

立法會
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Panel on Economic Services

**Minutes of special meeting
held on Tuesday, 18 September 2007, from 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Abraham SHEK Lai-him, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, JP
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Vincent FANG Kang, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
Hon TAM Heung-man
- Members attending** : Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon WONG Kwok-hing, MH
Dr Hon KWOK Ka-ki
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Dr Hon David LI Kwok-po, GBM, GBS, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KWONG Chi-kin

- Public officers attending** : Agenda Item I
- Mr Frederick MA, JP
Secretary for Commerce and Economic Development
- Miss Yvonne CHOI, JP
Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
- Miss AU King-chi, JP
Commissioner for Tourism
- Mr HO Kwong-wai, JP
Director of Electrical & Mechanical Services
- Mr CHAN Fan, JP
Assistant Director/Gas and General Legislation
Electrical & Mechanical Services Department
- Attendance by invitation** : Agenda Item I
- MTR Corporation Limited
- Dr Raymond CHIEN Kuo-fung
Chairman
- Mr Russell BLACK
Project Director
- Mrs Miranda LEUNG CHAN Che-ming
General Manager – Corporate Relations
- Mr LEUNG Chi-lap
Electrical & Mechanical Engineering Manager
- Clerk in attendance** : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Ms Pauline NG
Acting Secretary General

Mr Timothy TSO
Assistant Legal Adviser 2

Ms Debbie YAU
Senior Council Secretary (1)1

Ms Michelle NIEN
Legislative Assistant (1)9

Action

- I Report on Ngong Ping Skyrail Cabin Dislodgement Incident**
(LC Paper No. CB(1)2366/06-07(01) - Background brief on the incident of the falling of a cabin of Ngong Ping Skyrail
- LC Paper No. CB(1)2376/06-07(01) - Information paper provided by the Administration (with a sanitized copy of the Expert Panel's report attached)
(tabled at the meeting and issued via email on 19 September 2007)
- LC Paper No. CB(1)2375/06-07 - Powerpoint presentation material provided by the Administration)
(issued via email on 19 September 2007)

Briefing by the Administration

At the invitation of the Chairman, the Secretary for Commerce and Economic Development (SCED) briefed members on the findings of the investigation into the falling of a cabin from the cable car system on 11 June 2007 (the Incident) and outlined the rectification and other arrangements to be implemented. He said that after the Incident, the Government had appointed an Expert Panel, which was led by two renowned international experts of cable car systems, to investigate into the Incident. The Expert Panel had completed investigation and submitted the report. In parallel, the Electrical and Mechanical Services Department (EMSD) had completed a criminal investigation under the Aerial Ropeways (Safety) Ordinance (Cap. 211) (AR(S)O). SCED highlighted the salient points of the two investigations and follow-up arrangements as follows:

- (a) After the investigation by EMSD, the Department of Justice (DoJ) had initiated prosecution against a person in Skyrail-ITM (Hong Kong) Limited (Skyrail-ITM) who appeared to have contravened AR(S)O (the case). As the case was a matter for the court, DoJ

advised that the Government should not discuss the case or release any information in relation to the cause of the Incident. Thus, relevant parts of the Expert Panel report had been withheld from publication;

- (b) The Expert Panel had confirmed that the design of the cable car system was safe and the existing regulatory regime was in line with international practices. However, there was further room for improvement in the management, operation and maintenance of the cable car system. The Government had urged the Mass Transit Railway Corporation Limited (MTRCL), as the owner of the ropeway, to implement a series of improvement measures to upgrade the system and ensure the provision of a safe and reliable cable car service to the public;
- (c) Specifically, MTRCL had indicated that it would form a new subsidiary company to take over the management and operation of the cable car system from Skyrail-ITM. MTRCL had to complete satisfactorily the pre-requisite measures before applying to EMSD for re-opening the service to the public; and
- (d) The Government fully understood the difficulties faced by the tenants at the Ngong Ping (NP) Village during the cable car suspension period. MTRCL had been urged to continue to liaise closely with the tenants and offer necessary assistance.

2. The Assistant Director/Gas and General Legislation, EMSD (AD/G&GL) explained that in order not to prejudice the legal proceedings relating to the case, DoJ advised that it was not appropriate for the international members of the Expert Panel to attend the meeting and comment on the Incident nor for those parts of the Expert Panel report concerning the cause of the Incident to be released at this stage. He then briefed members with the aid of power-point on the NP Ropeway, its bi-cable design and braking system, the service brake test conducted on 11 June 2007 and the suspected offence. He also outlined the review of the regulatory regime of NP Skyrail, management, operation and maintenance of the system, and the Expert Panel's recommendations as follows:

- (a) In the nine months since the opening of the cable car service, EMSD had conducted over 130 regular and random inspections, and issued 47 advisory notices on improvement measures. It had met regularly with MTRCL and Skyrail-ITM and asked for progress update in monitoring the implementation of improvement measures. In addition, EMSD completed a performance review and urged MTRCL to conduct an independent review in January 2007 in respect of the design, operation, maintenance and management of the cable car system. As at 18 September 2007, 44 out of 47 improvement measures identified by EMSD had been completed. EMSD had also obtained endorsement from the Expert Panel on the review and

recommendations put forward to MTRCL;

- (b) In respect of the review of the operation, maintenance and management of the cable car system, the Expert Panel had conducted on-site inspection and audited the ropeway, reviewed previous incidents and the performance of the ropeway operating company since its opening on 18 September 2006, reviewed observations and findings arising from EMSD's inspections, reviewed operation records of the ropeway, inspected and examined maintenance schedule, procedures, work instructions, service log and related records, and reviewed spare part inventory and management system. It had also reviewed records of interview and information given by concerned staff members, the ropeway manufacturer and owner, as well as examined the ropeway performance review reports conducted by EMSD in January 2007 and TUV SUD (commissioned by MTRCL) in May 2007;
- (c) On the need for further improvement, the Expert Panel had recommended measures including training for operation and maintenance staff, maintenance and operation procedures and work instructions, spare parts and material inventory control, planned preventive maintenance, quality management, human resources management, and procurement practices; and
- (d) Prior to re-opening the ropeway, the Expert Panel had recommended repairing and replacing all damaged parts, testing and commissioning the entire ropeway as if it were newly built, repeating annual examination of the ropeway, implementing identified improvement measures to enhance reliability of ropeway system, reviewing and restructuring management, operation and maintenance organization to ensure a safe and reliable ropeway service, and implementing quality management system, e.g. ISO 9000, to ensure consistency in practices and continuous improvement.

3. The Chairman then invited representatives of MTRCL to brief members on the follow-up to the Incident. He reminded representatives that their presentations to the Panel would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382).

Presentation by MTRCL

4. At the invitation of the Chairman, Dr Raymond CHIEN, Chairman of MTRCL said that the company fully understood public's concern over the Incident and expressed regret that visitors had to be turned away from the attraction since then, which had affected the business of NP Village tenants. Emphasizing that safety was the number one pre-requisite, he stressed that MTRCL would now focus on re-opening the tourist attraction and would do everything to re-establish confidence in NP cable car. He then highlighted the salient points as follows:

- (a) MTRCL had decided to set up a subsidiary company to take on the management and operation of NP 360 and agreement had been reached with the current operator, Skyrail-ITM on the transfer of management. The new company would be led by an international management team comprising MTRCL's engineers and experienced cable car professionals. The management approach would be strengthened by implementing ISO 9000 and transferring recognized best practices in safety and quality. Virtually all existing operation and maintenance staff would be transferred to the new company and would receive refresher training to enhance safety awareness and technical competence. Relevant staff members would be re-assessed and evaluated by EMSD;
- (b) Over the last three months, work had been undertaken to prepare the ropeway for re-opening. Damaged equipment had been repaired or replaced. Engineers and documentation experts were reviewing and improving the operations and maintenance manuals to more clearly spell out procedures for each work process and define the specific roles of personnel involved. The supplier, Leitner GmbH would re-examine the ropeway before it was re-tested and re-commissioned. The cable car service would be resumed only after all required improvements had been implemented, the statutory requirement satisfied and the necessary approvals received;
- (c) Like all cable cars around the world, NP Skyrail was subject to service disruptions caused by adverse weather or other conditions. The new company would reduce inconvenience caused to visitors to a minimum through fast, precise and effective communication and recovery works; and
- (d) MTRCL was committed to winning back public confidence in the cable car system and aimed to re-open it around the end of the year. The new management company would keep all concerned parties and the public informed of the progress made and announce the re-opening date upon the satisfactory completion of all testing and re-commissioning works.

5. Dr Raymond CH'EN added that with its partners, including NP Village tenants, Hong Kong Tourism Board (HKTB), the travel industry and the Lantau community, MTRCL would do everything to re-establish NP 360 as a world-class tourist attraction for Hong Kong.

Discussion

Re-opening of NP cable car service

6. Mr James TIEN recalled that when granting the franchise of NP 360 to MTRCL, members were confident about MTRCL acting as the operator of the cable car service as it had a proven track record in operating rail service in Hong Kong. However, MTRCL had subsequently appointed Skyrail-ITM as the operator under a 20-year contract. While welcoming MTRCL's decision to set up a new subsidiary company to take over the operation of the cable car system, given the change in cable car management, Mr TIEN was concerned whether the service could really resume as planned by the end of 2007.

7. In response, SCED said that the Government welcomed MTRCL's decision to set up a new subsidiary company to take over the management and operation of the cable car system. As MTRCL had demonstrated to the public its competence in managing an efficient railway operation, he believed that the decision could help restore public's confidence on NP 360.

8. While acknowledging the need to resume the cable car service as early as possible to bring visitors back and to address NP Village tenants' concern, Dr Raymond CH'IEN re-iterated that safety operation of the cable car system was the top priority. Hence, cable car service would not resume until all testing and re-commissioning work had been satisfactorily completed. As such, MTRCL had been prudent to aim the re-opening of the service by around the end of 2007.

9. The Chairman was concerned whether the senior management of the new subsidiary company had been recruited and when MTRCL would announce the appointment. Mr James TIEN also enquired about the retention of existing staff of Skyrail-ITM upon the transfer of management of NP 360.

10. Dr Raymond CH'IEN said that the senior management team would consist of a Chief Executive Officer (CEO) and a Chief Operating Officer (COO) in addition to MTRCL's engineers and experienced cable car professionals. MTRCL was in the process of identifying suitable persons to fill the two positions and would announce the new management team as soon as the process had been completed. He added that virtually all existing operating and maintenance staff of Skyrail-ITM would be transferred to the new company. The engineering and technical departments would be greatly enhanced to ensure the safety performance of cable car service.

11. Noting that operation and maintenance staff was constantly working under a 12-hour daily shift roster and was frequently required to work overtime which would invariably cause deterioration in the quality of work, the Chairman was concerned whether MTRCL would review the manpower shortage problem of the maintenance team.

12. In response, Dr Raymond CHIEN assured members that MTRCL would deploy the best team to run the cable car service. He informed members that currently, the senior management of MTRCL was overseeing all matters relating to NP 360. He was confident that the senior management of the new company would be in place shortly to prepare for the re-launch. He assured members that the process would not be delayed even if a particular position in the management team had not been filled. As regards the concern about maintenance staff, Mr Russell BLACK, Project Director of MTRCL, said that it would be part of MTRCL's on-going review to ensure that the maintenance team could meet the operational needs of cable car service. He added that all current maintenance staff would continue to work in the new company and they would be supported by MTRCL's staff of high technical and professional competence.

13. Mr Abraham SHEK was concerned whether the deployment of senior management from MTRCL to oversee NP360 would affect operation of the rail service and MTRCL's other businesses.

14. Dr Raymond CHIEN highlighted the function of an effective management system which could manage large-scale and complex systems under changing environment. He stressed that MTRCL was running a highly efficient rail service under a well-established management system. He had confidence in MTRCL's ability in taking up the operation of NP 360 while maintaining efficient rail service.

15. Given that NP 360 had since its opening experienced a series of incidents reflecting the problematic management of Skyrail-ITM, Mr CHAN Kam-lam said that the Democratic Alliance for the Betterment and Progress of Hong Kong welcomed MTRCL's decision to take over the management and operation of the cable car system. He hoped that under the new company, professional experts would be deployed to run the cable car system. Given that some of the previous incidents leading to service disruptions were caused by component imperfection, Mr CHAN enquired whether the system manufacturer, Leitner GmbH, would be required to replace those defected parts.

16. Mr Russell BLACK confirmed that Leitner GmbH was obliged under the service contract to rectify the repaired or replaced component parts and MTRCL would ensure the tasks were completed before resumption of the cable car service.

17. Noting that before the Incident on 11 June 2007, the cable car system had already achieved an overall reliability rate of 98.8%, Mr CHAN Kam-lam was concerned why a reliability level of 98% would be considered qualified for re-opening the cable car service. Mr WONG Kwok-hing echoed the view and considered that the reliability target should be raised.

18. Mr Russell BLACK said that while there had been continuous improvement in the reliability of the cable car system since its opening, it was more realistic to set the reliability level of the dummy load test at 98% or above because from the engineering point of view, there was a limit on the performance of even the best system. He added that the reliability target had been agreed by EMSD.

The Director of Electrical & Mechanical Services (DEMS) supplemented that compared with international benchmark, a reliability of 98% for cable car services was already quite high. He assured members that the Administration would continue to monitor the reliability level and hoped that there would be further improvement. DEMS further advised that the stoppages of the cable car system prior to the Incident were unrelated to system safety but were concerned with reliability. Under these incidents, the safety mechanism of the system was triggered by technical problems.

19. In reply to Mr CHAN Kam-lam's enquiry about whether EMSD would consider shortening the duration of the regular examination of the ropeway from 12 to 6 months, DEMS pointed out that it was a statutory requirement under AR(S)O for the first annual examination of ropeway to be completed no later than 14 months from the date of approval to operate, and thereafter every 12 months. As in the case of NP cable car system, EMSD had been conducting regular inspections and where necessary would request the cable car operator to undertake independent review in addition to annual surveys.

20. Mr Abraham SHEK advised that the Government might consider seeking a second opinion from local experts to ensure the safety of the cable car system and confirm its readiness for re-opening. In this connection, Mr SIN Chung-kai considered the present case a valuable lesson for MTRCL that overseas companies, such as Skyrail-ITM, might not be able to meet public expectations and manage public relation. While it was important for Hong Kong to implement a quality management system in line with the international standards, local experience was more essential. To meet public expectation, Mr SIN stressed that the new management company should fully understand local practices and customers' needs.

Arrangements between MTRCL and Skyrail-ITM in respect of the future management of NP 360

21. Mr Fred LI remarked that it was the last resort to terminate the contract with Skyrail-ITM. He further sought clarification whether the change of cable car management would involve compensation to Skyrail-ITM, and if yes, the amount.

22. Dr Raymond CH'IEN remarked that MTRCL was pleased with the agreement reached with Skyrail-ITM but a confidentiality clause in the agreement had prevented him from disclosing the details. Nevertheless, he assured members that the agreement was in the best interest of the public and relevant stakeholders, including NP Village tenants and the tourism industry as it would allow a smooth takeover by MTRCL to prepare for an early re-opening of cable car service.

23. Mr Andrew CHENG considered that MTRCL's decision to change the cable car management was an important step to restore public confidence, though it appeared no better alternative was available. While appreciating that MTRCL could not disclose the contract details, including compensation, if any, on grounds of the confidentiality clause, Mr CHENG however pointed out that the public in

general indeed expected the cable car operator to compensate for the damages and economic loss that it had brought Hong Kong. As such, he questioned how the agreement could meet public interest. In response, Dr Raymond CH'IEN re-iterated that the agreement was in the interest of the public and the relevant stakeholders as it could facilitate the early and safe re-opening of cable car service.

24. Mr WONG Kwok-hing expressed similar concern. He was worried that the compensation, if any, to Skyrail-ITM would eventually be passed onto the consumers. He shared that Skyrail-ITM should be required to make compensation for the damages it had brought Hong Kong and MTRCL. He queried why the Administration's paper had not mentioned anything on compensation and considered that MTRCL, as a listed company, would eventually need to disclose the information to its shareholders.

25. Dr Raymond CH'IEN sought members' understanding that he could not disclose commercially sensitive information at this juncture. Nevertheless, MTRCL, being a listed company, would act in accordance with the Listing Rules.

Disclosure of the Expert Panel report

26. Noting that the Expert Panel had submitted its report on 30 July 2007, Mr Andrew CHENG was concerned why the Administration had not acted in line with other similar cases to publish the full report at the first instance for public information but had waited until the Judiciary served summonses on the concerned person on 17 September 2007. He remarked that the Administration could examine the matter and decide whether to initiate prosecution after disclosing the full report. Mr CHENG said that if the public was still being kept in the dark from the actual cause of the Incident at the time of re-opening the cable car system, the public would not have confidence in the re-launched system and the recommended improvement measures.

27. SCED explained that apart from the Expert Panel, the Government had also conducted a criminal investigation into the Incident. In view of the complexity of the issues and substantial amount of work involved, the task had taken much longer time to complete than originally expected. Moreover, DoJ needed time to examine the case carefully before deciding to make the prosecution.

28. DEMS added that the criminal investigation involved collection of evidence which had to be conducted in parallel with the Expert Panel's investigation and having regard to its report. DoJ needed time to study the evidence and consider the need to collect other information to substantiate the case before deciding to initiate prosecution. He stressed that the Administration had followed the established procedures in making the prosecution on the case and there had been no delay.

Monitoring the cable car service

29. Mr Fred LI recalled that at the special meeting held on 15 June 2007, MTRCL still remarked that it was generally happy with Skyrail-ITM's performance. Given that there had been 21 incidents of service disruptions in the previous nine months, Mr LI was gravely concerned about the role of MTRCL in monitoring the work of Skyrail-ITM.

30. Ir Dr Raymond HO recapped his grave concern about the poor performance of Skyrail-ITM. Re-iterating his views expressed at previous Panel meetings that cable car services were provided in many parts of the world and the operation of the systems was not particularly complicated, he considered it unacceptable for Skyrail-ITM to have made fatal mistake like the Incident. While appreciating the Government's prompt decision in appointing the Expert Panel to investigate into the Incident, Ir Dr HO however considered that the Administration and MTRCL should have monitored much more closely the performance of Skyrail-ITM. For example, EMSD and MTRCL should have noticed the signs of rusting on certain components of the ropeway system and on the spare parts inside the cabin storage area. Such signs of rusting, as pointed out in the Expert Panel report, would not be expected for a system that was put into service for just one year. Ir Dr HO urged the Administration and MTRCL to step up their effort in monitoring the cable car operation. He suggested that to restore public confidence, SCED and MTRCL's Chairman should take the first ride upon the re-opening of the cable car service.

31. SCED said that MTRCL's decision to form a new subsidiary company to take over the management and operation of the cable car system had demonstrated that it was a responsible company. He highlighted the work of EMSD in monitoring the safe operation of the ropeway since the opening of the cable car service. In the previous nine month, EMSD had conducted over 130 regular and random inspections and issued 47 advisory notices on improvement measures with a view to ensuring public safety. In view of the less than satisfactory performance of Skyrail-ITM, the Government had urged MTRCL to tighten up its monitoring of the operator. SCED further remarked that when he served as a member to MTRCL's management board in his former capacity as the Secretary for Financial Services and the Treasury, he had repeatedly reflected the Government's concern about stoppages of the cable car service at board meetings and requested MTRCL management to closely follow the matter. SCED assured members that he would be pleased to take a trial ride with MTRCL's Chairman when the cable car system was re-launched.

32. Noting that EMSD had conducted over 130 inspections and issued 47 advisory notices on improvement, Mr James TIEN was gravely concerned that should EMSD and MTRCL have monitored the safety performance of the cable car service more closely, the Incident would not have happened.

33. Mr Abraham SHEK further queried why EMSD, notwithstanding it had conducted over 130 inspections, was unable to detect the rusting problem as pointed out in paragraph 32 of the Expert Panel report. He was concerned about the

remedial actions to be taken to rectify the problem.

34. Mr Andrew LEUNG shared similar concern. He pointed out the fact that EMSD had conducted random inspection of the cable car system as frequent as once every two days helped demonstrate EMSD's low confidence on Skyrail's operation capability. He considered that EMSD should have recommended the transfer of management before the Incident.

35. In response, DEMS explained that as revealed in table 4 in the Expert Panel report, EMSD had identified rusting and corrosion in areas of the ropeway and given improvement advice to Skyrail-ITM. In examining the system, EMSD and the Expert Panel noted that the ropeway system components had gone rusting faster than normal, probably due to the humid environment in the area. However, the corrosion did not affect the safety of the cable car operation, though the components should be treated with corrosion protection more frequently. Nevertheless, DEMS would continue monitoring the ropeway maintenance in accordance with AR(S)O.

36. In addressing Mr Andrew LEUNG's concern, DEMS stressed that the international experts had confirmed that the current regulatory regime was in line with prevailing international practice. In reply to Mr Fred LI's enquiry on the future relationship between the new company and the Government, DEMS advised that both the owner and operator of the cable car system were subject to the regulation of AR(S)O. EMSD would continue monitoring the cable car system under the existing framework to ensure safety.

37. Mr Abraham SHEK was pleased to note the Expert Panel's confirmation that the cable car system had complied with the prevailing international standards and practices in respect of its design and safety. Given the solid experience of MTRCL in operating rail service in Hong Kong, he had full confidence in MTRCL's taking over the management of the cable car operation. Regarding the test for the brake system on 11 June 2007, Mr SHEK questioned why the brake system had been changed to manual mode when conducting the test. He also enquired whether MTRCL would consider putting in place a safety mechanism to prevent recurrence of the Incident due to human error.

38. On the improvement of the engineering of the entire ropeway, Mr Russell BLACK stressed that MTRCL would implement a quality management system, such as ISO 9000, to enhance management and work procedures. This would help ensure a more comprehensive compilation of maintenance procedures and work instructions.

Ngong Ping Village, trade and community engagement

39. Mr Vincent FANG recapped his concern about the difficulties faced by NP Village tenants during the cable car suspension period when they were suffering from business losses while bearing overhead expenses. Mr FANG sought information on further concessions and promotions to be arranged for the tenants

and urged MTRCL to consider linking the future rents with tenants' business turnover.

40. Mr SIN Chung-kai pointed out that rental concessions were minimum measure and urged that MTRCL should consider offering substantive financial assistance to the Village tenants. Otherwise, they might consider claiming damages from MTRCL.

41. Dr Raymond CH'IEN remarked that MTRCL fully understood the hardship of the Village tenants. In fact, they were MTRCL's business partners and MTRCL would definitely assist them to overcome the difficulties. Mrs Miranda LEUNG, General Manager – Corporate Relations, MTRCL said that MTRCL had waived the rental for tenants during the suspension period. She further highlighted the effect of publicity launched after the Incident in promoting NP Village and pointed out that the number of visitors per week had risen from a few hundreds to nearly 6 000 in the last week of the summer break. On further rental concessions and promotions, she said that MTRCL welcomed suggestions from tenants and would discuss with them to work out tailor-made measures meeting their individual needs. For example, MTRCL would discuss with tenants on the detailed arrangements if they consider ceasing operation during the suspension period and re-opening the shops after the cable car resumed service. In this connection, Mr Vincent FANG cautioned that MTRCL should adopt a consistent and fair manner in assisting the tenants to avoid arousing grievances among tenants.

42. Mr Andrew LEUNG remained concern, pointing out that the Village tenants had made investment in their businesses and suffered losses due to the substantial drop in number of visitors caused by previous service interruptions of the cable car and the suspension of service since the Incident. Some tenants were struggling to sustain operation during the suspension period when the daily visitor number dropped to less than 1 000 as compared to some 5 500 before the suspension. Given rent only constituted about 30% of the operating expenses for tenants, Mr LEUNG urged MTRCL to be more proactive in devising additional measures to help them. He added that he was aware that some tenants were considering taking legal actions to seek compensation, in particular having regard to the conclusion drawn by the Expert Panel.

43. In response, Dr Raymond CH'IEN stressed that MTRCL was mindful of the difficulties faced by Village tenants and would make its best effort to assist them.

44. The Chairman enquired whether the loan schemes for small and medium-sized enterprises (SMEs) could be used to help Village tenants tide over the difficult period. SCED confirmed that various loan schemes were available for SMEs but he would need to study if the ambit of these schemes was applicable to the Village tenants.

45. Highlighting the popularity of NP 360 among local people, Mr Fred LI enquired whether MTRCL, as a conscientious corporate, would consider arranging free rides for elderly people and offering concessionary tickets for the general

public in order to re-establish public confidence in the cable car service. Mr Abraham SHEK supported the view and urged MTRCL to consider offering free rides for the first month of the re-opening.

46. In response, Ms Miranda LEUNG said that MTRCL had taken a series of measures to ensure smooth re-opening of the cable car system. It would work jointly with HKTB and the travel trade in restoring visitors' confidence and re-establishing NP 360 as a must-visit tourist attraction in Hong Kong.

47. In reply to the Chairman's further enquiry, Mrs Miranda LEUNG advised that the investment on NP 360 was relatively small to MTRCL's businesses. About \$7 million was incurred monthly to maintain NP 360 during the suspension period, which was a relatively small sum when compared to the operating cost of MTRCL.

Concluding remarks

48. The Chairman asked whether the Administration would provide the full report of the Expert Panel to the Panel. SCED said that the Administration fully understood members' concern over the Incident and would consult DoJ on the matter. He also invited all LegCo Members to take a ride of the cable car upon its re-opening.

II Any other business

49. There being no other business, the meeting ended at 6:12 pm.