

立法會
Legislative Council

LC Paper No. CB(1)345/06-07
(These minutes have been seen
by the Administration)

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Panel on Economic Services

**Minutes of meeting held on
Monday, 23 October 2006, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBS, 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 Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
Hon CHIM Pui-chung
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent: Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Vincent FANG Kang, JP
Hon Ronny TONG Ka-wah, SC

Public Officers attending : **Agenda item IV**
Mr Stephen IP
Secretary for Economic Development and Labour

Ms Eva CHENG
Permanent Secretary for Economic Development and
Labour (Economic Development)

Miss AU King-chi
Commissioner for Tourism

Mr Michael WONG
Deputy Secretary for Economic Development and Labour
(Economic Development) 1

Mr Howard LEE
Deputy Secretary for Economic Development and Labour
(Economic Development) 2

Miss Janice TSE
Deputy Secretary for Economic Development and Labour
(Economic Development) 3

Agenda item V

Ms Eva CHENG
Permanent Secretary for Economic Development and
Labour (Economic Development)

Miss AU King-chi
Commissioner for Tourism

Mr Roger LAI
Director of Electrical & Mechanical Services

Mr Andrew YAN
Senior Electrical & Mechanical Engineer
(General Legislation)(1)
Electrical & Mechanical Services Department

Mr CHOY Kin-kuen
Assistant Director (New Buildings)(2)

Mass Transit Railway Corporation Ltd

Ms Jeny YEUNG
General Manager – Marketing and Station Business

Ms Stella KWAN
Senior Business Manager

Ms Maggie SO
External Affairs & Government Relations Manager

Mr Rod HOCKIN
Project Manager –
West Island Line/Lantau Airport Railway

Skyrail-ITM (Hong Kong) Ltd

Mr Ken CHAPMAN
Chairman

Mr David LOADER
Executive General Manager
Cableway Operations

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Ms Debbie YAU
Senior Council Secretary (1)1

Mr Justin TAM
Council Secretary (1)3

Ms Michelle NIEN
Legislative Assistant (1)9

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I Confirmation of minutes and matters arising

(LC Paper No. CB(1)103/06-07 - Minutes of meeting held on
12 October 2006)

The minutes of the meeting held on 12 October 2006 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)2297/05-06(01) - Tables and graphs showing the
import and retail prices of major
oil products from September
2004 to August 2006 furnished
by the Census and Statistics
Department

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- LC Paper No. CB(1)2161/05-06(01) - Tables and graphs showing the import and retail prices of major oil products from August 2004 to July 2006 furnished by the Census and Statistics Department
- LC Paper No. CB(1)2082/05-06(01) - Tables and graphs showing the import and retail prices of major oil products from July 2004 to June 2006 furnished by the Census and Statistics Department)

2. Members noted the above information papers issued since the regular meeting held on 19 July 2006.

III Items for discussion at the next meeting scheduled for 27 November 2006

- (LC Paper No. CB(1)121/06-07(01) - List of outstanding items for discussion
- LC Paper No. CB(1)121/06-07(02) - List of follow-up actions)

3. Members agreed to discuss the following items at the next meeting scheduled for 27 November 2006, at 10:45 am:

- (a) Regulation of travel agents and tourist guides; and
- (b) A tourism item.

Members noted that the Panel had agreed at the meeting on 12 October 2006 to discuss item (a) while item (b) was proposed for discussion by the Administration.

(Post-meeting note: The Administration has subsequently advised that item (a) be re-titled as (a) "Tackling market malpractices associated with zero-fare tours from the Mainland", and that it will brief members on the development of new cruise terminal facilities in Hong Kong under item (b).)

4. On the subject of future development of the electricity market in Hong Kong, the Chairman advised that members agreed at the meeting held on 12 October 2006 to seek the Administration's advice on its readiness to report to the Panel on the progress of discussion with the two power companies on the post-2008 bilateral agreements. The Administration had advised that given that negotiation with the power companies was underway, it would not be appropriate to make public the details as this would undermine the negotiating position of the Government. Nonetheless, the Panel would discuss the annual tariff reviews with the Administration and the two power companies at the Panel meeting in December 2006.

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IV Briefing by the Secretary for Economic Development and Labour on relevant policy initiatives in the Chief Executive's Policy Address 2006/2007

(LC Paper No. CB(1)35/06-07(01) - Information paper provided by the Administration

Other relevant documents

- Address by the Chief Executive at the Legislative Council meeting on 11 October 2006 - "Proactive Pragmatic Always People First"; and
- The 2006/2007 Policy Address - "Policy Agenda")

Briefing by the Administration

5. At the invitation of the Chairman, the Secretary for Economic Development and Labour (SEDL) briefed members on the new initiatives under the 2006-2007 Policy Agenda and the on-going initiatives under the policy area of economic development, as set out in the Administration's information paper (LC Paper No. CB(1)35/06-07(01)). In particular, SEDL highlighted the work under five major areas, namely, competition policy, tourism, aviation services, port development and logistics, and development in the electricity market.

Discussion

Tourism

6. Noting that the number of Mainland visitors had declined in the recent "October Golden Week", Miss TAM Heung-man considered that there was a need to explore the potentials of other markets and enquired about plans of the Administration and the Hong Kong Tourism Board (HKTB) in this area.

7. SEDL highlighted the steady growth of Mainland visitors in recent years. For instance, the number of Mainland visitors in the first eight months of 2006 had reached 9.27 million, representing a surge of 12.3% over the same period in 2005. The Individual Visit Scheme (IVS) had become increasingly popular and IVS visitors had accounted for half of the total Mainland arrivals. SEDL further remarked that HKTB had put in place marketing strategies targeting at different markets and high potential visitors to maintain a balanced portfolio of visitors. While visitor arrivals from Europe, Australia, New Zealand and the United States had achieved a double-digit growth in the first nine months of 2006, the promotional efforts of HKTB targeting high potential business and family visitors had been resulting in encouraging growth in the number of such visitors (9.9% and 24.3% respectively) in the first half of 2006 over the same period in 2005.

8. Mr CHAN Kam-lam expressed concern about high hotel rates in Hong Kong which might have discouraged visitors to come to Hong Kong. Noting the present shortage in hotel accommodation, Mr CHAN enquired about the estimated new supply

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in the coming five years and whether the Government would consider introducing measures to encourage hotel development.

9. SEDL advised that the hotel occupancy rate for the past year had reached an average of 86%, indicating adequate supply of hotel accommodation. He remarked that hotel development was market driven and developers would have their own considerations in making decisions on development projects. For instance, developers of hotel projects in Wong Chuk Hang might plan to tie in their projects with the redevelopment of the Ocean Park and the Government's decision on the construction of the Mass Transit Railway South Island Line. SEDL added that some hotel operators had submitted applications recently to increase rooms in existing hotel accommodation. The Commissioner for Tourism (C for Tourism) supplemented that the Tourism Commission (TC) had been maintaining liaison with the hotel industry to keep in view the supply of hotel accommodation. While about 44 000 hotel rooms were available in Hong Kong by end of 2005, according to latest projections, an addition of 10 000 hotel rooms would be supplied to the market in the next two years. Regular meetings were held with hotel operators, HKTB and the Travel Industry Council of Hong Kong (TIC) to discuss related issues including availability of hotel rooms and transparency of room supply and pricing with a view to providing the travel trade with updated information. C for Tourism assured members that TC would monitor the situation in hotel accommodation to promote market transparency, in particular upon further extension of the IVS to cover more Mainland cities.

10. Miss TAM Heung-man referred to media reports about malpractices of some travel agents and tourist guides forcing Mainland visitors to shop during arranged shopping activities, and leaving visitors unattended or refusing to arrange accommodation for visitors if they had not purchased goods of enough amount; and expressed concern that such incidents had seriously damaged the reputation of Hong Kong as a premier tourism destination and "Shopping Paradise". She enquired about follow-up actions taken or to be taken by the Administration and the travel industry, including imposing sanctions on parties concerned which had breached relevant regulations or codes. Sharing the view, Mr CHAN Kam-lam opined that the above incidents might be the result of "zero-fare" tours and called on the Administration and TIC to strengthen supervision of the travel agents and tourist guides to tackle associated problems. He also sought information on measures to be taken to restore visitors' confidence in traveling in Hong Kong.

11. SEDL said that the Administration was very concerned about the problems associated with "zero-fare" tours and the possible negative impact on the tourism sector. He stressed the need for relevant parties, including TIC, HKTB, Consumer Council, travel agents and tourist guides associations to take concerted efforts in tackling the problems, to improve the service quality of the tourism industry, and to enhance protection for visitors. In this regard, the Administration would strengthen its collaboration with the China National Tourism Administration (CNTA) in promoting consumer protection measures in the Mainland as well as in Hong Kong. To enhance cooperation between both sides, the Administration would strengthen the notification system, for example, providing the names of the Mainland travel agents in

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question to the CNTA for follow-up. On the other hand, TIC was investigating into complaints relating to the travel agents/tourist guides involved in the above incidents. TIC would also enhance the transparency of tourist information to ensure that Mainland visitors were informed of the itineraries and shopping schedules as early as possible. Information on visitors' rights such as the "14-Day 100 Percent Refund Guarantee Scheme" and "Quality Tourism Services (QTS) Scheme" would also be widely publicized in the Mainland cities. Furthermore, the Administration and relevant parties would review the adequacy of the existing regulatory framework of TIC to identify areas for improvement. SEDL assured members that HKTb would step up efforts in promoting Hong Kong overseas as the preferred tourist destination, in encouraging honest and quality tourism and smart consumption in Hong Kong. HKTb would continue to organize mega events such as Winterfest to enrich visitors' shopping experience in Hong Kong.

12. While appreciating the successful implementation of the QTS Scheme, given that the shopping activities in "zero-fare" tours were arranged by travel agents or tourist guides, the Chairman was concerned that Mainland visitors might not be aware of the Scheme and their rights in shopping.

13. C for Tourism re-iterated that the Administration and the CNTA had been working together in enhancing Mainland visitors' awareness of QTS Scheme and their shopping choices and consumer rights. For example, upon CNTA's request, HKTb had sent some 300 000 pamphlets on smart consumption and QTS Scheme for distribution to potential visitors in Mainland cities. Moreover, HKTb had initiated a new programme to partner with travel agents in major Mainland cities in setting up premium counters to promote honest and quality tourism in Hong Kong. Upon successful implementation, the programme would be extended to other Mainland cities. HKTb had also cooperated with airlines and hotels to design special packages for IVS tourists for Mainland travel agents to model on in offering different varieties of packages for their consumers.

14. Mr Howard YOUNG agreed that the issue of "zero-fare" tours concerned different parties, including the travel trade, retail sector, and the consumer interest bodies, and asked how the Administration could strengthen cooperation among various stakeholders in tackling associated problems. Noting that some visitors had been advised to lodge complaints about malpractices of travel agents and shops they had encountered in traveling in Hong Kong to the media, Mr YOUNG questioned the appropriateness of such advice and considered it necessary for the Administration/HKTb to be more proactive in promoting the positive image of Hong Kong to counteract the negative impact done by the media reports.

15. SEDL clarified that complaint channels including names of responsible bodies and complaint hotlines were provided in pamphlets distributed to visitors at border control points. He advised that the primary responsibility of HKTb was to promote Hong Kong as a premier travel destination. Work in this area included reinforcing visitors' confidence in traveling and shopping in Hong Kong. C for Tourism re-iterated that TC had been maintaining close partnership with HKTb and TIC in

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promoting honest and quality tourism to Mainland visitors. Besides, the Consumer Council had also worked in collaboration with its Mainland counterparts to reinforce smart consumption and protect visitors' interest.

16. Pointing out that HKTb had been receiving huge government subventions, yet there had been much public concern about its performance, Miss TAM Heung-man expressed concern about the mechanisms put in place for monitoring the performance of HKTb and ensuring the cost-effectiveness in carrying out its functions.

17. The Permanent Secretary for Economic Development and Labour (Economic Development) (PS/ED) advised that HKTb had an established mechanism of financial monitoring and internal audit to ensure cost-effectiveness of its promotional activities. HKTb's work plan and budget, progress and effectiveness of marketing programmes, financial procedures and guidelines were all vetted and monitored by relevant Committees established under the Board, namely, the Audit Committee, the Staff and Finance Committee, the Marketing and Business Development Committee and the Product and Event Committee. Moreover, to track the effectiveness of the promotional programmes and activities, the HKTb had established four objectives Key Performance Indicators (KPIs), including visitor arrivals, length of stay, satisfaction level and spending of visitors. These four KPIs were being constantly tracked and monitored through different surveys to ensure that the marketing efforts achieved the desired results. PS/ED assured that the Government and the Board of the HKTb would continue to closely monitor resource deployment by HKTb to ensure compliance with established monitoring mechanisms and statutory requirements.

Port development and logistics

18. On cross-boundary logistics co-operation, Mr CHAN Kam-lam noted that the Administration had continuous discussion with the Guangdong authorities on measures, including relaxation of regulatory and licensing requirements on cross-boundary container trucks, and improvement in the service level and efficiency of inland custom control points, with a view to raising trucking efficiency and reducing cross-boundary trucking cost. He enquired about the results of these measures, in particular, the improvement in trucking efficiency and the extent in cost reduction in cross-boundary trucking. In this connection, Mr CHAN pointed out that the positive results of these measures would help enhance Hong Kong's competitiveness and strengthen its position as a regional logistics hub.

19. The Deputy Secretary for Economic Development and Labour (Economic Development) 3 (DS/ED3) advised that according to the findings of the "Study on Hong Kong Port-Master Plan 2020", it cost about US\$300 more for a container from Dongguan to the United States (US) to be routed through Hong Kong than through Shenzhen, mainly due to higher road haulage costs and the terminal handling charges in Hong Kong. To enhance cross-boundary trucking, in collaboration with the Guangdong authorities, the "four-up-four-down" and "one-truck-one-driver" rules were relaxed since 2005, thereby increasing the flexibility of the cross-boundary trucking industry in the deployment of equipment and drivers. The Administration

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would continue the discussion with the Guangdong authorities to lower the licence fee paid by Hong Kong/Guangdong joint-venture cross-boundary trucking companies. Apart from enhancing cross-boundary trucking, DS/ED3 said that harnessing information technology (IT) was also essential to achieve modern logistics services and seamless supply chain management. The development of the Digital Trade and Transportation Network (DTTN) was a case in point. The DTTN, launched in December 2005, provided an open, neutral and secure e-platform to facilitate information flow along the supply chain in an efficient and reliable manner. DTTN could reduce paper work, minimize human errors in the process and thus save time. It could also help promote the adoption of IT, in particular, by the small and medium-sized enterprises (SMEs), and encourage the logistics industry to improve on the provision of high quality, high reliability and more efficient services, thereby enhancing their competitiveness in the market. To cultivate manpower resources for meeting the needs of modern logistics development, the Government would continue to collaborate with training institutions such as the Hong Kong Productivity Council in the provision of e-logistics training programmes to industry players, especially those working in SMEs. On exploring new cargo sources, DS/ED3 advised that due to cost consideration, the cargo source had been extending from the eastern to the western side of the Pearl River Delta (PRD) region in recent years. Pending full development in the supporting road networks, river trade transport would remain the key transport mode for cargoes from the western PRD. This was expected to bring new opportunities to the Hong Kong port. All in all, DS/ED3 said that the Focus Group on Maritime, Logistics and Infrastructures established under the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" would carry out more comprehensive and in-depth discussion on the basis of initial findings with a view to formulating concrete measures to enhance the competitiveness of Hong Kong port and logistics industry.

20. In response to Mr SIN Chung-kai's enquiry about the progress of the proposal to establish a Lantau Logistics Park (LLP) initiated by the Lantau Development Task Force chaired by the Financial Secretary, DS/ED3 advised that as an on-going initiative, the Administration would continue with the feasibility study on the LLP project at Siu Ho Wan, which was expected to be completed by end 2006 or early 2007. She added that the logistics industry had been consulted on the project at an earlier stage and had indicated support for the proposed site in view of its proximity to the proposed sites for the future Container Terminal 10 (CT 10) and Hong Kong-Zhuhai-Macao Bridge (HZMB). The Administration was aware of the logistics industry's view that the construction of LLP should co-ordinate with the development of CT 10 and HZMB. However, decisions on the location and timing for the latter two projects were yet to be made.

21. Mr SIN Chung-kai expressed concern that the development of LLP would not be taken forward until after a decision on the construction of HZMB was made and asked when the Administration would decide on the development of CT 10.

22. In response, SEDL re-iterated the logistics industry's view on the need for the LLP to situate at a strategic location with intermodal linkages and have convenient

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transport connections. The Administration would consider the way forward for the project in the light of the findings of the feasibility study. It might also consult the industry on the mode of development for the logistics park through, for example, an "expression of interests" exercise in due course. As regards CT 10, SEDL said that the Administration would continue with the Port Cargo Forecast Study to work out the optimal timing for the construction of CT 10, and the Ecology Study on Northwest Lantau to assess the impacts of the project on the local environment. A decision on the project would be made after completion of the studies.

23. Ms Miriam LAU declared that she was a member of the Hong Kong Logistics Council (LOGSCOUNCIL). While expressing support for the series of measures implemented by the Administration to enhance the attractiveness and competitiveness of Hong Kong port, Ms LAU pointed out that the measures had failed to address concerns, such as the relatively high cross-boundary trucking cost and high cargo handling charges in Hong Kong. As a result, Hong Kong was losing out in the competition with ports in PRD. To enhance the competitiveness of Hong Kong port, Ms LAU highlighted the importance for Hong Kong to develop high value-added logistics services, such as labeling and packaging, light assembling between pickup and delivery, cargo tracking and tracing, IT and inventory management support, etc. However, the development of value-added logistics services would require suitable land. Ms LAU pointed out that the LLP was proposed in 2000 as a response to the report by consultant McClier to address the acute demand for logistics facilities near the Hong Kong International Airport (HKIA). While the LOSCOUNCIL was tasked to promote the development of logistics in Hong Kong and coordinate related projects, it had no jurisdiction over the allocation of land. As such, Ms LAU urged the Administration to provide suitable back-up land for the development of the logistics industry in Hong Kong.

24. Acknowledging the need to provide back-up land for the development of logistics facilities before the commissioning of the LLP, SEDL and DS/ED3 advised that the Administration had invited tenders on three pieces of land covering a total of 15 hectares in Tsing Yi South, Tai Po and Tuen Mun for use by the logistics industry through short-term tenancy with tenures ranged from two to seven years. In addition, two pieces of land near Kwai Tsing Container Terminals with a total size of 18 hectares had been identified for development of logistics facilities on a long-term basis. The relevant departments were undertaking traffic and environmental impact assessments on these sites.

25. Ms Miriam LAU re-iterated that it was imperative to provide suitable land for the development of logistics sector in Hong Kong in order to enhance Hong Kong's competitiveness. Sharing the view, SEDL remarked that the Administration recognized the importance to assist the logistics sector to capitalize on the opportunities arising from the rapid growth in the international logistics trade, and to further enhance the competitiveness of the logistics sector. He agreed that it was necessary to make available more back-up land to accommodate logistics facilities, thereby providing the logistics industry with a suitable operating environment and facilitating the integration of various logistics services. SEDL advised that the

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Government would conduct review on land use plans on regular basis to meet the demand of the logistics sector.

Aviation services

26. Ms Miriam LAU noted that a "co-termination" arrangement would be launched at HKIA's SkyPier, allowing northbound cross-boundary ferries departing the Hong Kong-Macau Ferry Terminal (MFT) or the China Ferry Terminal (CFT) to pick up air-to-sea transit passengers at SkyPier during journeys to destinations in the PRD. Given that the Asia Expo and some major tourist attractions such as Ngong Ping 360 and Hong Kong Disneyland were located close to SkyPier, Ms LAU saw the business potential to allow SkyPier to operate cross-boundary ferry services to facilitate Mainland visitors doing business in the Asia Expo and/or visiting attractions on Lantau within the same day. The proposal would not only enhance the business viability of SkyPier, but also promote tourism on Lantau.

27. The Deputy Secretary for Economic Development and Labour (Economic Development) 1 explained that the Environment, Transport and Works Bureau was the leading bureau in coordinating development of sea transport and had explored the feasibility of expanding cross-boundary ferry services at SkyPier catering non-transit passengers. While recognizing the potential in developing such services at SkyPier, the Administration considered it more prudent to review the initiative taking into account growth in the passenger throughput of MFT and CFT, and having due regard to the availability of the necessary immigration and custom facilities. Nevertheless, the Administration would take note of the member's suggestion for consideration.

V Update on Ngong Ping 360

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| LC Paper No. CB(1)121/06-07(03) | - Information paper provided by the Administration |
| LC Paper No. CB(1)121/06-07(04) | - Background brief on Ngong Ping 360 prepared by the Secretariat |

Presentation by Mass Transit Railway Corporation Limited and Skyrail-ITM

28. With the aid of power-point presentation, Ms Jeny YEUNG, General Manager – Marketing and Station Business of the MTR Corporation Limited (MTRCL) and Mr Ken CHAPMAN, Chairman of Skyrail-ITM (Hong Kong) Ltd (Skyrail) updated members on the progress of Ngong Ping (NP) 360. Ms YEUNG briefed members on the patronage of NP 360 since its opening on 18 September 2006, MTRCL's business monitoring system and safety management for the cable car system. She also gave a brief report on the crack found at Tung Chung Skyrail Terminal and the follow-up action taken. Mr CHAPMAN then briefed members on matters relating to the safety and reliability of the cable car system, maintenance for the system and technology and skills transfer from Skyrail's parent company and the manufacturer of the cableway,

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training for cableway staff, operations and maintenance procedures and manuals put in place, and measures to be taken by Skyrail to further improve the operation of NP 360.

(Post-meeting note: The power-point presentation material tabled at the meeting was subsequently issued to members on 24 October 2006 vide LC Paper No CB(1)149/06-07(01).)

Discussion

Contingency arrangements

29. Mr Howard YOUNG reflected the keen interest and high expectation of the travel trade on the long-term development of NP 360. Noting that the parent company of Skyrail had 11 years of experience in managing and operating a tourism and cableway facility in Cairns, Australia, Mr YOUNG asked whether Skyrail had adopted similar arrangements for handling contingencies in the event of suspension of service and informing the public for the cable car system in Cairns in operating.

30. Mr Ken CHAPMAN advised that Skyrail's parent company operated the cableways in both Sydney and Cairns and had acquired considerable experience in handling emergencies from the comprehensive contingency arrangements put in place for the cableways. Due to the difference in local culture, higher passenger flow and higher capacity per cabin of NP cable car system, the contingency procedures adopted for the system was slightly different from those in Australia. For example, in response to the higher interest and expectation of the public and media for information in Hong Kong, Skyrail had implemented a public notification mechanism and advice system to inform the public of different situations of NP 360 through various channels. In terms of operational and technical aspects of the contingency management, there were more similarities between the systems in Australia and Hong Kong. For example, cable car operators in both Australia and Hong Kong would work with the bus operators in providing bus services to facilitate evacuation of passengers in case of suspension of the cable car services. Nevertheless, Mr CHAPMAN assured that Skyrail would strive to adapt to the local situations and make continuous improvement with a view to ensuring the smooth operation of the new tourism infrastructure.

31. Noting that Skyrail and the New Lantao Bus Co Ltd (NLB) had jointly launched combo ticket packages, Mr Howard YOUNG was concerned whether there were arrangements allowing cable car passengers to use their tickets for bus service between Tung Chung and Ngong Ping in the event of suspension of the cable car service.

32. Mr Ken CHAPMAN advised that in the light of different situations, Skyrail would deploy staff to explain the situation to visitors on site and advise them of the options of taking bus to Ngong Ping/Tung Chung or waiting for the resumption of the cable car service. In case of protracted stoppage, Skyrail had made arrangement with NLB for the latter to provide bus services at Skyrail's cost to send passengers back to Tung Chung where visitors could claim refund for the unused portion of their ticket prices. Mr CHAPMAN undertook to consider further measures with a view to

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improving reliability of the cable car service and minimizing inconvenience caused to passengers.

33. Miss TAM Heung-man urged Skyrail to maintain close dialogue with the Hong Kong Observatory (HKO) on the weather conditions so that it could notify the public as early as possible on the likely suspension of cable car service to minimize inconvenience caused to visitors. Mr Ken CHAPMAN appreciated the assistance of HKO in providing live on-line weather information to Skyrail. As weather conditions around the area in NP 360 were often unpredictable, Skyrail had endeavoured to gather as much information on inclement weather conditions as possible and inform the public on possible suspension of the cable car service via the public notification system. Mr CHAPMAN highlighted the effectiveness of the notification system, as evidenced by its smooth operation on the day before the meeting when NP 360 had a fully booked and busiest day. Ms Jeny YEUNG supplemented that Skyrail had enhanced the notification system to inform the public when the cable car service was expected to be delayed or suspended for 30 minutes or more, as opposed to the previous arrangement of an expected 60-minute or more suspension or delay.

34. Noting that in general, public transport in Hong Kong would make public announcements on delay in services within eight minutes after the stoppages, Ms Miriam LAU considered that Skyrail should inform the public about the suspension of the cable car service as soon as possible so that visitors on the way could decide whether to continue with their trip and those already at the terminals could decide whether to take alternative transport to Ngong Ping/Tung Chung. In this connection, Ms Jeny YEUNG clarified that since 18 October 2006, the public would be immediately notified through the electronic media when the cable car service was expected to be delayed or suspended for 30 minutes or more.

35. While appreciating that safety of the cable car system was important, Mr SIN Chung-kai said that people in Hong Kong would appreciate notification of delay or suspension of public services as early as possible. He remarked that visitors would wish to know at the first instance about delay in cable car service and the estimated length of service suspension, irrespective of the cause(s) involved. As such, Mr SIN called on Skyrail/MTRCL to consider making public announcements when the cable car service was expected to be delayed or suspended for 15 minutes or more.

36. PS/ED understood that Skyrail/MTRCL had struck a balance in implementing a 30-minute notification mechanism. Ms Jeny YEUNG cautioned about likely confusion to the public if frequent announcements were made on different situations of the cable car system. For instance, it would be annoying to visitors to learn at the 8th minute that the cable car service had been suspended, and then 10 minutes later that the cableway started operating again. On balance, Skyrail had put in place the new 30-minute notification mechanism. Nevertheless, Skyrail would continue to closely monitor the operation of the notification mechanism and review the need for making further improvement.

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37. Mr SIN Chung-kai disagreed that a 15-minute notification mechanism would lead to public confusion and said that visitors would appreciate timely information on the situations of the cable car system. He further considered that the proposed arrangement could tie in well with the news reporting slots of the radio broadcasts and thus provided timely information to visitors. In this connection, Mr SIN suggested that Skyrail/MTRCL should conduct customer surveys to gauge visitors' views on the appropriate notification mechanism to be adopted.

38. Noting the different weather conditions in Hong Kong and Australia, where Hong Kong experienced more monsoon wind and typhoons than Australia, Ms Miriam LAU enquired whether Skyrail had anticipated the factor of strong winds in the operation NP 360 and whether the frequency of suspension of service due to strong winds so far was within the original projection.

39. In response, Mr Ken CHAPMAN said that Australia also experienced monsoon wind and typhoons, and the operation of the cableway in Sydney was more affected by wind than that in Cairns. He explained that the wind pattern on Lantau Island was less affected by the weather conditions than the local topography, which was prone to small bursts of strong winds. The wind pattern could only be detected and assessed through experience over time. While it might be premature to draw conclusion at this stage, the number of service suspensions due to strong winds so far was broadly in line with Skyrail's original estimation.

40. The Chairman was concerned whether Skyrail would fine-tune the cable car system to suit the different weather conditions in Hong Kong. He opined that when Hong Kong entered into the winter when the weather became dry, it might be more beneficial to the operation of the cable car system. While agreeing with the observation of the Chairman, Mr Ken CHAPMAN pointed out that Hong Kong was entering into a season with most winds and this was expected to impact on the cable car operation.

Performance of NP 360

41. Notwithstanding that Skyrail was backed up by the knowledge and skills transferred from its parent company which had 11 years of solid and successful experience in managing and operating cable car systems, Mr CHAN Kam-lam expressed grave concern that cable car service had been suspended for four times due to system and mechanical failure within the first month of its commissioning. He also pointed out that there was much room for Skyrail to improve its operation, contingency arrangements and notification mechanism for the cable car service, as evidenced by the fact that affected visitors, including SEDL in one occasion, had to queue up on the spot for hours without any information on the situation. Albeit enhancing the public notification mechanism, Mr CHAN urged that Skyrail should be more responsive to the needs of the public and visitors, and should improve its management to meet the needs of Hong Kong market and assure the public of the reliability of the system. As MTRCL assumed the overall responsibility in overseeing NP 360 project, Mr CHAN called on MTRCL to strengthen the monitoring

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of Skyrail's performance to ensure smooth operation of the new tourism infrastructure.

42. Given that NP 360 was a new tourism infrastructure still at its teething stage, Ms Jeny YEUNG highlighted the need to allow time for Skyrail to enhance the facilities and service of NP 360 in the light of the local circumstances. She stressed that both MTRCL and Skyrail were very committed to improving the reliability and safe operation of NP 360. Subsequent to each and every suspension incident, MTRCL would investigate into the causes, assess the feasibility of the improvement measures proposed by Skyrail and follow up on their implementation. As Skyrail accumulated more experience, it was believed that incidents of service suspension would reduce. Besides, MTRCL and Skyrail would continue to improve the public notification mechanism with a view to minimizing inconvenience caused to passengers.

43. Pointing out that the two power companies in Hong Kong had achieved a reliability of 99.999% in the supply of electricity, Mr CHAN Kam-lam considered that reliability indicator should be put in place for assessing the performance of NP 360 and enquired whether MTRCL would formulate reliability indicator and publish it for information of the public and the travel trade.

44. Ms Jeny YEUNG advised that Skyrail had devised Key Performance Indicators for operation and maintenance of NP 360, which covered a wide scope of areas including safety, maintenance, cableway reliability, finance, sales and marketing. Both MTRCL and Skyrail were very concerned about passengers' safety and would not take risk to resume operation under external pressure. Ms YEUNG added that despite some service disruption and delays, it was encouraging to note that the cableway had attained a high average reliability rate of 98% since its opening on 18 September 2006. Mr Ken CHAPMAN supplemented that as the cableway was a tourism attraction, it would be inappropriate to require the system to achieve the same high reliability standard as the MTR system, which was a public transport system. He hoped that the public would understand that it would be inevitable for a brand new system to have a few teething problems. Nonetheless, Skyrail was committed to resolving the problems with a view to improving reliability over time.

45. Given that Skyrail had suspended the cable car service for a number of times since its commissioning on 18 September 2006, Miss TAM Heung-man enquired about the number of complaints received and the follow-up actions taken. In response, Mr Ken CHAPMAN said that Skyrail had received very few complaints on its service. In fact, in terms of the length of the ride and passengers carried per hour, NP 360 was the biggest cableway system of its kind in the world. Moreover, its operation was subject to weather conditions.

46. While understanding that being a cableway operator for just a short history of 11 years, Skyrail might not have the relevant experience in handling stoppages and suspension of service, Ir Dr Raymond HO yet pointed out that management of cable car systems were relatively simple and that similar attractions were in place in many Mainland cities and their operation was smooth. As such, he considered that Skyrail should strive to attain a high reliability rate comparable to other public utilities

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services. Besides, there was much room for Skyrail to improve its attitude in addressing visitors' concern. It should step up efforts and take concrete actions promptly instead of just requesting more time and further room to undertake improvements. Ir Dr HO further sought information from MTRCL on ways in dealing with the poor performance of Skyrail, including whether it had issued warning letters to Skyrail and considered terminating Skyrail's contract. In this connection, the Chairman enquired about the specific areas, such as operation, maintenance or the notification mechanism, that warning or strong-worded advice had been given to Skyrail; and MTRCL's involvement in the operation and maintenance of the cable car system.

47. Ms Jeny YEUNG re-iterated that Skyrail had been urged to improve the reliability of cable car service without compromising passengers' safety. MTRCL understood that while incidents of suspension of cable car service were unexpected and could not be totally avoided, Skyrail could improve and streamline the contingency arrangements. MTRCL also noted Skyrail's efforts in improving the reliability of the cable car system and enhancing its public notification mechanism. She added that all along, MTRCL had given Skyrail verbal advice or emails on all specific areas where improvement was considered necessary. She assured members that Skyrail would continue to adjust in response to local culture and MTRCL would maintain close liaison with Skyrail and monitor its performance. Frequent work meetings between MTRCL and Skyrail were held to discuss and resolve matters of mutual concern. Until the cable car service could achieve a higher reliability rate, Skyrail would be given more leeway in the operation of NP 360. MTRCL considered that it was too early at this stage to consider the question of terminating Skyrail's contract. Mr Ken CHAPMAN indicated that the company would continue to work in partnership with MTRCL to the best interests of Hong Kong. In reply to Ir Dr Raymond HO's further enquiry, Ms YEUNG confirmed that MTRCL had requested Skyrail to improve its service in writing, which however was not regarded as warning letters.

48. Miss TAM Heung-man was concerned whether patronage to the cable car service and ticket income met the original targets and enquired about measures to be taken by Skyrail to further promote the cable car service. Ms Jeny YEUNG confirmed that patronage to NP 360 had met the targets. She stressed that at present, safety and smooth operation of NP 360 was the primary concern of Skyrail and MTRCL.

Crack on a crossbeam of the Tung Chung Skyrail Terminal

49. Ir Dr Raymond HO noted from the power-point presentation (page 7 of LC Paper No. CB(1)149/06-07(01)) that the cracking on a crossbeam of the Tung Chung Skyrail Terminal was caused by an uneven loading distribution on the beam. Pointing out that all structures were meant to support uneven loading, Ir Dr HO expressed grave concern about the structural safety of the Terminal Building.

50. Assistant Director (New Buildings) (2) AD(NB) (2) said that after being informed about the crack on 20 September 2006, the Building Department (BD) had

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carried out promptly a detailed inspection on the entire Tung Chung Skyrail Terminal Building on 21 September 2006 and noted that temporary supports had been erected under the crossbeam. The BD found no other cracks or structural damage. Therefore, the BD considered that the Terminal Building was structurally safe, and that the incident would not have any impact on the safety and operation of the cable car system. In reply to Ir Dr Raymond HO's further enquiry, AD(NB) (2) confirmed that according to BD's analysis, the crack would not have any impact on the structural safety of the Terminal Building even without putting in place the temporary supports to the crossbeam. Nevertheless, to enhance the long-term performance of the crossbeam, MTRCL had applied to the BD for installation of extra permanent supports. As regards the responsibility for the cracking problem, Mr Ken CHAPMAN explained that Skyrail did not design or construct the Terminal Building and it should not be held responsible for the cracks or any structural defects found.

Maintenance and staff training

51. On staff training, while noting that there would be continuous technology and skills transfer from the manufacturer of the cableway to the operations and maintenance staff of Skyrail, the Chairman was concerned about the training provided to these staff and how they could gain hands-on experience in performing their duties.

52. Mr Ken CHAPMAN assured members that based on the training and the operations and maintenance manuals of the manufacturer, Skyrail had developed various sets of operations and maintenance manuals and work procedures for its staff to follow. Senior operations and maintenance staff of the manufacturer remained on site to assist with the operation and maintenance of the system, as well as training of personnel. All operational personnel of Skyrail had taken examination of the Electrical and Mechanical Services Department (EMSD) as a Cableway Operator, while the supervisors and managers had also been qualified by EMSD as Cableway Controllers. Skyrail would conduct refresher training for all operational staff within six months after opening. For maintenance staff, they had all obtained the EMSD's Certificate of Operating Competence – Operator. In addition, electrical maintenance staff members were Licensed Electrical Workers with at least five years of relevant experience.

53. The Chairman noted that commencement of the cable car service was delayed for about an hour on 15 October 2006 because Skyrail had not conducted trial run after maintenance in the previous night. He called on the Skyrail to fine-tune its operation and maintenance procedures to avoid recurrence of similar incidents.

54. Mr Ken CHAPMAN explained that the incident in question involved a routine maintenance task on spacing between cabins. Routine maintenance of this kind had been undertaken in other evenings and had not led to any problem. The problem appeared in the morning of 15 October 2006 was rather unexpected and had taken longer than originally envisaged to rectify. Skyrail had learnt from the experience and implemented a new procedure in conducting trial run after performing the same maintenance task.

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Summing up

55. Summing up the discussion, the Chairman called on MTRCL and Skyrail to take note of members' views in enhancing the service of NP 360 to ensure the smooth operation of the new tourism infrastructure. He also reminded members that a visit to NP 360 had been scheduled for the morning on 3 November 2006.

VI Any other business

56. There being no other business, the meeting ended at 12:50 pm.

Council Business Division 1
Legislative Council Secretariat
24 November 2006