

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2606/11-12  
(These minutes have been seen  
by the Administration)

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**Panel on Economic Development**

**Minutes of meeting**  
**held on Monday, 23 April 2012, at 10:45 am**  
**in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)  
Hon Paul TSE Wai-chun, JP (Deputy Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Fred LI Wah-ming, SBS, JP  
Hon CHAN Kam-lam, SBS, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Andrew CHENG Kar-foo  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king, JP  
Hon Paul CHAN Mo-po, MH, JP  
Hon IP Wai-ming, MH  
Dr Hon Samson TAM Wai-ho, JP  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip
- Members absent** : Hon Vincent FANG Kang, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Dr Hon LEUNG Ka-lau  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

**Public officers  
attending**

**: Agenda Item IV**

Mr Gregory SO  
Secretary for Commerce and Economic  
Development

Mr Philip YUNG, JP  
Commissioner for Tourism

Mr Alfred SIT  
Deputy Director/Regulatory Services  
Electrical and Mechanical Services Department

**Agenda Item V**

Mr Philip YUNG, JP  
Commissioner for Tourism

Miss Rosanna LAW, JP  
Deputy Commissioner for Tourism

Miss Winnie CHAN  
Senior Administrative Officer (Tourism)

**Attendance by  
invitation**

**: Agenda item IV**

**Ngong Ping 360 Limited**

Mr Adi LAU  
Chairman of the Board

Mr Wilson SHAO  
Managing Director

**Agenda item V**

**Hong Kong Tourism Board**

Mr Anthony LAU  
Executive Director

**Clerk in attendance :** Mr Derek LO  
Chief Council Secretary (1)6

**Staff in attendance :** Ms Sarah YUEN  
Senior Council Secretary (1)6

Ms Michelle NIEN  
Legislative Assistant (1)6

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Action

**I Confirmation of minutes of meeting**

(LC Paper No. CB(1)1602/11-12 —Minutes of meeting held on 17  
January 2012)

The minutes of the meeting held on 17 January 2012 were confirmed.

**II Information papers issued since last meeting**

(LC Paper No. CB(1)1476/11-12(01) —Administration's paper on tables  
and graphs showing the import  
and retail prices of major oil  
products from March 2010 to  
February 2012)

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

**III Items for discussion at the next meeting**

(LC Paper No. CB(1)1600/11-12(01) —List of outstanding items for  
discussion

LC Paper No. CB(1)1600/11-12(02) —List of follow-up actions)

3. Members noted that the Administration had not proposed any item for discussion at the Panel's regular meeting in May and agreed to decide on the agenda for the May meeting later.

*(Post-meeting note: With the concurrence of the Chairman, the May meeting was subsequently cancelled because no discussion item had been proposed for it.)*

**IV Follow-up to the Ngong Ping 360 ropeway incidents and update on its resumption of service**

(LC Paper No. CB(1)1600/11-12(03) —Administration's paper on follow-up to the Ngong Ping 360 ropeway incidents and update on its resumption of service

LC Paper No. CB(1)1600/11-12(04) —Paper on the incidents of breakdown of Ngong Ping 360 ropeway occurring in December 2011 and January 2012 prepared by the Legislative Council Secretariat (Background brief)

LC Paper No. CB(1)1518/11-12(01) —Administration's investigation report on Ngong Ping 360 ropeway incidents

LC Paper No. CB(1)1388/11-12(01) —Administration's paper regarding the recent spate of incidents on Ngong Ping 360 ropeway in December 2011 and January 2012 and its follow-up work

LC Paper No. CB(1)1664/11-12(01) —Power-point presentation materials provided by Electrical and Mechanical Services Department  
*(tabled at the meeting and subsequently issued on 23 April 2012)*

LC Paper No. CB(1)1664/11-12(02) —Power-point presentation materials provided by Ngong Ping 360 Limited  
*(tabled at the meeting and subsequently issued on 23 April 2012)*

4. The Secretary for Commerce and Economic Development (SCED) briefed members on the Government's follow-up work to the recent incidents of the Ngong Ping 360 (NP360) ropeway, including the investigation conducted by the Electrical and Mechanical Services Department (EMSD) into the stoppage incident of NP360 on 25 January 2012 (the 25 January 2012 incident) and the operation of the ropeway after its resumption of service.

5. With the aid of PowerPoint, the Deputy Director/Regulatory Services, EMSD (DD/RS) briefed members on the Administration's investigation report on the 25 January 2012 incident (the Report) (LC Paper No. CB(1)1518/11-12(01)). The Managing Director of NP360 (MD/NP360) then briefed members on the improvements to the cable car system and NP360's service, and on the remedial promotion efforts that would be made.

Handling of incidents

6. Mr Andrew CHENG pointed out that seven serious incidents leading to service suspension had occurred in less than six years since NP360 came into operation. The unsatisfactory handling of the 25 January 2012 incident, in which a few hundred passengers were stranded in mid-air up to two hours in the freezing cold, had undermined public confidence in the reliability of NP360 and dealt a heavy blow to Hong Kong's tourism industry. He therefore called for greater efforts to introduce improvement and formulation of objective indicators for monitoring NP360's performance.

7. SCED responded that the Administration had openly stated that the handling of the 25 January 2012 incident was unsatisfactory and unacceptable, and had already urged NP360 to draw lessons from the incident and make improvements immediately in recognition of the importance of service reliability. He had himself written to the Chief Executive Officer of MTR Corporation Limited (MTRCL) to call for improvement.

8. Mr Fred LI recalled that the transfer of the management of NP360 to MTRCL after the cabin dislodgement incident in 2007 had failed to reduce incidents or improve the way in which these incidents were handled. He therefore opined that more serious thoughts should be given to how incidents could be reduced and handled better, and what the last resort would be. Mr WONG Ting-kwong, however, opined that MTRCL was performing better than Skyrail-ITM (Hong Kong) Limited, the original operator of NP360, and was more willing to listen to the views of staff and clients although there was still much room for improvement.

9. SCED agreed that the 25 January 2012 incident would affect tourism, and reiterated that to address public concern about the unsatisfactory handling of this incident, he had already written to MTRCL requesting it to gear up monitoring of NP360.

*Notification of incident and response of senior management*

10. Mr Andrew CHENG and Mr Fred LI considered the requirement to notify EMSD within 30 minutes for system stoppage too loose because 30 minutes would be a long time for passengers stranded in mid-air. DD/RS responded that the present arrangement between NP360 and EMSD was that verbal notification had to be made to EMSD for any system stoppage lasting for more than 15 minutes within 30 minutes of stoppage.

11. Ms Starry LEE considered it undesirable that the senior management of NP360 had not turned up as soon as the 25 January 2012 incident occurred to

pacify affected passengers or co-ordinate handling of the incident. She enquired when the senior management of NP360, the Commissioner for Tourism (C for Tourism) and SCED were each alerted to the incident, and why they had not publicly responded to the crisis earlier.

12. SCED and C for Tourism said that the Tourism Commission as well as all relevant Government departments were duly notified of the 25 January 2012 incident according to the existing incident notification mechanism. During the incident, the Tourism Commission had worked closely with NP360 and EMSD trying to understand the circumstances and, with passenger safety as the most important consideration, had urged NP360 to transport affected passengers to Tung Chung Terminal for departure as soon as practicable, provide a report of the case and implement relevant follow-up measures.

13. MD/NP360 added that NP360's senior staff, including experienced engineers and competent persons, were on duty every day. During the 25 January 2012 incident, the ropeway went into complete stoppage at 2:49 pm when the position sensor at bull wheel No. 4 was triggered. The senior management of NP360 were notified of the stoppage around 3:00 pm and arrived at the scene shortly afterwards. Staff at managerial level were also involved in handling affected passengers on the frontline.

### Improvement proposals

#### *System for monitoring service performance*

14. Mr Andrew CHENG opined that NP360's management had neglected its duty in ensuring service reliability, and suggested that to ensure NP360's reliability, a scoring system based on the duration of incidents should be introduced with 3 points deducted for every incident lasting 31 to 60 minutes, 5 points for 61 to 120 minutes, and 10 points for incidents lasting over two hours. Where 30 or more points had been deducted within a year, the Administration should issue warnings, impose penalties such as fines on NP360, and cut the salaries or bonuses of its management or even replace them.

15. SCED responded that it might be more desirable to focus on the way forward, so as to ensure that the board and management of NP360 would actively take forward the proposed measures to improve service under the monitoring of Members, the mass media and relevant stakeholders. Moreover, since NP360 was a subsidiary of MTRCL and there already existed a mechanism for EMSD to closely monitoring NP360's service, the Administration should not interfere with NP360's internal operation.

16. Mr Fred LI opined that to ensure service reliability, a scoring system

offering both awards (say, in the form of bonus) and penalties should be introduced instead of just replacing the faulty parts that caused the 25 January 2012 incident.

17. SCED responded that NP360 had its own staff performance appraisal and management systems which were monitored by NP360's board. To ensure service reliability and prevent incident recurrence, the first and foremost task of NP360 was to identify the causes of the incidents and make improvement measures. According to the Report, the major cause of the incident was the ineffective lubrication of the ropeway bearings resulting from high moisture content in the lubricating grease because of improper storage and handling. The Administration had already urged NP360 to seriously implement the relevant improvement measures to rectify the above situation.

*Incident notification mechanism*

18. Ms Starry LEE opined that notwithstanding the improvement measures recommended in the Report, it was imperative that the handling of incidents be improved, in particular how affected passengers could be pacified. She proposed that all relevant Government departments instead of only EMSD would be notified when there was an incident to enable proper arrangement to be made in every aspect. SCED and C for Tourism responded that under the established incident notification mechanism, while EMSD was always notified first, other relevant departments including the Tourism Commission, the Hong Kong Police Force, the Fire Services Department and the Transport Department would also be notified in a timely manner to enable them to take corresponding actions early.

*Comprehensive inspection*

19. Quoting the failure of previous investigations in preventing incidents effectively, the Chairman cast doubt on whether the planned comprehensive review of NP360's maintenance regime could help reduce incidents in future. In his view, instead of responding to individual incidents haphazardly, NP360 should consider suspending service for comprehensive examination for one to two days once or twice every two months to check the wear and tear of system components and where necessary, replace the components more frequently than required. This would help instill public confidence in the ropeway.

20. DD/RS indicated agreement with the Chairman's proposal on suspending NP360's service to conduct comprehensive examination. MD/NP360 added that NP360's service was already suspended one day for examination every two months during the past few years. NP360 would examine whether the above maintenance programme should be further improved. Meanwhile, NP360 would install an online vibration monitoring device on all seven bull wheels to better

collect and analyze the vibration data via computer, so as to check the wear of bearings and ascertain the need for their earlier replacement.

21. Pointing out that NP360 was a unique cable car system, the Chairman urged NP360 to explore proactive and innovative ways in managing and maintaining the ropeway instead of strictly following the relevant manuals provided by the manufacturer and suppliers concerned. Mr WONG Ting-kwong, however, cautioned against innovation in this regard, pointing out that if the manuals had not been followed, the manufacturer of the ropeway and suppliers of parts might refuse to be held accountable should any problem arise.

Possible causes of the frequent occurrence of incidents

*Ineffective lubrication of bearings*

22. Mr CHAN Kam-lam noted that the 25 January 2012 incident had been caused by the spalling of the upper bearing of bull wheel No. 4 as a result of ineffective lubrication of the bearing and hence its abnormal vibration, thereby triggering the position sensor concerned to stop ropeway operation. He asked whether spalling was also found on the other six bull wheels of the ropeway. DD/RS replied that all bearings of the other six bull wheels were examined after the incident and found normal. However, as a prudent measure, all bull wheel bearings had been replaced because they might all be subject to the same unsatisfactory greasing condition giving rise to spalling at a later stage.

23. Mr CHAN Kam-lam questioned how it could be concluded that the cause of the 25 January 2012 incident was ineffective lubrication if spalling was not found on the other six bull wheels, which were subject to the same unsatisfactory greasing condition. He raised the following queries –

- (a) whether laboratory tests had been conducted on bull wheel No. 4, especially its lower bearing on which there was no spalling;
- (b) whether substandard design or quality was the real cause; and
- (c) given the serious bearing spalling, how high the moisture content in the lubricating grease was.

24. DD/RS responded that the bearing concerned was cut into smaller specimens and subject to metallurgical failure analysis to ascertain whether substandard material was a problem. Special attention had also been paid to the positioning of the seven bull wheels of the ropeway to see whether this had any impact. It was discovered that bull wheel No. 4 was subject to relatively greater pressure by the rope tension because of its position. This might help explain

why spalling was found on it first. It however did not mean that over time spalling would not appear on the other bull wheels. The moisture content in the grease concerned was exceedingly high, being 7 000 ppm, seven times that of unused grease of below 1 000 ppm.

*Storage of lubricating grease*

25. Mr CHAN Kam-lam pointed out that judging from their positions, bull wheels Nos. 6 and 7 and bull wheel No. 4 were subject to similar pressure. He asked whether similar tests had been conducted on bull wheels Nos. 6 and 7, and how it had been deduced that the high water content in the bearing grease had been caused by unsatisfactory storage environment of unused grease, and not by normal ingress of moisture into applied grease during normal bearing operation. DD/RS responded that ingress of moisture into the grease applied to the bearings could be prevented by the outer casing of the bearings, but could not be prevented if the grease was not stored in an enclosed area.

26. Mr Albert CHAN pointed out that the problem of high moisture content in the lubricating grease of NP360's bearings should have existed a long time, and questioned the delay in discovering the problem and whether previous investigations of incidents had been conducted properly. DD/RS responded that no storage of unused grease on the catwalk under highly humid environment had been noticed during previous investigations to direct probes along such clues and it could not be safely concluded that unused grease had been stored in highly humid environment for a long time. At Mr CHAN's request, DD/RS agreed to provide a detailed report on the efforts made to identify the cause(s) of incidents of NP360 when previous incident investigations were conducted, in particular on whether any step(s)/factor(s) had been omitted, so that the cause of the frequent occurrence of incidents could not be identified until the latest investigation, and on whether certain facts had been deliberately withheld to hide the real picture.

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(1)2233/11-12 on 25 June 2012.)*

27. Miss Tanya CHAN asked whether any effort had been made to identify the causes of the above change in storing and handling the lubricating grease, and whether management or staff problem was to blame. She further asked whether other system components should also be stored in an enclosed area with humidity control. The Chairman likewise highlighted Hong Kong's wet weather and questioned why better efforts to prevent ingress of moisture into the lubricating grease had not been made in the past, especially as NP360 should be aware of the threats of wet weather and salty sea winds on the ropeway because of its proximity to the sea.

28. DD/RS responded that despite Hong Kong's hot and wet weather, NP360 could be operated smoothly if proper maintenance could be maintained. Moreover, under no circumstances should the lubricating grease of bearings be stored on the catwalk under highly humid environment without any enclosure. MD/NP360 added that a multi-pronged approach would in future be adopted to prevent ingress of moisture into the grease, including training the staff in storing and handling the grease, using a more water-resistant grease, etc.

*Manufacturers' responsibility*

29. In response to Mr WONG Ting-kwong, MD/NP360 confirmed that the guarantee period of the ropeway and of the bearings on which spalling had been found had not expired, and that they had been maintained according to the relevant maintenance manuals. Mr WONG suspected that the design of the ropeway as well as the maintenance manuals of the bearings of the ropeway were defective, and asked whether the manufacturers concerned could be held responsible for the 25 January 2012 incident and claims could be made against them.

30. MD/NP360 responded that according to the relevant investigations conducted by EMSD and an independent expert, spalling on the bearings concerned had been caused by ineffective lubrication due to a high level of moisture in the grease used to lubricate the bearings. The definite cause of the ingress of moisture into the grease, however, had yet to be ascertained. MD/NP360 further advised that he would report back on whether damages arising from NP360's incidents could be claimed from the ropeway and bearing manufacturers.

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(1)2233/11-12 on 25 June 2012.)*

31. Mr Albert CHAN questioned whether the design and manufacture of NP360 were up to standard, and enquired about whether similar cable car systems overseas were equally incident-plagued.

32. MD/NP360 responded that the Expert Panel appointed to conduct detailed investigation into the cabin dislodgement incident in 2007 had also confirmed that NP360's design was in line with prevailing international standards and practices and hence was safe. Although there were cable car systems of similar design in other places, NP360 was unique being a 5.7-kilometre long bi-cable ropeway system. MD/NP360 agreed to provide information on how the design and operation of similar cable car systems overseas compared with NP360.

*Regard for local conditions in the ropeway design*

33. Miss Tanya CHAN similarly asked whether the NP360's incidents were caused by any systemic problem, and whether due regard had been given to Hong Kong's wet weather and special geographical conditions in designing the ropeway; and whether any comprehensive review had been conducted to identify measures to mitigate the above unique conditions.

34. In response, DD/RS made the following points –

- (a) The manufacturer of NP360 had already been alerted to the special terrain of Lantau Island before it designed the ropeway. Review on the design of NP360 had not identified any problem in its suitability for Hong Kong's environment;
- (b) Although the life of the bearing involved in the 25 January 2012 incident had been shortened because of ineffective lubrication, safe operation of the ropeway had been ensured because the position sensor adjacent to each bull wheel as a safety device would be triggered by abnormal vibration to suspend the service; and
- (c) The Administration was aware that proper maintenance of NP360 was essential to maintaining its service quality, and had already urged NP360 to engage an independent consultant to conduct a comprehensive review of the maintenance regime of the cable car installations to identify room for improvement.

35. MD/NP360 echoed the above points, and added that the consultant had also been tasked to identify any failure mode that would cause service delay. The improvement measures so identified had already been taken forward. The most important task at present was to ensure these measures would consistently apply. To achieve this purpose, a dedicated group would be formed to work out an assurance framework.

36. Mr Paul TSE opined that the grease moisture content problem was not the cause of incidents but the failure of NP360's European manufacturer to give due regard to Hong Kong's exceptionally wet weather when designing the ropeway. He sought papers relating to the design and construction of the ropeway, so as to ascertain whether local circumstances had been duly taken into account, particularly when selecting the material for the bearings, which to his understanding were made of stainless steel and not the more humidity-resistant alloy. He considered it necessary to examine whether major system components or even the whole system should be replaced earlier.

37. DD/RS said that although local weather conditions would affect the performance of NP360, its performance was also affected by the frequency and

extent of maintenance efforts. Proper maintenance and timely replacement of system components were both crucial. Since the incident bull wheel bearing was designed with a lifespan of 90 000 hours but had become faulty after having been used for only about 25 000 hours, the Administration had already asked NP360 to review its maintenance regime, and to replace certain major system components more frequently. He added that the bearing material at NP360 could withstand Hong Kong's humidity and temperatures but agreed to follow up with NP360 to explore whether there was other alloy material for the application of bull wheel bearing which was more suited to Hong Kong's wet weather.

Conclusion

38. Summing up, the Chairman concluded that members in general were concerned about the frequent occurrence of incidents involving NP360, which had led to stranding of tourists and tarnished Hong Kong's image. Members were also concerned about whether damages could be claimed from the manufacturer of the ropeway for the incidents, and hoped that if this was found justifiable, follow-up actions could be taken as soon as practicable. Members were also keen to ensure that the planned review of NP360's maintenance regime would be conducted in a genuinely comprehensive manner, helping to ensure satisfactory management and maintenance of the ropeway. He further urged NP360 to provide the information requested by members above after the meeting.

**V Report on the progress of development of the new cruise terminal project at Kai Tak**

(LC Paper No. CB(1)1600/11-12(05) — Administration's paper on development of a new cruise terminal at Kai Tak

LC Paper No. CB(1)1600/11-12(06) — Paper on the development of new cruise terminal project at Kai Tak prepared by the Legislative Council Secretariat (Background brief)

LC Paper No. CB(1)1664/11-12(03) — Power-point presentation materials provided by the Administration)  
(*tabled at the meeting and subsequently issued on 23 April 2012*)

39. With the aid of PowerPoint, the Deputy Commissioner for Tourism (DC for Tourism) briefed the Panel on the latest progress of the new cruise terminal project at Kai Tak and the promotional initiatives to enhance cruise tourism in Hong Kong. Members noted that the tenancy for operating and managing the new cruise terminal at Kai Tak had been awarded to Worldwide Cruise Terminals

Consortium ("WCT"), which was required to pay to the Government a fixed rent and a variable rent. The fixed rent for the 10-year operation was approximately \$13 million. The Government would receive a percentage of the gross receipts of the operator as the variable rent, and the percentage of the gross receipts to be shared with the Government would increase as the gross receipts went up.

Rent paid by the operator

40. Mr Fred LI considered it too generous to just ask the Worldwide Cruise Terminals Consortium (WCT), the operator of the new cruise terminal, to pay to the Government a fixed rent of approximately \$13 million for the 10-year tenancy, meaning that the fixed rent would be only some \$100,000 a month. The amount of variable rent would hinge on WCT's gross receipts. Mr LI asked how the Administration would ensure WCT's satisfactory performance and whether a board/committee would be set up to monitor WCT's performance.

41. In response, C for Tourism made the following points –

- (a) As reported at a previous Panel meeting when the item was last discussed, the Administration had not prescribed the minimum levels for either the fixed or variable rents of the new cruise terminal. The rent levels were the result of open tendering. This arrangement aimed to strike a balance between providing sufficient commercial incentive and protecting the Government's interest, and the Panel and the relevant sectors had been consulted on it. Notwithstanding, by sharing the gross receipt with the operator, the variable rent would allow the Government to capture the upside of the business ;
- (b) WCT's satisfactory performance could be ensured by offering a 5-year extension of the tenancy in return, and by conducting a mid-term review after the tenancy had commenced for five years to determine whether any adjustment to the rent level and berthing fees was necessary. The Government would monitor the operation of the terminal through a set of service pledges and performance indicators to be drawn up by WCT, including the time taken for embarkation and disembarkation of passengers and processing of luggage. If WCT could not meet the pledges, the Administration could ask it to improve; and
- (c) A management committee comprising representatives from WCT and the relevant sectors would be formed to give operation advice to WCT, and to monitor WCT's performance.

Monitoring the operator's performance

42. The Chairman stressed the need to ensure satisfactory operation of the new cruise terminal and to gear up the monitoring of the terminal's operation, especially when the fixed rent was too low to give WCT any pressure to perform better. C for Tourism noted the Chairman's views and undertook to do its best to monitor WCT.

43. The Chairman asked when the recurrent expenditure of the new cruise terminal, which was estimated to be \$220 million a year, would break even. C for Tourism emphasized that the above leasing arrangement had been made through an open tender process, after considering the need to achieve a balance between market operation and prudent use of public resources. The Government's priority was therefore not to achieve a break-even but to ensure successful operation of the terminal to promote Hong Kong as a cruise hub, so as to bring in additional economic benefits in the form of development of cruise-related industries, which as estimated could amount to \$1.5 to \$2.6 billion every year.

#### Construction works

44. At Mr Fred LI's request to respond to press reports on water seepage in the new cruise terminal, C for Tourism elaborated that works progress, works quality and industrial safety were given equal attention when the Administration took forward the new cruise terminal project. As such, the Administration had been seeking further details regarding the above press reports from the Architectural Services Department (ASD) and the contractor concerned. C for Tourism further explained that since the terminal building was still under construction and some parts of the terminal were yet to be fully covered, water seepage after heavy rainfall might be inevitable. Notwithstanding, ASD and the contractor were aware of the problem and the need for rectification. In fact, some 20 ASD staff members were stationed in the terminal site every day to supervise works. In addition, ASD would adopt strict standards when conducting pre-occupation inspection of the terminal to ensure the works could conform with relevant works requirements and operational needs.

#### Promotion of the cruise terminal

45. Mr CHAN Kam-lam asked whether WCT had made any proposals on the relevant operation strategy yet. C for Tourism responded that formulation of operation strategy was an important task of the terminal operator and, after WCT had been formally appointed as the operator on 8 March 2012, it had attended an important cruise conference in the United States to introduce itself to key industry stakeholders and had met with the senior management of a number of major cruise companies to explore the possibility of enhancing their ship deployment to Hong Kong. WCT would be in a position to provide the relevant information

when they were available. Since WCT had just been appointed, it was still doing the relevant preparatory work though it had already been planned that WCT would strengthen contact with cruise companies and gear up promotion efforts in the latter half of 2012 to prepare for commissioning of the terminal.

Support facilities for tourists

46. Mr CHAN Kam-lam sought details on the tourism facilities to be provided next to the new cruise terminal, whether they were already being constructed and if so, when completed. C for Tourism responded that the above cluster of tourism facilities, which was a development planned in the context of the Kai Tak Development (KTD) project and separated from the development of the terminal, would include hotels, commercial premises, entertainment facilities and food and beverage outlets. The facilities were at present in the planning stage. Their completion at a later stage would enable them to better complement the development of the terminal. The specific timetable for the development of the tourism facilities would need to be confirmed with the relevant department and bureau.

47. Mr CHAN Kam-lam urged the Administration to expedite planning of the above cluster of tourism facilities to achieve synergy between the cluster and the new cruise terminal, and to minimize any inconvenience or nuisances caused by the construction works concerned to cruise passengers and cruise terminal visitors, in order to avoid giving the cruise passengers a bad first impression of Hong Kong. C for Tourism responded that efforts would be made to minimize the impact that works in the vicinity of the terminal might have on the terminal and on cruise passengers.

Transport facilities

48. In response to Mr CHAN Kam-lam on the road network for the new cruise terminal, C for Tourism explained that the KTD project under which the terminal was constructed was a huge and highly complex development project with a mix of facilities which would not complete until 2021. The road presently planned for the terminal would first connect it to Kowloon Bay only. When most facilities in KTD were completed, they would be well linked up with one another by a proper road network and other transport facilities. External connection of the terminal would then be significantly improved.

49. Mr Paul TSE was keen to ensure that proper transport arrangements and sufficient parking facilities would be provided for the new cruise terminal. C for Tourism responded that a dual two-lane road of a high standard and pleasantly landscaped on both sides would be constructed to link up the terminal with Kowloon Bay to give cruise passengers a good first impression. Sufficient

parking spaces for tour coaches and private cars would also be provided in the terminal. In fact, good co-ordination with cruise companies and tour agents would be made to synchronize the provision of these parking facilities with the embarkation and disembarkation of cruise passengers to facilitate smooth operation of tour coaches.

50. Highlighting traffic congestion in West Kowloon, Mr Paul TSE urged the Administration to consider using ferries as an option for transferring cruise passengers to other parts of Hong Kong, instead of solely relying on road transport. C for Tourism responded that WCT should be willing to actively examine the feasibility of the above option, which could maximize the excellent location of the terminal in the centre of the Victoria Harbour.

#### Exhibition facilities in the terminal

51. Mr Paul TSE noted that the third floor of the terminal building, being pillarless, would be used for exhibition purposes. He enquired about whether such exhibition facilities would be open for hire by any party and if so, the operation and charge details. DC for Tourism responded that the initial thinking was that during low season, the third floor of the terminal building could be utilized to help provide Meeting, Incentive, Convention and Exhibition (MICE) facilities which were in short supply in Hong Kong. As such, the above condition had already been specified in the relevant tenancy agreement. In support of such purposes, provisions for catering services would be made in the terminal building. WCT had already been asked to work out a plan on when the floor would be put to MICE use and specify the fees to facilitate application. However, in recognition of members' enquiries in this regard, the Administration would urge WCT to work out the plan and fees earlier.

#### Use of berthing slots

52. Noting that Royal Caribbean Cruises Limited was one of the three companies forming the joint venture WCT, Mr Fred LI expressed concern that WCT might reserve the best berthing slots for the cruise vessels of Royal Caribbean Cruises Limited, and asked whether there would be a monitoring mechanism to prevent this. Mr Paul TSE shared his concern. In response, C for Tourism explained that the relevant tenancy agreement required that the operator of the new cruise terminal had to formulate guidelines on how berthing slots would be allocated. The Administration would ensure the guidelines would be transparent and fair, and that all cruise companies would be treated fairly.

#### Lease of Ocean Terminal

53. Miss Tanya CHAN noted that the lease for the Ocean Terminal would

expire in June 2012 and the new cruise terminal would only be in operation in mid-2013. She enquired the details on the progress of the lease renewal and contingency plans for the berthing of cruise ships if the lease would not be renewed.

54. C for Tourism responded that the negotiations between Lands Department and the management of Ocean Terminal on the above lease were still underway and owing to the commercial sensitivity of the negotiations, it might not be desirable to disclose the details at this meeting. He, however, expressed confidence that proper arrangement would be made for the berthing of cruise ships. With the commissioning of the first and second berth of the new cruise terminal in 2013 and 2014 respectively, there would be four cruise berths in Hong Kong to enhance cruise tourism, and in turn tourism development in Hong Kong as a whole. As to the relevant contingency plans, where necessary the alternative berthing facilities in the Western District and Kwai Chung could be able to accommodate the cruise vessels coming to Hong Kong.

## **VI Any other business**

55. The Chairman reminded members that the May regular meeting of the Panel would be held on 28 May 2012.

56. There being no other business, the meeting ended at 12:40 pm.