes or more.

13. Mr WONG Kwok-hing however was concerned that the two railway corporations as well as the Administration had refused to acknowledge the seriousness of the problem as illustrated by the repeated occurrence of service disruption incidents on the two systems.

14. Highlighting the inconvenience service disruptions caused to the travelling public, Mrs Selina CHOW said that notwithstanding the railway corporations' assertion on railway safety, public confidence on the performance of railway services had been badly shaken as a result of the recent incidents. While it was necessary for the railway corporations to seek enhancements from an engineering aspects, they should also consider measures to improve the contingency arrangements having passenger interface such as the dissemination of information, proper handling of waiting passengers and provision of emergency transport services so as to turn around public perception. The Administration should also provide advice to the railway corporations as necessary.

15. Mr Abraham SHEK said that railway was a complex operation and it was inevitable that service delays did occur from time to time. However, it should also be recognized that the performance of Hong Kong's railways remained to be among the best by international standards. Notwithstanding, he agreed with Mrs Selina CHOW that the railway corporations should always seek to improve their contingency arrangements so that the safety of passengers would not be jeopardized in case of any mechanical failure.

16. Both CEO/MTRCL and CEO/KCRC(Acting) acknowledged the importance of ensuring effective handling of the passengers and proper dissemination of information in case of any service disruptions. Drills and exercises would be carried out regularly with all relevant government departments. The corporations would continue their efforts in seeking improvements by reviewing the lessons to be learnt from each incident. PSET also said that HKRI would work closely with the two railway corporations to seek the necessary improvements in respect of the handling of contingencies.

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MTRCL 17. Mr WONG Kwok-hing however remained concerned about MTRCL's arrangements for the handling of passengers and dissemination of information. He referred to the service disruption incident at MTR Quarry Bay Station on 13 October 2004, and asked whether adequate station and platform staff with the necessary training was available to ensure the safe evacuation of stranded passengers. He also queried why no public announcements was timely made at the station. At his request, MTRCL would provide a detailed report on the said incident including, *inter alia*, incident handling, information dissemination, emergency evacuation, level of platform and station staff responsible for evacuation of passengers. MTRCL was also requested to provide supplementary information on the manning level of MTR stations at present and as compared with that before 1997.

18. Mr Jeffrey LAM considered that another useful indicator of service performance was complaint statistics. To facilitate members' understanding, he requested for supplementary information on the statistics of complaints against KCRC and MTRCL and as compared with those of similar overseas railway systems.

19. In reply to Mr LAM's further enquiry, both KCRC and MTRCL confirmed that the corporations would closely liaise with the Police on the necessary contingency arrangements in case of terrorists' attacks.

Government monitoring

20. Mr LEE Wing-tat referred to paragraph 13 of the Administration's paper, and expressed grave concern about the Administration's assessment that most of the recent railway incidents did not have any safety implications. He was worried that given the Administration's complacency in the matter, the two railway corporations would be under no real pressure to seek improvements to minimize the occurrence of service disruptions.

21. In reply, PSET did not agree that the Administration was being complacent in the matter. He advised that the Hong Kong Railway Inspectorate (HKRI) and TD were responsible for monitoring respectively the safety and service performance aspects of railway services provided by the two railway corporations. Under the existing regulatory regime, arrangements and requirements were in place to ensure that railway systems would be maintained to very high safety standards. For each railway incident of concern, HKRI and TD would follow up with the railway corporations as appropriate and ask for an incident report. For safety-related incidents, HKRI would take the pro-active steps to conduct investigation, provide advice to the railway corporation concerned on preliminary identification of cause, immediate actions required and other areas that the corporation needed to address, and monitor the progress of identification of root cause and implementation of rectification measures. He stressed that should the railway corporations fail to take remedial action, the Government could under the existing regulatory regime require the railway corporations to take such remedial action and impose penalty if they did not comply with the requirement.

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22. Highlighting grave public concern on the matter, Mr CHENG Kar-foo regretted that the Secretary for the Environment, Transport and Works (SETW) had not attended the Panel meeting to discuss the related issues with members. Reiterating his long-standing concern that the Government should not merely rely on the existing two performance indicators of "Train Service Delivery" and "Train Punctuality" to assess the standard of railway services as train service disruptions were not accounted for, Mr CHENG was worried that if the Administration continued to adopt such a passive approach, the railway corporations would be under no real pressure to tackle the problems on hand as they would not be subject to any penalty. To ensure that there would be no further deterioration of railway standards and services in Hong Kong, the Democratic Party suggested that a Point Deduction System be established by reference to the extent of train service disruptions so that if the duration of train service disruptions exceeded a specified threshold over a certain period of time, SETW could refer the case to the Chief Executive in Council for imposing financial penalties on the railway corporation concerned.

23. In response, PSET stressed that the Government attached great importance to the maintenance of safety and reliability of railway services. In fact, SETW would attend the Council meeting to be held later in the afternoon to answer the questions raised by Members on the subject. He assured members that the Administration would carefully listen to the views and suggestions raised by members, and closely monitor the remedial measures to be taken by the two railway corporations.

24. PSET further said that the Administration considered that there were already adequate arrangements and requirements under the regulatory regime to ensure that railway systems would be maintained to very high safety standards to the satisfaction of HKRI. There was an established mechanism under the existing governing legislation of the railway corporations for the Government to impose financial penalty on the railway corporations for non-compliance with the provisions. Nonetheless, the Administration would adopt an open attitude towards any suggestion from members to improve the performance indicators.

25. Mr CHENG Kar-foo however remained unconvinced about the efficacy of the existing regulatory regime. Concerned that over the past three months, train service disruptions of more than 1 160 minutes had occurred on the MTR system, he queried why no sanction had been imposed by the Administration as such an extent of service disruptions clearly amounted to a "substantial breakdown of the service" under section 16 of the Mass Transit Railway Ordinance (Cap. 556) which constituted a default under the franchise.

26. Regarding MTR's recent performance, the Deputy Secretary for the Environment, Transport and Works stated that the Administration fully appreciated the inconvenience such service disruptions caused to the travelling public. However, according to HKRI's initial assessment, most of the incidents did not have any safety implications. Referring to the high level of performance achieved by the MTR lines as at September 2004, viz. 99.9% for "Train Service Delivery" and 99.6% for "Train

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Punctuality", he said that according to these objective indicators, MTR had maintained its service and there was no substantial breakdown in recent months.

27. Mr Albert CHAN was gravely concerned that notwithstanding the repeated occurrence of service disruption incidents on the two railway systems, the Administration still refused to acknowledge the potential seriousness of the situation. Dissatisfied with the Administration's ineptness to take any concrete actions to address the grave public concern on railway safety, he said that instead of leaving the railway corporations to conduct their investigations, the Administration should take the initiative and conduct its own comprehensive review on the two railway systems to see whether any systemic failures were involved in the recent incidents.

28. Mr Abraham SHEK remarked that in view of grave public concern on railway safety, it might be necessary for HKRI to adopt a pro-active approach when discharging its monitoring duties.

29. In response, PSET stressed that HKRI had the necessary expertise and staffing support to perform its duties of ensuring the safety of Hong Kong's railway systems. Referring to MTRCL's decision to engage Lloyd's to conduct an independent third party review on the MTR system, he said that HKRI would provide advice to MTRCL as necessary to facilitate the review and would study the review outcome. Mr Albert CHAN however remained skeptical about the effectiveness of Lloyd's review in addressing public concern on railway safety as Lloyd's was engaged by MTRCL and the terms of reference of Lloyd's review was determined by MTRCL. PSET replied that it was premature to speculate on the findings of Lloyd's review. Subject to Lloyd's findings, the Administration was open as to whether it was necessary to conduct further review.

Maintenance and outsourcing

30. Mr TAM Yiu-chung expressed concern about the standard of maintenance works carried out by outsourced contractors of MTRCL at the Tseung Kwan O depot, and suggested that MTRCL should adopt the same arrangement as KCRC so that all safety critical maintenance tasks would be undertaken by in-house staff. He was particularly worried that the standard of safety critical maintenance tasks would be affected as the market might only have a limited supply of capable contractors.

31. Sharing Mr TAM Yiu-chung's concern, Mr WONG Kwok-hing enquired about the reduced level of maintenance staff as well as the expenditure on preventive maintenance of KCRC and MTRCL. To facilitate understanding, he requested for information on the staffing level of KCRC and MTRCL (both in-house and its outsourced contractor) responsible for safety critical maintenance tasks in the past three years, as well as the expenditure of KCRC and MTRCL on preventive maintenance at present and as compared with that before 1997.

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32. Mr Jeffrey LAM considered that while outsourcing could be an acceptable way to achieve cost-effectiveness, it would be most important to ensure that proper monitoring was in place to ensure the standard of outsourced maintenance works. Mr Abraham SHEK was also concerned about the role of HKRI in ensuring the standard of outsourced maintenance works.

33. In response, Mr Phil GAFFNEY, Managing Director, Operations & Business Development of MTRCL, stressed that none of the recent incidents involved outsourcing or had any safety implications. Responding to members' concern about outsourcing, he said that the same requirements and standards were adopted for maintenance works carried out by MTR staff and contractors. Monitoring and supervision of work quality was carried out MTR staff. He added that there was a wide range of international contractors capable of taking up the maintenance of MTR rolling stock. The Corporation had also formulated a contingency plan in case the contractor had to be replaced.

KCR Light Rail

34. Mr Jeffrey LAM referred to the Light Rail broken wheel incident on 10 September 2004, and stressed the need for the railway corporations to put in place proper systems for the procurement, acceptance and incoming quality control (ICQ) of critical parts. He also expressed concern about the compatibility of old and new parts during asset replacement, and called on the railway corporations to ensure that this aspect was properly tested with the use of the latest equipment.

35. In response, CEO/KCRC(Acting) explained that the said incident was caused by a deliberate attempt on the supplier's part to cover up defects which had appeared in the machining process. As mileage built up, cracks that were developed inside the welded type had grown larger and the tyre finally fractured when it could no longer withstand the loading. Notwithstanding the stringent acceptance and ICQ procedures adopted by the Corporation, it would be very difficult to detect this kind of defects. To prevent similar incidents from happening in the future, KCRC would strengthen the procedures to ensure that Light Rail tyres were always in good condition.

36. Ir Dr Raymond HO enquired about KCRC's proposed actions to seek compensation from the default supplier in respect of the social losses incurred by the broken wheel incident.

37. CEO/KCRC(Acting) replied that the Corporation would seek compensation from the supplier who had accepted responsibility for the violation of procedure in respect of damages incurred from the incident including the costs for emergency transport services and technical investigations, etc. The Corporation would also seek legal advice to see if compensation could be sought in respect of the damages brought by the incident on the Corporation's reputation. In reply to the Chairman, CEO/KCRC(Acting) said that any customer who felt aggrieved by the incident could approach the Corporation for assistance.

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Motion

38. Mr LEE Wing-tat reiterated his concern about the Administration's complacency in relying solely on the railway corporations to seek improvements in railway safety and service performance. In this connection, he proposed and Mr CHENG Kar-foo seconded the following motion for the Panel's consideration:

"本事務委員會對政府監管鐵路安全及服務不力，表示遺憾，並建議政府當局儘快研究修訂法例，向失責的鐵路公司，施加更嚴厲的罰則。"

"That this Panel regrets that the Administration has failed to exercise proper monitoring on the safety and performance of the railway systems, and suggests that the Administration should consider making the necessary legislative amendments as soon as possible so that more stringent sanctions could be imposed on any default railway corporations." (Translation)

39. The Panel agreed to proceed with the motion.

40. Highlighting grave public concern on the matter, both Mr LEE Wing-tat and Mr CHENG Kar-foo considered that it was high time for the Administration to take a more pro-active approach in the monitoring of safety and performance of the railway systems.

41. On behalf of Members of the Liberal Party (LP), Ms Miriam LAU said that LP did not support the motion as it was premature to say whether the Administration had failed in its monitoring role as Lloyd's review was still on-going. As far as sanction was concerned, LP considered that adequate provision had already been made under the existing regulatory regime. To consider more stringent sanctions on the railway corporations at this stage when they were clearly making efforts to seek further improvements was premature and unfair.

42. Mr LEE Wing-tat queried whether Ms Miriam LAU as a Legislative Council Member returned from the Transport Functional Constituency should make a declaration of interest before speaking on the motion as both KCRC and MTRCL were her electors. In response, Ms Miriam LAU said that she did not consider it necessary to make such a declaration of interest because firstly, there was no provision in the Rules of Procedure requiring Members returned from the Functional Constituencies to make this kind of declarations of interest. Secondly, she had been representing the Transport Functional Constituency in the Legislative Council for many years and this fact was generally well-known in the community. It would be frivolous for her to make this kind of declarations every time issues relating to transport matters were discussed.

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43. Mr TAM Yiu-chung did not support the motion as sanctions against the railway corporations had already been provided under the existing regulatory regime. It would be more appropriate to decide on the matter pending the Administration's response on the findings of Lloyd's review.

44. Ir Dr Raymond HO said that it would be more appropriate to consider the requests stated in the motion after the findings of Lloyd's review as well as the Administration's consideration on the findings were available. Therefore, he did not support the motion. However, he regretted that SETW had not attended the meeting to discuss this important matter with members.

45. The Chairman put the motion to vote. Mr LEE Wing-tat claimed a division. The following members voted for the motion: Mr CHENG Kar-foo and Mr LEE Wing-tat. The following members voted against the motion: Ir Dr Raymond HO, Mrs Selina CHOW, Ms Miriam LAU, Mr TAM Yiu-chung, Mr Abraham SHEK, Mr Jeffrey LAM and Mr CHEUNG Hok-ming. None abstained. The Chairman declared that the motion was negatived.

II Any other business

46. There being no other business, the meeting ended at 1:05 pm.