

立法會

調查赤鱘角新香港國際機場自1998年7月6日 開始運作時所出現的問題的原委及有關事宜 專責委員會

第21次公開研訊的逐字紀錄本

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出席委員

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陪同證人出席研訊的其他人士

香港機場管理局法律總監
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開始運作時所出現的問題的原委及有關事宜
專責委員會
Legislative Council Select Committee to inquire into the circumstances
leading to the problems surrounding the commencement of the operation of
the new Hong Kong International Airport at Chek Lap Kok
since 6 July 1998 and related issues

主席：

多謝各位出席今天舉行的專責委員會第21次研訊。

在未正式開始研訊前，我想提醒各位委員，整個研訊過程必須有足夠的法定人數，即連主席在內共5名委員。

我想藉此機會再次提醒公眾人士及傳媒，若在研訊進程序以外披露研訊上提供的證據，將不受《立法局(權力及特權)條例》所保障。因此傳媒應就他們的法律責任，徵詢法律意見。

在未傳召證人香港機場管理局行政總監董誠亨博士之前，我想徵詢委員的意見，董誠亨博士要求帶同以下人士出席研訊：香港機場管理局法律總監郭展禮先生。如委員沒有異議，我建議容許郭先生在研訊進行期間陪同董誠亨博士，但他不可以在席上發言或提示證人如何回答委員的問題。

如委員對研訊程序沒有其他意見，我宣布研訊開始，並傳召證人香港機場管理局行政總監董誠亨博士。

(董誠亨博士進入會議廳，
並由郭展禮先生陪同)

Dr TOWNSEND, thank you for attending today's hearing. You are summonsed before the Select Committee today to give further evidence. Please note that you are still under oath when giving your evidence. The Select Committee has agreed that you may be accompanied by Mr Josiah KWOK during the hearing to render you legal advice when necessary, but he will not be allowed to address the hearing or prompt you in any way in your replies to members.

Dr TOWNSEND has asked for the opportunity to make a couple of points vis-a-vis his comments at yesterday's hearing. Dr TOWNSEND.

Chief Executive Officer, AA:

Thank you, Chairman. Late yesterday I was losing my focus on a few of the questions that came up at the end of the session. Perhaps it would help if I were to go back and clarify those. One had to do with the question, I believe, Mr LEE raised about the final stress test and other matters. Under the terms of the

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contract, the Site Acceptance Test was performed by the end of February, through the middle of March. The re-Site Acceptance Test was done in early April. The regression test was done in the second part of May. Interface tests, like SITA, CUTE, baggage handling, started in early 98 and were completed. The response time and resilient test was performed at the end of May and the reliability test extended for several weeks in June, including live data from Kai Tak.

What was not performed under the terms of the contract was the final stress test. Mr CHATTERJEE and I had given comments on that, that it would require about 4 to 6 months of actual operation of the airport to comply with that requirement. If I remember correctly, it was for a level extending to beyond year 2005. Of course, we felt after completing all of those tests that, indeed, we did have a workable system and so there was no question being raised at that time, including after discussions with NAPCO, EDS, GEC and ADSCOM about airport opening date as related to that issue.

Later in the Commission of Inquiry at the end of that particular day when we were discussing that I did have some dialogue with Mr YU concerning the problem of what happened immediately before the opening of the airport and that meeting was, if I remember correctly, was 4 July and we commented at that time that of course we had that meeting in order to be sure that we in Government felt that we would be in a position to open the airport. Of course, as I mentioned, weather was one consideration or problem during the relocation, preparing for that, which turned out not to be a problem, but I commented that if there was an extraordinary case that would come up at that time that might justify a further discussion on airport opening date, that was the opportunity that we had to discuss it prior to airport opening day.

Another point that I think was important was something referring to several of my colleagues, also concerning FIDS and changes to the FIDS programme yesterday. Mr Chern HEED, Vivian and I believe perhaps others may have been mentioned and they were claiming that they were not directly involved in changes to the contract with GEC EDS. I believe that they were actually involved in it later than the early set of changes to that. So what they said was probably correct and I think we could verify both of these items to you in writing so you have it. Thank you very much, Chairman.

Chairman:

Thank you. 李永達議員。
李永達議員：

主席。我繼續昨天的問題。在昨天的最後時段，我曾問董誠亨先生關於"FAT"及"SAT"一起進行一事。我的問題很簡單，董誠亨先生當時知道這個決定，他曾否詢問機管局內負責資訊科技的同事？

Chief Executive Officer, AA:

We did have a discussion with IT, AMD and Project Division on that issue and it was agreed between Project and GEC EDS to combine the final parts of the FAT with the SAT, which is a very comprehensive test.

李永達議員：

我想進一步詢問，是否有這討論過程的紀錄或會議紀錄，可供我們參閱？

Chief Executive Officer, AA:

I do not recall, quite honestly.

李永達議員：

請大家參閱文件冊的第XI冊，文件B289，有一封"Mr OAKERVEE"的信件，文件B289。對不起，應是"Mr CHATTERJEE"。

Chief Executive Officer, AA:

Yes, I have it, thank you.

李永達議員：

這是"Mr CHATTERJEE"寫給我們秘書的信，A段說："We have checked our records and confirmed there is no documentary evidence provided by Project Division for the cancellation of the Factory Acceptance Test. All consultation was verbal and Project Division took the final decision"。我想問董誠亨先生，取消"FAT"是一個很重要的決定，為何你的同事及你自己...我不知道你有否參與...只透過口頭商討，而沒有舉行正式的會議，坐下來討論及作決定，然後有紀錄？為何似乎

是一個很兒戲的過程？

Chief Executive Officer, AA:

I think several reasons. Obviously there were discussions on the subject and in paragraph (b) it describes how these tests were finally combined. The fact that there may not have been a letter of sorts circulated at that time, I'm not aware of that.

李永達議員：

主席。我想進一步問，董誠亨先生是否知悉承辦商"EDS"對於取消"Factory Acceptance Test"的做法有何意見？

Chief Executive Officer, AA:

Yes. Obviously it was discussed with GEC and EDS at that time. I do not recall the exact conversations but it was discussed.

李永達議員：

你已記不起發展這系統的承辦商"EDS"的意見，你是否完全記不起來？

Chief Executive Officer, AA:

EDS obviously had to be co-operating in making that transition of the testing. Also, about the same time, they had significantly committed to increasing their resources at the airport site, which would also help in that area.

李永達議員：

董誠亨先生是否記得其實"EDS"反對取消"Factory Acceptance Test"？

Chief Executive Officer, AA:

I do recall they raised objections to it, yes, but ultimately they agreed to it.

李永達議員：

我想問董誠亨先生，既然連這系統的承辦商也不贊成機管局的高層管理人員的決定，即取消名為"FAT"的測試，為何你們還要繼續這樣做？你不覺得承辦商的意見很重要，值得你們參考他們的看法？

Chief Executive Officer, AA:

They would but, at the same time, the overall programme was slowing down and it was necessary to combine the test, partially for that reason and the fact that the necessary personnel would be at the airport site.

李永達議員：

可否這樣說，因為整個過程是由工程帶動，而時間又不足夠，所以即使這系統的承辦商"EDS"反對取消這部分的重要測試，你們也因為工程及時間問題，沒辦法不接受這做法？

Chief Executive Officer, AA:

I believe that was the situation, yes.

李永達議員：

你有否詢問"EDS"這做法是否有風險？

Chief Executive Officer, AA:

I did not personally ask them, no.

李永達議員：

你是否知道這樣取消是有風險的？

Chief Executive Officer, AA:

After it was implemented, you can see that it was combined with the SAT and in fact most of the objectives of the FAT were accomplished and the SAT was more comprehensive.

李永達議員：

主席，我想董誠亨先生沒有回答我的問題，在未完成綜合測試，即"combined test"前，你的同事，如柯家威先生、"Mr CHATTERJEE"、"EDS"或"CSE"這間顧問公司是否曾對你提及，取消這測試會有一定的風險？

Chief Executive Officer, AA:

I do not recall. I would suggest that be asked directly of AMD and GEC EDS and Project.

李永達議員：

主席，我問最後一個問題。作為機管局最高層的管理人員，你為何不就取消這測試的後果先詳細詢問你的同事、下屬或顧問公司，然後才作決定？你接受這個決定，是否一個很疏忽的做法？

Chief Executive Officer, AA:

No. It was discussed within Project and I was aware of those discussions and we felt that this was the best way to move forward with the overall system.

Chairman:

Dr TOWNSEND, you said "we" felt. Can you tell us who are "we"?

Chief Executive Officer, AA:

I believe it would be in discussions with Project Division and GEC and, certainly, I was aware of those conversations.

Chairman:

What about your IT experts?

Chief Executive Officer, AA:

I believe that they may have felt that there were some benefits to running the FAT. As you indicated, EDS was also stating their case for continuing at Hook in the UK.

Chairman:

EDS would have preferred to have FAT, right? So did your IT experts, didn't they? Because Mr CHATTERJEE told us that he was concerned and he told us that he raised these concerns at the weekly meetings with Mr OAKERVEE. Were you aware of that?

Chief Executive Officer, AA:

Yes.

Chairman:

And were you aware that, in spite of the fact that he raised concerns, he was very unhappy that FAT was cancelled and his advice was disregarded? Did you know that?

Chief Executive Officer, AA:

That was the decision that was taken and it was compensated for by combining the FAT with the SAT at the site.

Chairman:

I know. And I think both Mr OAKERVEE and I think you also at some point, and also when you gave evidence to the Commission of Inquiry, made it a point to make clear to everyone that you are no IT expert, that you didn't know much about IT. You had your own expert, in the person of Mr CHATTERJEE, and he raised concerns about the cancellation of FAT but he was disregarded. Why was he disregarded, Dr TOWNSEND?

Chief Executive Officer, AA:

I think you would have to ask that question to the Project Manager, K C TSUI, and Mr OAKERVEE.

李永達議員：

主席。我想問在決定取消 "FAT" 時，其實柯家威先生、"Mr

CHATTERJEE"及"EDS"都曾提供意見，在這3項意見中，有兩項屬於專業人士的意見，即你的資訊科技部門同事"Mr CHATTERJEE"和"EDS"，他們都不同意取消這測試。我們從文件及討論中知道，似乎柯家威先生同意取消測試。我想問，兩位專業人士不同意取消，而一位非專業人士則同意取消，你作出最後決定時，為何同意一位非專業人士的單一決定，取消測試，而不接受其他兩位專業人士的意見？

Chief Executive Officer, AA:

I believe there was, one, the matter of the schedule of the programme. We were trying to receive Build 2.0 in order to allow other activities to proceed. By combining it with the SAT, the same objectives would be achieved. Other than that, that was the decision that was taken.

李永達議員：

主席，我們很難同意，"combine"這兩項測試會達到同一目標，因為我們知道，後期所做的測試多用了很多時間。我們的疑問是，是否項目工程科完全"dominate"，即差不多主導整項工作，所以在作出這樣重要的決定時，你不聽取兩項專業意見，反而聽取非專業的意見。

Chief Executive Officer, AA:

The Project Division were the managers for the contract with GEC EDS and they felt that this was the necessary step.

主席：

單仲偕議員，你的問題是否只是關於這一點？

單仲偕議員：

是，只是關於這一點。董誠亨先生，你是否認為，聘用一些對資訊科技沒有認識的人去管理一個價值2億多元的大型計劃，是正確的做法？現在結果證明，7月6日出現很多問題。作為機管局的行政人員，其實用人是一項很重要的決定，如果你聘用沒有資訊科技經驗的人去管理計劃，你是否認為在用人方面犯了錯誤？

Chief Executive Officer, AA:

We did have people with experience in IT and they had the opportunity to state their opinions on various objects. I think the Project Manager who was in charge of the project, K C TSUI, also had experience with systems but not necessarily IT. We also had an outside consultant working for us at that time who was doing quality control work on the system.

單仲偕議員：

董誠亨先生，你說的全部對，你有資訊科技專家，有獨立的顧問，亦有"EDS"，但你沒有聽取這些人的意見，你只聽自己"Project Division"的意見，而這部門卻沒有這方面的經驗，他們是否做了窗櫺？

Chief Executive Officer, AA:

No. I believe in that case when you look at their organisation there were others in Project Division working on the team that was working with GEC EDS and some of the other systems. Also, at that time there was a group from IT who was working on the systems commencing earlier on. However, in the final analysis, the decision was taken that it would be better to combine the FAT with the SAT at the site.

單仲偕議員：

最後我想問一點，你是否知道我們有些證人提到，在進行"combine FAT and SAT"時，做了很多他們認為不應在那階段進行的"bug-fixing"工作，即"捉蟲"的工作，直至進行合併的在廠驗收測試及工地驗收測試時，仍然在做一些原先應在在廠驗收測試階段中已測試的項目，你是否知道這件事？

Chief Executive Officer, AA:

That is perhaps what the witnesses said, yes.

單仲偕議員：

董誠亨先生，事到如今，相隔了幾個月，已有很多證據證明當天的決策是錯誤的。你可否評估自己在用人上，是否過份信任負責這計劃的部門？或者你用錯了人？

Chief Executive Officer, AA:

I think the people were working to the best of their ability to resolve the problems and to get the airport into operation and I think the Project people were sincere in trying to do that. I think the other part of it is, when we get to the problems on airport opening day, would they have possibly been found during the FAT test? The answer is they had not been identified before, at least the final problems that we started to focus on. However, there was work still continuing at EDS in Hook so they were providing full support through the entire period, including through airport opening day.

單仲偕議員：

主席女士，我最後想問，如果你仍然不同意是用錯人，你覺得你本身的判斷能力是否有問題？

Chief Executive Officer, AA:

I think the judgment was probably correct because we did run through the SAT and FAT at the site, we did demonstrate the various items during the test programme, and we thought that we had a workable system. However, when the airport went into actual live operation, there were problems that arose that were very difficult and actually within a few days after that we had recovered the operation.

主席：

陳鑑林議員。

陳鑑林議員：

主席，剛才董誠亨先生在回答李永達議員的問題時，他提到 "combine the final part of FAT with SAT"，董誠亨先生可否澄清，"FAT" 在英國製造，而運到本港 "combine" 的只是 "final part"，事實是否這樣？

Chief Executive Officer, AA:

There at various times was continuous testing at EDS in Hook for resolving problem reports as well as other forms of testing. There could have been portions of the FAT that were performed at Hook and all of the remaining work would be combined with the SAT. I do not know in detail the answer to that.

陳鑑林議員：

主席，就董誠亨先生所了解有關"FAT"的資料，是否有報告，或你們是否有人到工廠參與"FAT"？

Chairman:

Dr TOWNSEND, Members do not expect you to know every detail about exactly what detailed testing is actually conducted but Members do expect you to know the major milestones of the major steps that have to be taken and how each step is differentiated from the next.

You have been giving Members the impression that you are lumping all the tests into one, that you are actually saying, "Oh, FAT can be combined with SAT, and all the things can be covered one way or another". The fact of the matter is, if we look at the documents, if we look at the papers, it is in fact found that during the process, during the so-called combination, a lot of the things were missed. The process actually should have been used for SAT, for example, used for debugging, and that accounted for a lot of the instability of FIDS. That is now an established fact and we would like to ask you what your responsibility is regarding that consequence?

Obviously, without knowing the absolute details of all these tests, you would, one would imagine, be quite concerned that the system is showing such instability and you would be actually paying a lot of attention to each and every step and making sure that each and every step is covered?

Chief Executive Officer, AA:

Yes. Most of those were covered through the resolution of problem reports that we had running with EDS GEC.

Chairman:

What we normally call debugging, right?

Chief Executive Officer, AA:

What you would call debugging, yes.

Chairman:

That is not what the tests are for, right?

Chief Executive Officer, AA:

The tests are for other purposes but, again, on completion of all of the test work at the site, it was felt that we had a workable system.

Chairman:

So the debugging was actually substituting what the tests should be doing, which is to ensure that you, as the client, or AA as the client, gets a faultless product, right?

Chief Executive Officer, AA:

As I indicated, we felt that we were in a position with a workable programme for opening of the airport and, of course, we would expect other problems to occur once the airport went into full operation.

Chairman:

In order to get that so-called workable programme, you were willing to compromise steps, very key steps, to ensure that the products you receive are of the standard and stability that you would need?

Chief Executive Officer, AA:

There were reports taken, they were analysed, and I would have to refer that question to Project Division and IT.

Hon Margaret NG:

On this point, Madam Chairman. Dr TOWNSEND, do you accept the view of your AMD staff that the omission of FAT actually made SAT more difficult and complex?

Chief Executive Officer, AA:

When the FAT was transferred to the site for basic responsibility, with support from EDS Hook, I am sure that it resulted in additional testing and requirements and could have added, which it did, to the SAT tests, yes.

Hon Margaret NG:

Do you accept that actually it made SAT much longer and more difficult?

Chief Executive Officer, AA:

It certainly required more testing as part of the SAT programme, yes.

Hon Emily LAU Wai-hing:

Earlier on, Dr TOWNSEND referred to the advice that he received from, amongst others, the independent consultant, CSE. Can I refer the witness to Volume X, Paragraph 23, which is a document submitted by CSE. It is their December 97 report. I want Dr TOWNSEND to look at the second paragraph. Have you got that?

Chief Executive Officer, AA:

Yes.

Hon Emily LAU Wai-hing:

It reads:

"The AA have instructed 381 to concentrate their resources on getting Build 2.0 operational in the PTB. This is now top priority for 381 and has resulted in the cancellation of the FAT which was due to start at EDS in the UK on 19/12/97. The FAT is now to be combined with the SAT and will take place in the PTB, starting 19/1/98. CSE consider this change in

priority will have an adverse effect on the testing and proving of the system and be detrimental to progress overall."

Have you seen this document prior to today?

Chief Executive Officer, AA:

I saw it at some time after it had been distributed, yes.

Hon Emily LAU Wai-hing:

How long after it had been distributed? You don't see these reports as a matter of course?

Chief Executive Officer, AA:

I would not see it routinely, no.

Hon Emily LAU Wai-hing:

May I refer you to a meeting of the AA. If we refer to Volume III Paper no. 29, which is a Board meeting on 9 December 1997. I think, Dr TOWNSEND, you were present at that meeting?

Chief Executive Officer, AA:

Yes.

Chairman:

Have you got it?

Chief Executive Officer, AA:

Just one moment. Yes, I have.

Hon Emily LAU Wai-hing:

Please turn to Page 4 Paragraph 1.8?

Chief Executive Officer, AA:

Yes.

Hon Emily LAU Wai-hing:

We have got Mr K C TSUI, the Project Manager, briefing members on FIDS at the third line:

"Mr TSUI noted that Build 2 had been delivered as planned and the contractor had started the follow-on work which was satisfactory so far. He noted that the Project Team had made a conscious decision on combining the Factory Acceptance Test and the site test which would save time in the setting up of the system."

Then if we go to the bottom of that paragraph, the third line:

"In response to a question raised by the Secretary for Economic Services, Mr TSUI said that the reliability acceptance tests would be conducted when the systems were in a real operating mode."

If we look back at the CSE report and at this, do you not think one could draw the impression that the members of the Board had been misled, that certain important information, or at least advice, by your independent consultant had not been put to the Board and, judging from the questions, it seems members were quite confused. Did you not think you and your colleagues had a duty at least to explain to the Board what the different tests were and the risk involved in abandoning some or combining the others?

Chief Executive Officer, AA:

I do not recall the exact date of the meeting but it was on or about this time.

Hon Emily LAU Wai-hing:

What meeting?

Chief Executive Officer, AA:

There was a meeting to discuss progress on the FIDS system and I believe the local representative of CSE, who was at the site, also spoke on the general

subject. I forget what date that was on. I would have to check that record. But I think in this particular case that Mr K C TSUI stated what the actual situation was.

Chairman:

What meeting was that? Can you clarify?

Hon Emily LAU Wai-hing:

And what has that meeting got to do with this Board meeting?

Chief Executive Officer, AA:

The total status of the system and that was discussed and the way forward. But, as you can see, it was not discussed at this particular meeting, as noted.

Hon Emily LAU Wai-hing:

My question to you is whether you and your colleagues had misled the Board? I would have thought that this is the appropriate forum for such important issues to be discussed? You were talking about whether the AOD should be in April and members would like to know whether everything is ready and, when you pointed this out about the combination of the FAT and the SAT, it seems that you were not giving the full picture at least of all the risks involved. It is all very well to point to another meeting and yet another meeting, but what has that got to do with this meeting? I want you to let us know that the Board members have been given all the relevant information?

Chief Executive Officer, AA:

These are the meeting minutes for that particular meeting and it was not noted in the meeting minutes, which are summary notes. Whether or not it had been raised in other forums, I don't really know. But, no, it is not mentioned in here and perhaps someone should have questioned the comments made by Mr --

Chairman:

Dr TOWNSEND, you were present in the meeting. It says quite clearly you were one of the people who attended the meeting as a member of the Board. I think Ms Emily LAU's question was, since there have been such negative views

put forward, even by your own consultants, regarding the cancellation of FAT, why was that downside not being reflected but just a brief report of your decision, without actually telling the Board exactly what risks that decision involved?

Chief Executive Officer, AA:

This, I believe, is what was said at that meeting and noted at the meeting. As indicated, there was no special attention drawn to the fact of all the other background information on that subject.

Hon Emily LAU Wai-hing:

Dr TOWNSEND, you are admitting now that that should have been done. Somebody, including your goodself, should have drawn the Board's attention to all the possible dire consequences of combining the 2 tests, and that was not done?

Chief Executive Officer, AA:

It was not presented at that particular Board meeting, according to the meeting minutes.

Hon Emily LAU Wai-hing:

Is that a dereliction of duty on your part as CEO?

Chief Executive Officer, AA:

I do not believe it is a dereliction of duty, no.

Hon Emily LAU Wai-hing:

How would you describe it?

Chief Executive Officer, AA:

I would say that it would be difficult for K C TSUI to bring in all of the factors. However, you will notice that other people were there, including AMD and others, and there were no questions raised on it.

Hon Emily LAU Wai-hing:

Exactly. You and your colleagues did not tell the members of the Board that there are these problems and you, being the leader of the team, must be ultimately held responsible?

Chief Executive Officer, AA:

Yes. We are responsible for that, yes.

Hon Emily LAU Wai-hing:

So you agree that you had misled the Board?

Chief Executive Officer, AA:

I do not believe we had misled the Board. We may have not informed them at that meeting but there were regular meetings on this whole subject of the Flight Information Display System and, in my opinion, we informed them of all of the issues.

Hon Emily LAU Wai-hing:

I think we would like to have chapter and verse of all these meetings at which all the Board members had explained all the difficulties involved. Can you provide that please?

Chief Executive Officer, AA:

Yes. We could go through and put a summary together of those various items.

Hon Edward HO Sing-tin:

I would like to ask about this stand-by system which was one very important element in the contingency plan. I would like to refer to the AA's Board meeting held on 26 February 1998, which is Paper no. B33 in Volume III. At this particular meeting there were a lot of discussions as to the fall-back and the necessity of the stand-by system. Have you got that document?

Chief Executive Officer, AA:

Yes, I have.

Hon Edward HO Sing-tin:

If you look at Paragraph 2.2.9:

"The Chief Executive Officer said that Management had committed to Government that by the end of the third week of March, a 'go' or 'no go' decision would have to be made."

First, I would like Dr TOWNSEND to explain what that meant, the "go" or "no go"?

Chief Executive Officer, AA:

I believe we felt at that time that, first of all, we would have the experience of the first 2 trials and the third trial that was due in March, and we knew, based on earlier discussions on possible ways of moving forward with the stand-by system, that if we take the decision at that time there would be sufficient time to have it in operation before airport opening date, which was then known to be 6 July.

Hon Edward HO Sing-tin:

Actually there was another reference to the "go" and "no go", that is, Paragraph 2.2.12, where the Secretary for the Treasury sought clarification on this comment and Dr TOWNSEND gave some reply?

Chief Executive Officer, AA:

Yes.

Hon Edward HO Sing-tin:

In the middle of that paragraph I think you said that the assessment would then compare with the standalone systems and the associated requirement. Now, as far as we can gather from other documents, there was one document from Mr CHATTERJEE to Billy LAM on 10 February, which is, like, a couple of weeks before this Board meeting?

Chief Executive Officer, AA:

Yes.

Hon Edward HO Sing-tin:

He said that it would be difficult to unstitch the integrated system and go back to the standalone system and that actually the AA should ask EDS to press forward with the integrated system and abandon the standalone system. The question is why at this stage, 2 weeks later, Dr TOWNSEND, were you still contemplating this fall-back to the standalone system?

Chief Executive Officer, AA:

They are 2 different systems in fact and there was some discussion on that at various times over that particular period of time. The standalone system was to consider taking the original Builds, the 1.1 through the 1.5, and going back to that situation that had existed in the latter part of 97. What we were discussing here was the desirability of having a stand-by system that would --

Hon Edward HO Sing-tin:

I know, but at this point in time, 26 February, I think you knew that the standalone system is no longer an option?

Chief Executive Officer, AA:

That is correct.

Hon Edward HO Sing-tin:

In other words, at that particular time a quick decision should be made to go ahead with the stand-by system, rather than prevaricating on the standalone. That is my question?

Chief Executive Officer, AA:

Yes. That is true, and the March date of course was keyed in to trials --

Hon Edward HO Sing-tin:

Sorry. I still don't understand the March date. As you agreed just now, the standalone system is no longer an option. So why wait till the March test date?

Chief Executive Officer, AA:

Because there was quite a bit of testing that was going on or scheduled over the end of February and that period for the FIDS Build 2.0. Of course the results of that would be taken into consideration. But it was, as you indicated earlier, it was already saying that we needed to work forward with the integrated system and pursue that.

Hon Edward HO Sing-tin:

Chairman, I just don't understand why, amongst the members of the Board, who are not the staff of the AA - the Treasury, the Director of Civil Aviation, Secretary for Works and all that - all those people have been pressing at that particular Board meeting for a decision on the stand-by system and yet the CEO and your colleague were still not able to make up your mind?

Chief Executive Officer, AA:

For the standalone system?

Chairman:

No. For the stand-by.

Hon Edward HO Sing-tin:

The stand-by system.

Chief Executive Officer, AA:

The stand-by system, we had already entered into discussions, which was a separate matter, as I indicated. We were keeping an eye, now that the date was

known to be 6 July and, based on the time to develop tests or train people to operate that system, it was felt that a decision would absolutely have to be made at that time to proceed and that is the basis on which we were working on that area.

Chairman:

I think, Dr TOWNSEND, the question was that on 10 February there was a memo from Mr CHATTERJEE to Mr Billy LAM, which is Paragraph 45 in Volume X. It was copied to you from your IT expert, to say that the standalone system is no longer an option because it would be too complicated to unstitch. Why did you put it to the Board that there is a deadline of March 25?

Chief Executive Officer, AA:

Because of the testing that was going on. To go back to your point though, if I may, we had received assurances that within the period of a week or 2 and with the necessary resources, it would be possible for GEC EDS to undertake that type of unstitching, you might call it. However, time was passing by very quickly and, in fact, it was operating as an integrated system at that period of time.

Hon Edward HO Sing-tin:

Chairman, was the answer that Mr CHATTERJEE's memo cannot be taken on its face value in the sense that EDS was still allowed to proceed further and up to, say, 25 March, before a decision could be made whether the standalone should be abandoned?

Chief Executive Officer, AA:

I think his memo, as referred to, which I do recall reading and discussing with him, is that at that time the process had moved far enough along that it would not be desirable to go back to the standalone systems but that we should pursue forward with the integrated system.

Hon Edward HO Sing-tin:

I can't understand. Dr TOWNSEND, perhaps you can explain to us. What did the results of the tests that you said they were doing at that time indicate? If the tests were positive, do you mean that there wouldn't be a necessity for a

stand-by system because the standalone system is already abandoned as an option?

Chief Executive Officer, AA:

The standalone would require removing the integration features and that would take some time and effort. The stand-by system was always under consideration as, first of all, if there were to be an ultimate failure of the integrated system and also for purposes of contingency planning and other reasons. We were discussing with the Board at that time the need to get on with a stand-by system, and we intended to do that.

Chairman:

That's not what the record shows. I think Mr HO is asking you exactly why you did not press for the stand-by system when you knew at that time that the standalone system was no longer available? In fact, if you look at the record of that meeting, management was trying very forcefully to dissuade the Board --

Mr Edward Sing-tin:

-- to delay the decision. And the other members, the non-executive members, are the ones who pressed for this?

Chairman:

Government members, in particular, I think were pressing.

Chief Executive Officer, AA:

We certainly agreed we needed a stand-by system for the airport and we were at that time talking to the suppliers to identify what system would be recommended. Of course at the same time we were running the test on the integrated FIDS. So I don't think that that is --

Hon Edward HO Sing-tin:

The tests of the integrated FIDS, can you explain to us what that would show in relation to the stand-by system?

Chief Executive Officer, AA:

For example, the stand-by system, one of the key criteria that we had set was that it must be capable of connecting into the 2,000 monitors and the 150 large LCD boards we have.

Chairman:

I don't think we need to go into the details of the stand-by system. I am sure that Members know it by heart now. I think what is important is that you have to answer the gist of the question that is put to you and that is: By the time of the Board meeting you have already been advised and you are fully aware of the fact that there is no reversion back to the standalone as a contingency. In effect, there is no contingency at the time, yet you still advise the Board that the "go" or "no go" should actually be determined in March. I think that is the question?

Hon Edward HO Sing-tin:

A month later.

Chairman:

A month later. So, in the absence of a contingency which was there before but you have been told by your IT expert that it doesn't exist any more - that is, the standalone - you were in effect without any contingency at that point, except the so-called workarounds and so on? You don't have a system to fall back on and yet you are still advising the Board to wait until March for a "go" or "no go"? Why is it?

Chief Executive Officer, AA:

Because we had sufficient time to develop the stand-by system before airport opening date.

Hon Edward HO Sing-tin:

Chairman, I will move on. I think the facts will show that one month's time could have been very, very important. Anyway, to go on to the next Board meeting, which is on 23 March, where the stand-by system --

Chairman:

Reference?

Hon Edward HO Sing-tin:

Paper no. B34, the next Board meeting, where the stand-by system was now presented to the Board?

Chief Executive Officer, AA:

Yes.

Hon Edward HO Sing-tin:

We also have an attachment which is, I guess, a summary of that presentation of the FIDS system, the charts and all that?

Chief Executive Officer, AA:

Yes.

Hon Edward HO Sing-tin:

The question is: Was the Board advised of how the switch-over to the stand-by would work in case of a problem, the time it would take, and so on?

Chief Executive Officer, AA:

We had not tested the time at that point but they were advised that it would be necessary to go to the display servers and connect each of the 55 to the system.

Hon Edward HO Sing-tin:

Can you point that out to us in the Board minutes?

Chief Executive Officer, AA:

Let me see.

Hon Edward HO Sing-tin:

To save you time, I think that other witnesses have said they haven't told the Board at this particular presentation about the time it would take to switch over?

Chief Executive Officer, AA:

We did mention that we had to connect into the display servers, yes, but we didn't know exactly how that was to be accomplished yet.

Hon Edward HO Sing-tin:

Dr TOWNSEND, would you consider that Board members at that time thought that the stand-by system would be a very simple procedure in case of main FIDS breakdown, a simple procedure, and would probably quite rapidly switch over to the stand-by system, if they were not given other information?

Chief Executive Officer, AA:

I would say that they would expect it to be a simple, straightforward system that could be implemented in a reasonable period of time, yes.

Hon Edward HO Sing-tin:

But in reality, it wasn't. So why was this very important information not given to members of the Board?

Chief Executive Officer, AA:

I believe if it was not mentioned in this paper it was mentioned later on, because we actually tested it. The other part, I believe, is that with regards to the ability for it to come on stream, that with the FIDS programme there had been quite a bit of discussions with Vivian and others, I am sure, on the decision on whether to use it or not, which was fundamental, and so it was adequate from that viewpoint.

Hon Edward HO Sing-tin:

From the Board's point of view, there was this presentation to purchase and go ahead with the stand-by FIDS system and Dr TOWNSEND confirmed that Board members probably felt it was a simple switch-over, that in case of emergency there is a stand-by system to fall-back on. They approved this system, they approved the --

Chairman:

Budget of \$24 million.

Hon Edward HO Sing-tin:

-- the budget, which is not small, and it is only later on that the operational people found out that they couldn't do that, that they have to wait 3 hours for the main FIDS to come down first and then 45 minutes or whatever to switch over, which is really the problem that was encountered on AOD.

Chairman:

Would you say that that is a misrepresentation of all the salient factors that governed the stand-by system, a misrepresentation, Dr TOWNSEND?

Chief Executive Officer, AA:

I don't believe it was misrepresentation, based on what we knew at that time, because we were just beginning to develop the detailed scope of the programme.

Hon Edward HO Sing-tin:

But if this vital information was unknown, how can management ask the Board to approve the purchase of the system and then give them a very high level of comfort because they felt they would have this high level of comfort?

Chief Executive Officer, AA:

I think if you look at the charts that were presented you will see the indication in the stand-by system proposal, which is generally discussed there, and you will see stand-by system risk. Of course this was partially to do with the development of the programme but also talks about the risk on the monitors

and the other areas. We felt at that time that that was still under investigation at that point.

Chairman:

Perhaps, to approach the question another way. Did it occur to you that it was important that you have a stand-by system that you could use, you could switch over very, very quickly and very simply, in case the main FIDS did not function well? Did it occur to you that that was a major factor that you would have to establish at the time that you made the decision, Dr TOWNSEND?

Chief Executive Officer, AA:

We felt that the change-over to the stand-by FIDS should go smoothly and in a timely way, yes.

Chairman:

As soon as you required the stand-by to be used it should in fact be ready for you to use? Wouldn't you agree that that was a very important feature that the stand-by system must have, or did you feel that that wasn't terribly important?

Chief Executive Officer, AA:

We felt that that would be desirable and, in fact, we had been taking measures to improve its response time.

Chairman:

That comes afterwards.

Hon Edward HO Sing-tin:

I still want to pursue this point. At the Board meeting where Board members were given the presentation and finally they approved the engagement of Hong Kong Telecom and GEC, they gave the formal approval to the purchase of the system, did the management first establish with the contractor, that is, HKT/GEC, the time it takes to fall back on the stand-by system from the main FIDS and was this information relayed to the Board members?

Chief Executive Officer, AA:

It was not relayed in this particular meeting minutes to the Board members at that time. As I indicated, we did conduct some tests to see how long it would take for people to make the connection to the display servers.

Hon Edward HO Sing-tin:

But was that before the presentation or after?

Chief Executive Officer, AA:

It was after the presentation, I believe, yes.

單仲偕議員：

主席，我想提問。

主席：

單仲偕議員，你想就哪點詢問？

單仲偕議員：

主席。機管局主席黃保欣先生在10月出席本委員會研訊作證時，曾表示不清楚需要多少時間才能啟動後備系統。他在3月時不知道，4月及5月也不知道，甚至事情發生後，在10月，仍不知道。你作為機管局行政總監，也不能清楚說明這點。這點是必須清楚知道的。

Chairman:

Perhaps it is time to ask Dr TOWNSEND: When did you know that it would take 45 minutes to switch over?

Chief Executive Officer, AA:

The day that we ran the test in a trial --

Chairman:

When was that?

Chief Executive Officer, AA:

I would have to go back, but it was after this date.

Chairman:

It was sometime in June because that was when the stand-by system --

Chief Executive Officer, AA:

The difficulty was walking to the Comms Rooms to make the connections and replacing the integrated FIDS with the stand-by FIDS connection.

主席：

先待何承天議員詢問完畢。

Hon Edward HO Sing-tin:

Does the CEO consider that it was negligent on the part of the members of management, or even yourself, that this very important element was not discovered prior to acquisition of the stand-by system, prior to the presentation to the Board?

Chief Executive Officer, AA:

I really can't comment on that but I would point out that --

Chairman:

I am afraid you have to answer that question, Dr TOWNSEND?

Chief Executive Officer, AA:

No. I do not feel there was negligence. The fact was that the exact time was not yet known.

Chairman:

Was it your duty to know? You were aiming at a seamless switch-over. You told us a seamless switch-over. Wasn't it your duty to know before the event how to achieve or effect a seamless switch-over, Dr TOWNSEND?

Chief Executive Officer, AA:

It would be our duty to understand how much time it would take to make the change-over, yes.

Chairman:

Prior to the event, prior to the decision, wouldn't you say?

Chief Executive Officer, AA:

It would have been helpful but the situation was that the system connections and development were still being evaluated at that time.

Chairman:

Wouldn't you say it is crucial?

Chief Executive Officer, AA:

I think you will find that it is crucial. However, it was necessary to go to the Board for authorisation to move forward with the system for a budget commitment.

Hon Edward HO Sing-tin:

First of all, there was plenty of time for the management to study the stand-by system because all along they knew there was a problem with the main FIDS, the delivery, and all that. By 10 February they know they couldn't go back to the standalone. There was plenty of time to study this. Before they go to the Board they should have known what the system can do and within what time it can be switched over. The performance of that stand-by was very, very important.

Chairman:

Would you agree with that, Dr TOWNSEND?

Chief Executive Officer, AA:

Yes.

主席：

單仲偕議員。

單仲偕議員：

董誠亨先生，你是否知悉，你其中一位職員在向本委員會作證時表示，第一，全世界的機場的航機顯示系統均沒有"stand-by"；第二，後備系統只會在有災難性的事情發生時才會採用；第三，總共需要3小時加45分鐘才能啟動"stand-by"？此外，你是否知悉，另有一些你的職員告知本委員會，在2月至3月期間，由於擔心"EDS"在7月不能如期交貨，所以才設置"stand-by"？這些證據已證明，你作為行政總監，在3月並沒有向機管局清楚反映這些資料，以致機管局批准撥款2,000萬元。

主席：

應該是2,400萬元。

單仲偕議員：

2,400萬元。你認為你是否失職？

Chief Executive Officer, AA:

The difficulty we had is that the exact design of the system had not yet been agreed with Hong Kong Telecom and GEC for implementation so it would have been difficult, I believe, to speculate on how that would come out. The point is that in fact to actually put the connections in and be ready to operate --

Chairman:

Dr TOWNSEND, we know how it operates. I think that what we are questioning is : Why did you not ensure that what you felt was crucial, as part of

the performance, was actually put in as a spec to make sure that it would be what you called a seamless switch-over at the right point in time before the whole thing was actually committed?

Hon Edward HO Sing-tin:

Exactly. As I think Dr TOWNSEND well knows - he is an engineer - there is such a thing as performance specification. This could be even before the design. You were talking about the design was not done yet. But, as an owner/user, you ought to stipulate the performance specification and you should say "I need a stand-by system and that stand-by system should work this way", which is easy handover and so on?

Chief Executive Officer, AA:

Certainly, those details were discussed with the contractors in developing the system. The difficulty was in establishing a system that would go very quickly at the display board servers and there was some element of risk if there were to be an automatic system. I might add, as I indicated, that we are resolving that problem.

Chairman:

That is after the event now.

Dr Hon Raymond HO Chung-tai:

I would like to refer Dr TOWNSEND to Paper no. A47, Volume I. This was ADSCOM's paper, 36/98 dated 4 July, an AA paper.

Chairman:

This is the airport operational readiness status report as at 30 June 1998, ADSCOM paper number 36.

Dr Hon Raymond HO Chung-tai:

This was the last AOR status report before the AOD. Please refer to Paragraph 11 Page 4?

Chief Executive Officer, AA:

Yes.

Dr Hon Raymond HO Chung-tai:

Just now you could not remember the date when the stand-by system was tested. In fact, it was conducted on 30 June, as mentioned in this paragraph. The stand-by system was actually run for only half a day. That was a week before AOD. That was all the tests that the stand-by was subjected to? That was all, is that right?

Chief Executive Officer, AA:

This was the test with the airlines and others. There were other tests of the stand-by FIDS system but we did not want to interfere at that time with continuing to fine-tune the integrated FIDS system.

Dr Hon Raymond HO Chung-tai:

This was the first proper test of the stand-by system?

Chief Executive Officer, AA:

Involving all the parties and this gave us a degree of confidence that in fact it would work. You will see here that we say the overall switch-over process would take about 30 minutes.

Dr Hon Raymond HO Chung-tai:

When you say "overall" would that also mean the whole process including that it really turned out to be the 3 hours plus 30 minutes?

Chief Executive Officer, AA:

The 3 hours is a different standard. It has nothing to do with the physical capability of changing over the FIDS system.

Dr Hon Raymond HO Chung-tai:

Wouldn't you say the way this is put actually gives people the impression

that it only takes 30 minutes and then you can go over to the stand-by system?

Chief Executive Officer, AA:

That it would take 30 to 45 minutes was our estimate. It just so happens that, optimising on 45, our IT and others felt it would take about 30 minutes, yes.

Dr Hon Raymond HO Chung-tai:

On AOD, 6 July, around 10:30 am there was a discussion between Billy LAM, Chern HEED and CHATTERJEE?

Chief Executive Officer, AA:

Yes.

Dr Hon Raymond HO Chung-tai:

Were you there?

Chief Executive Officer, AA:

I was not there.

Dr Hon Raymond HO Chung-tai:

Why were you not there?

Chief Executive Officer, AA:

Because I was doing other things on AOD.

Dr Hon Raymond HO Chung-tai:

Were you actually making any enquiries with any of these 3, or any of your people, whether or not the stand-by system should be considered at any point in time on the first day of opening?

Chief Executive Officer, AA:

Yes. I believe I had several phone conversations with Billy and/or the others.

Dr Hon Raymond HO Chung-tai:

And you agreed that there was no necessity of switching on the stand-by system?

Chief Executive Officer, AA:

I agreed that it was best to continue with the FIDS programme at that time and not change over to the stand-by FIDS.

Dr Hon Raymond HO Chung-tai:

Based on what judgment, Dr TOWNSEND?

Chief Executive Officer, AA:

I think the FIDS programme itself was operating reasonably well through that period of time, although certainly not to the standard that we expected, and it was running slowly, as we had indicated before. We felt that it would be best to concentrate the effort on getting that up and operating and it did start to improve in performance later that morning. It was only down for a short period when it was being rebooted and refreshed.

My feeling is that the stand-by FIDS, the 3 hour criteria that you are referring to is that IT and AMD, mostly Kiron CHATTERJEE, Chern HEED and others, as necessary, would decide whether or not the FIDS could be brought up to a standard of performance within that period of time or less. If it was felt that the performance of FIDS was seriously in jeopardy, then a decision would be taken earlier to go to the stand-by FIDS.

Dr Hon Raymond HO Chung-tai:

Would you agree, Dr TOWNSEND, that on a lot of the decisions you would leave them to your people, heads of various divisions, rather than you take an active role in making those major decisions?

Chief Executive Officer, AA:

In this particular case, that was the situation, yes.

Hon Margaret NG:

Madam Chairman, my question has been answered.

Hon Emily LAU Wai-hing:

Just then Mr SIN referred to evidence by another witness, saying that actually as far as he or she was aware nowhere else in the world, in airports elsewhere, had a stand-by FIDS. I want to ask Dr TOWNSEND whether he is aware of that, whether any other international airport had a stand-by FIDS?

Chief Executive Officer, AA:

In some of the documents that I have read I have seen that statement made and I forget who it was attributable to. I think that generally our people who have read it indicate that -- I am not aware of any that have stand-by FIDS but obviously they have contingency plans of various types to deal with the situation.

Hon Emily LAU Wai-hing:

Like whiteboards and faxes, telephones?

Chief Executive Officer, AA:

Whiteboards, telephones, faxes, yes.

Hon Emily LAU Wai-hing:

Is it true to say that you yourself and maybe most of your colleagues did not have much confidence in this stand-by system anyway?

Chief Executive Officer, AA:

No, I think we felt that it was an important part of the total programme for the dissemination of flight information because --

Hon Emily LAU Wai-hing:

The stand-by system?

Chief Executive Officer, AA:

The stand-by system, because it would enable us to operate all of the displays and provide information to the travelling public, as well as the airlines and the others. I think that it was to be operated on a manual system, which obviously would require additional manpower, but we had already geared up for that and the people were trained to run it. At the same time, knowing the importance of the dissemination of flight information, it was a prudent action to have a back-up stand-by system.

Hon Emily LAU Wai-hing:

But such views were not shared by your colleagues at Project?

Chief Executive Officer, AA:

They were focusing primarily on getting the integrated FIDS system up and operating at that time. For that reason, the IT group, who handles most of our dealings with Hong Kong Telecom, worked with them to develop the stand-by FIDS programme. It was also necessary to have the co-operation of GEC and EDS for the technology and know-how involved and how to set up the programme to connect to all of the monitors and LCD boards.

Hon Emily LAU Wai-hing:

The problems which Mr Edward HO pointed out earlier in the AA Board meeting, would you not agree that it gave the impression that you people were quite reluctant to press ahead with it but then, when Government members were so keen, you finally relented as an act of palming them off, saying "OK, we do it. We spend \$20 million-whatever of tax-payers' money", but all the time you didn't intend on using it unless there was a catastrophe?

Chief Executive Officer, AA:

In the event of a major problem with the integrated FIDS, yes, that was certainly one of the criteria. The stand-by FIDS of course does not have, obviously, all of the features that the other integrated FIDS programme has. In

addition, I think that at that time our own Board members were also quite interested in pursuing a stand-by FIDS. It was not just Government. It was also coming from the other Board members.

Hon Emily LAU Wai-hing:

Were your own Board members, as well as ADSCOM members, aware of the fact that you people would only trigger the stand-by FIDS in the event of a catastrophe and would not use it to supplement an unstable FIDS? Was that point made explicitly clear to AA Board members as well as senior Government officials?

Chief Executive Officer, AA:

It was generally known but I don't believe that --

Hon Emily LAU Wai-hing:

What do you mean by "generally known"?

Chairman:

Can I refer you, Dr TOWNSEND, to Paper no. B18, which is the airport operational readiness programme as at 22 June 1998, which is a Board paper, Paper no. B18 in Volume II. That is the paper from the Board, presumably from management, going through the various things.

Hon Margaret NG:

Is it Volume III, Madam Chairman?

Chairman:

Volume II, Paper no. B18, for discussion on 25 June 1998, which was the last Board meeting prior to AOD. Can I point you to Paragraph 31. Have you got the paper?

Chief Executive Officer, AA:

Yes, I do.

Chairman:

Can you turn to Paragraph 31 please?

Chief Executive Officer, AA:

Yes.

Chairman:

"Development of the stand-by FIDS system is complete. All equipment in communications rooms and the AOCC are installed. The software and training is complete. Because of priorities on continued FIDS reliability testing, a full scale test using all display devices was conducted on 22 through 24 June. The stand-by stand allocation system is ready for use."

Would you say that that paragraph would give the impression to the AA Board that everything is fine, that the stand-by system is ready, and that it is standing by waiting to be used? Would you not say that? Would you say that there are certain facts missing there, like the 30 minute switch-over, like the 3 hours policy not to use the stand-by system? Those certainly weren't mentioned and, as far as the Board was concerned, any sensible person on the Board would take that paragraph as telling them, look, the stand-by system is now ready and it is quite ready for use for any problems that the main FIDS might encounter, Dr TOWNSEND?

Chief Executive Officer, AA:

Yes. I think the statement here of course is a summary type statement. However, the stand-by stand allocation system could be put into use within the parameters that we had discussed, the period of 30 to 45 minutes, but you would only be able to drive the displays in the Passenger Terminal Building and provide other information on a manual basis.

Chairman:

You are now supplementing something which is not there. My question is: In this last Board meeting prior to AOD the management is presenting to the Board a picture of the stand-by FIDS which actually did not reflect the true limitations of the system, would you agree with that?

Chief Executive Officer, AA:

This specific sentence did not lay out the specifics.

Chairman:

That was the only sentence they could rely on, unless you can point us to something else which could in fact give them very accurate information. In fact I don't know whether at this time you knew that you needed the 30 minutes because in the other document, which I think was referred to earlier, the ADSCOM paper, you referred to a test which was conducted on 30 June. Now, still earlier, you told us that in fact you didn't know that you needed the 30 minutes until you have actually tested it. I don't know whether you knew about the 30 minutes after your test on 30 June or when did you know about it because you certainly didn't warn anybody?

Chief Executive Officer, AA:

We knew the approximate time when we had our contractor, Hong Kong Telecom, actually walk to the various communication rooms and go through a drill on how they would make the change-over. So it was partially a requirement for connecting up the display servers by replacing a connection manually between the integrated FIDS and the stand-by FIDS.

Chairman:

We can understand why it took a bit of time. What I am putting to you is that in fact there are 2 different views of what the stand-by system was capable of doing. One view, which was understood by the Board and which you reinforced by this paragraph that I just read to you, was what you would refer to as the seamless switch-over. But in actual fact that wasn't the case, was it? It in fact required 3 hours breakdown of the main FIDS, plus the 30 minutes or 45 minute switch-over, didn't it?

Chief Executive Officer, AA:

No, it did not require a 3 hour breakdown of the FIDS. What was triggered at that point was an evaluation of IT and AMD as to how long the FIDS programme may be down.

Hon Emily LAU Wai-hing:

Madam Chairman, I think what we want from Dr TOWNSEND is very simple: To point us to the minutes of meetings at which ADSCOM members, as well as AA Board members, were given very clear explanation of how the stand-by system would work and under what scenario would the AA management trigger that system? Some of your colleagues told us it was catastrophe. I don't think we have been able to find any documents, anything written in black and white. What Madam Chairman pointed out earlier is something that we would describe as misleading information given to the AA Board, would you not agree?

Chief Executive Officer, AA:

I do not believe it was misleading because certainly there was other information and we will be glad to go through and see where it had been discussed previously.

Hon Emily LAU Wai-hing:

Please supply all that information to us, information given to the AA Board as well as to ADSCOM.

Hon Edward HO Sing-tin:

Chairman, actually there is another problem, a major problem, in the stand-by FIDS system, which is that the stand-by FIDS system was not designed to provide the performance in case there was a problem with the main FIDS. I refer to, for instance, incorrect data, slow response time. Actually those are the problems which occurred on AOD. As I understand it, the main FIDS already has a secondary host server?

Chief Executive Officer, AA:

Redundant server.

Hon Edward HO Sing-tin:

Yes, redundant server. Shouldn't the stand-by system be designed in such a way that it would actually give this performance, like more correct data, quicker response time, in case the main FIDS failed to perform?

Chief Executive Officer, AA:

Yes, it should have been that way but it was not at that point on airport opening day.

Chairman:

Why wasn't it? Why wasn't it designed for that purpose?

Chief Executive Officer, AA:

It was carefully considered and it was felt that it could be handled by manual transfers from the system and the AODB in a quick enough way. I think a factor on this is that the integrated FIDS system, the information from the displays is shown for a period of more than 2 hours so from the viewpoint of the travelling public, things do not change that rapidly. There is time, when you look at 30, 45 minutes or so, to make that switch. We also had to bring in staff to operate the system and man the workstations.

Hon Edward HO Sing-tin:

Surely in that case I think the Board was further misled because at the time of the March presentation they were feeling very uncomfortable, as far as the main FIDS, the problem of FIDS delivery and so on, in February, actually, and then in March they were given the presentation, they were given this comfort. "OK, you spend 24 million and we will have a stand-by system". They were not told how long the switch-over would take. They were also not told that in case there was instability of the main FIDS system, of incorrect data, slow response time, which all happened on AOD, that this stand-by system would not be able to handle that as a contingency. They were just given comfort "OK, we are now fine, we have a stand-by system" but they were never told that that doesn't give you what you wanted in case something wrong happens?

Chairman:

It was omission of all the limitations and it was just all the descriptions, broad brush descriptions, of what it was capable of. If Members could turn to Paper no. B37, Dr TOWNSEND, that was the last Board meeting we were talking about earlier. Volume III Paper no. B37, this was the Board meeting held on 25

June 1998. Do you see the paper?

Chief Executive Officer, AA:

Yes.

Chairman:

Paragraph 2.2.1:

"The Chief Executive Officer reported that the FIDS stand-by system had been connected to the servers and tests had been conducted for 2 consecutive days this week with satisfactory results. A special test would be carried out on the switching from the main FIDS to the stand-by system. With regard to the stand allocation system, the Chief Executive Officer said that the stand-by system had been operated by AMD staff and Management was confident that the system would be able to download the required information into the FIDS successfully. After running the main FIDS for a week, the system was found to be operating satisfactorily at about 98.7 per cent of the time which was perceived to be acceptable."

Now, the overall impression that that paragraph put to the Board was that everything was fine, that the stand-by system was working, the stand allocation system was OK, everything was fine. The main FIDS was fine. No qualification that this 98.7 per cent was just hardware only. It was all good news. Would you not say that your putting forward this good news misled the Board into a false sense of comfort and confidence in the system for AOD?

Chief Executive Officer, AA:

I think the statements were emphasising the positive part of it but the Board was still being advised of the problem reports and other work still under way with EDS and the others. On the stand-by FIDS system, as we indicated here, we went back to the Board at the time of placement of the actual signing of the contract or the beginning of the work with Hong Kong Telecom and explained in more detail to them how it was going to work and I will have to locate that.

Chairman:

2 points. First of all, you said that the problems were explained. In fact what it says here in the record is that the problems identified in the testing had been remedied within a short period of time. Again, you are actually telling the Board the problems have all been rectified. When you referred to a more detailed presentation to the Board, you will have to point us to the documents that say that? When was the Board in fact briefed on the exact limitations of the stand-by system?

Chief Executive Officer, AA:

I will have to locate that for you.

Hon Edward HO Sing-tin:

My question I don't think has been answered, which is: Why was the stand-by system not designed to cater for the performance, like correct data, slow response time, and that actually all those occurred, in case the main FIDS became unstable?

Chairman:

Dr TOWNSEND, why was it not designed to do that?

Chief Executive Officer, AA:

It is not an independent FIDS stand-by system, so it would require information to be input by the Airport Operation Control Centre and the operators, which would be done primarily manually.

Chairman:

No. You have to answer the question. Why was it not designed to serve the purpose that you wanted it to serve?

Hon Edward HO Sing-tin:

Maybe I will put it another way. On AOD we had problems starting at 0600 hours and we can see from the log there were flights not shown on the monitor or even at the wrong location, and so on and so forth. At 0700 hours,

which is very soon after the airport started operation, all these whiteboards and everything were utilised. If the stand-by system was not able to perform that function as a stand-by, maybe we could have saved \$24 million and just have a lot of whiteboards ready, right? The catastrophe that someone was thinking about was maybe the whole server, everything just collapsed right away --

Chairman:

Why did we have to spend the 24 million without ascertaining that what it was supposed to perform was performed by the system from the word "go"?

Hon Edward HO Sing-tin:

I don't think it was specified in the system.

Chairman:

Why was it not specified, Dr TOWNSEND?

Chief Executive Officer, AA:

Because I believe that within the time available for the contractors to work on the system it was decided that this would be --

Chairman:

Who decided?

Chief Executive Officer, AA:

This would be in consultation with the contractors, with IT and the other parties, because IT was always --

Chairman:

I think you have to tell us who decided. It is important because that is where the responsibility lies. Who actually decided, who accepted that on behalf of AA?

Chief Executive Officer, AA:

This contract and its implementation was under Kiron CHATTERJEE.

Hon Edward HO Sing-tin:

I think that Dr TOWNSEND is trying to tell us that at that point in time, February/March 1998, they ran out of time to have a fully designed stand-by system?

Chief Executive Officer, AA:

That is true. That is correct.

Hon Edward HO Sing-tin:

I think the point has to be made that everybody knew about the problem at EDS and the FIDS system right from the middle of 1996 because they were supposed to finish the package by end of 1996. By April 1997 nothing was produced. They have to start from scratch, and then they have to re-do all the Builds and all that and abandon the FAT. Everybody was very concerned - NAPCO, CSE, everybody. There was a lot of time to go into whether a stand-by system should be in place in case the supplier was not able to deliver it?

Chief Executive Officer, AA:

That is correct.

Hon Edward HO Sing-tin:

But no action was taken until it was too late?

Chairman:

Was that the fact?

Chief Executive Officer, AA:

I believe those were the circumstances, yes.

Hon Margaret NG:

Madam Chairman, I think it is important still to ask the question why was the stand-by system not designed to address the problem of an unstable FIDS?

Chairman:

Dr TOWNSEND.

Chief Executive Officer, AA:

Since the information would be input manually --

Chairman:

No? Why was it not designed --

Hon Margaret NG:

Perhaps let Dr TOWNSEND try to answer.

Chairman:

Just in one sentence, can you? Why was it not designed to help an unstable main FIDS?

Chief Executive Officer, AA:

The operators would be getting information directly from air traffic control and our airport operations centre and they would be manually inputting it into the stand-by FIDS, which would eliminate some of the problems that were being experienced.

Hon Margaret NG:

That isn't an answer, with respect, Madam Chairman. At the time when the Board has to decide whether or not to have a stand-by system and, if so, what are the specifications for the stand-by FIDS system, why wasn't it designed to address the problem that you were facing at the time? It seems from what you said --

Chairman:

I think that is clear enough. Unstable FIDS. Why wasn't it designed to address the problems that you were facing with the main FIDS at the time?

Chief Executive Officer, AA:

Well, at that time it would operate in the stand-by mode and it would be capable of delivering the flight information to the monitors and LCD boards.

Chairman:

You mean it was designed for an unstable FIDS, are you saying that?

Chief Executive Officer, AA:

It was designed to be independent of the host servers of FIDS.

Chairman:

Was it designed to address the problems of an unstable FIDS? The main FIDS?

Chief Executive Officer, AA:

If the FIDS were behaving in such a way that we could not depend on it operating, it could do it within its own limitations.

Chairman:

Unstable FIDS. What happened on AOD was in fact exactly that, that people couldn't rely on the information provided by FIDS, right?

Chief Executive Officer, AA:

Yes.

Chairman:

But the stand-by system was not triggered, was not used, so it did not in fact

achieve the purpose that you wanted it to achieve in the first place, right?

Chief Executive Officer, AA:

The performance of the integrated FIDS did improve later in the morning.

Hon Margaret NG:

With respect, we have heard time and again the stand-by FIDS system was designed for the purpose of being switched on when FIDS crashes, if there is a total catastrophe. It was not for the purpose of replacing FIDS when it behaves in an unstable fashion. My question is, really, why? Why at the time when you were commissioning the system you didn't ask for that sort of system? I think this is the last time I will ask this question, Madam Chairman.

Chief Executive Officer, AA:

I believe the reason was of course that we had to work within the limitations of the main system as it was designed and that it had to fit in properly into that to drive that system, recognising the manual inputs necessary to drive it. I think the matter of instability of FIDS, part of it was also with a few monitors and LCD boards but, other than that, it could drive the system. If the instability would have persisted indefinitely and resulted in serious problems, the stand-by FIDS could have been brought into operation to help remedy that problem.

Chairman:

Were you under the impression that in fact the stand-by FIDS would only be used if the whole main FIDS system crashed? Or were you actually understanding the stand-by system to mean that it would come in if there is instability in the main FIDS?

Chief Executive Officer, AA:

Specifically, on airport opening day the FIDS --

Chairman:

I'm not talking about airport opening day. I am talking about the stand-by system, your understanding of the stand-by system. At the point of committing the AA to spend \$24 million, did you understand the system to come in to address

instability of the main FIDS?

Chief Executive Officer, AA:

Well, serious instability could also be taken as a crashing of the FIDS. If that were to happen, then a decision would have to be taken whether or not to implement the stand-by FIDS.

Hon Margaret NG:

Is that how your staff understood it? Are you sure that that is how they understood it? That a very slow performance would be the same thing as a crash and the stand-by FIDS should be switched on?

Chief Executive Officer, AA:

I think the slowness of the system, which was coming from the Airport Operations Centre, which is the allocation system in other areas, that was late for a number of reasons. There was the difficulty of --

Hon Margaret NG:

Madam Chairman, I am sorry. The witness has not understood my question. At that time, prior to AOD, did your staff have the understanding that you just gave us, namely, very slow performance equals crash?

Chief Executive Officer, AA:

I would suggest you ask them directly on that subject.

Chairman:

But what was your understanding? It is quite important because this is a crucial point and that is what you would probably pin your performance specs on. If you wanted a stand-by system which would come in to address instability of main FIDS, it would have a very different performance spec from one that would come in only at the point where the main FIDS crashed entirely, as was put to us by your staff?

Chief Executive Officer, AA:

It was primarily to come in when the main FIDS system would crash, as people are calling it. Ms Emily LAU.

Hon Emily LAU Wai-hing:

I am on FIDS so if anyone wants to ask stand-by, I will wait. If they have finished, I just want to wrap up with FIDS.

Chairman:

Miss Christine LOH, you want to ask on stand-by?

Hon Christine LOH:

It is related but perhaps Emily can ask first.

Chairman:

Are all the questions exhausted on stand-by? OK.

Hon Emily LAU Wai-hing:

Madam Chairman, earlier you referred to the AA Board meeting of 25 June 1998 in which you referred to the 98.7 per cent, that the FIDS system was found to be operating satisfactorily, 98.7 per cent. If I may refer Dr TOWNSEND to the AA Board paper in that same. Paper no. B62 Page 2?

Chief Executive Officer, AA:

I am sorry?

Hon Emily LAU Wai-hing:

It is Volume III, Paper no. B62, Page 2, the last paragraph, FIDS. Have you got that, Dr TOWNSEND?

Chief Executive Officer, AA:

I am getting there.

Hon Emily LAU Wai-hing:

"The 7 day system reliability test started 9.00 am on Sunday, 14 June. After 4 days the commutative availability of the host servers and the display servers was in excess of 98 per cent."

Do you think that that was the information that the discussion was based on, if we look back at the meeting, the Board minutes meeting which is Paper no. B37 in that same bundle, Paragraph 2.2.1? Was it presented at that Board meeting?

Chief Executive Officer, AA:

This paper was presented for discussion, yes. It would be at the same meeting.

Hon Emily LAU Wai-hing:

Could you explain to us how you could turn that around to be something like the system was found to be operating satisfactorily at about 98.7 per cent?

Chief Executive Officer, AA:

I believe if you look at the dates --

Hon Emily LAU Wai-hing:

Of what?

Chief Executive Officer, AA:

This was for discussion on 25 June and we were just into the beginning of the test at that particular time. It says the 4 days was in excess of 98 per cent and I believe that was the number that our IT group indicated. The tests actually extended for some time after that.

Hon Emily LAU Wai-hing:

Dr TOWNSEND, looking at the paper that was presented to the Board, it is

very clear that this 98 per cent was referring to the availability of the host and display servers; but somehow along the way in the discussion, it turned into it was performing satisfactorily at 98.7 per cent. I think it was in information given by you to the Board. Obviously, you could argue that, oh, the Board members should have read that other paper and questioned you, but I don't think that happened, did it? The people present at that Board meeting just took it that it was operating at 98.7 per cent satisfactorily?

Chief Executive Officer, AA:

That could happen depending on -- there were some of the Board members who were more familiar with it. However, as you say, there is a possibility that some of them did not read both papers.

Hon Emily LAU Wai-hing:

Was it your responsibility? You were speaking there. Should you have pointed out to the Board members that, according to that AA Board paper, the 98 per cent is about the availability of the servers and nothing to do with the whole system performing satisfactorily?

Chief Executive Officer, AA:

I believe from the vantage of hindsight it would have been more helpful if I had made that comment, yes.

Hon Emily LAU Wai-hing:

Dr TOWNSEND, may I refer you to your evidence to the Commission on 22 September, in which you admitted that the way the 98.7 per cent was presented would be misleading, unless someone knew the background to that, and there was a possibility that it could be misleading if someone just looked at the minutes and did not look at the papers. Well, let us inform you that even the Chairman of ADSCOM and the Chairman of the AA Board came and told us that they had the impression that the FIDS system was operating satisfactorily at 98.7 per cent. Would you regard those people as people who have no information on the background?

Chief Executive Officer, AA:

Those are the comments they made and I really cannot comment further on it.

Hon Emily LAU Wai-hing:

Is it fair for people to draw the conclusion that Mrs Anson CHAN and Mr WONG Po-yan have been misled?

Chief Executive Officer, AA:

No, because this represented the facts at that particular moment in time.

Hon Emily LAU Wai-hing:

You did present the facts and you didn't point it out at the meeting. In fact, you twisted the facts to tell them that the system was performing satisfactorily.

Chief Executive Officer, AA:

Which it was.

Hon Emily LAU Wai-hing:

It was? Where is the paper? Can you show us the paper, apart from the other Board paper, which showed the system was performing satisfactorily at 98.7 per cent? Where is that paper please?

Chief Executive Officer, AA:

Presented at the same time is this paper here and what I indicated to the Commission was that, from the vantage of hindsight, again, it would have been much better if I would have referred them to this other paper to make sure that they had properly read it.

Hon Emily LAU Wai-hing:

Even that paper did not refer to a satisfactory performance of 98.7 per cent. It was just talking about the availability of the host and display servers, which

you should have referred Board members to and ADSCOM members too. I am asking you where is it that there is a paper which said that FIDS was performing as a system satisfactorily at about 98.7 per cent?

Chief Executive Officer, AA:

I don't believe --

Hon Emily LAU Wai-hing:

Such a paper existed?

Chief Executive Officer, AA:

It was reported after the completion of the tests, which extended beyond this, and of course that is where some of the -- let's say the debate has taken place. I think the important thing is after completion of all the tests and looking at it you will find that those people involved decided that, in the range of what we were talking about, that it was not an important subject from the viewpoint of the operation of the FIDS as a workable system and so when we got closer to airport opening this became less important.

Hon Emily LAU Wai-hing:

You are saying it is not important to know the reliability of FIDS?

Chief Executive Officer, AA:

I am saying that it is important on the reliability and that, but after the completion of further tests which were still continuing, and there was an indication, let's say in terms of the reliability of it, that there were some problems with it. Part of that was due to the FIDS system itself. Other parts was because EDS was undertaking other testing which was impacting those results. I believe the consensus was, after looking at all of those tests, that whether it was, let's say, 95 or 98 or whatever it is, recognising that there were redundant systems and that we could operate it with the workarounds and other things, that we had a workable system.

Chairman:

Never mind about the workarounds. I don't think we are on that point.

Hon Margaret NG:

Perhaps Dr TOWNSEND can help to clear up one point. Paper no. B18, I think that may be in Volume II. That is an AA Board paper 183/98. Is that in Volume II, Madam Chairman?

Chairman:

Volume II.

Hon Margaret NG:

You referred the witness to another part just earlier. Under Paragraph 28 -- I don't know if Dr TOWNSEND has that paragraph before him?

Chief Executive Officer, AA:

Yes.

Hon Margaret NG:

In the middle of that paragraph it says:

"The reliability testing was completed on 20 June with 98.7 per cent reliability".

This morning Dr TOWNSEND has been telling us that there was reliability testing carried out. Is it right that in fact the reliability tests, as distinct from the availability tests, actually were never completed before AOD?

Chief Executive Officer, AA:

The reliability tests were undertaken at various times and in fact a good part of that had been accomplished. The difficulty with your Paragraph 28 is the unfortunate use of the word "reliability" and linking that to the 98.7, which was

an oversight in the preparation of the papers reported by some of the others.

Hon Margaret NG:

In short, I want the witness to clear up this to say that this 98.7 per cent in this paragraph does not refer to a reliability test. The reliability test itself was never completed before AOD?

Chief Executive Officer, AA:

The reliability test which we were referring to was carried on during the middle part of June, in terms of a reliability test, and that's where some of the other results that conflict with the 98.7 were reported. In fact, our airport management staff and EDS, as well as NAPCO, reported that in fact the reliability was somewhere over 90 per cent, but certainly not 98.7 per cent.

Hon Margaret NG:

Madam Chairman, our understanding is that the reliability tests were not complete, were never completed before AOD. Does Dr TOWNSEND disagree with that?

Chief Executive Officer, AA:

No, because what we were referring to in that case was the final stress tests or the competence tests which would last for a number of months after opening of the airport under full load conditions in real life.

Chairman:

Sorry? Stress and loading tests are different from reliability tests?

Hon Margaret NG:

Yes.

Chairman:

Dr TOWNSEND, would you agree with that, that they are 2 different tests?

Chief Executive Officer, AA:

Yes, they are.

Chairman:

We are talking about reliability tests here?

Chief Executive Officer, AA:

The reliability tests were run in the middle of June and the first part of it was using live information from Kai Tak.

Hon Margaret NG:

Madam Chairman, to save Dr TOWNSEND time, I am not pursuing the details at this point. I just want overall. Does Dr TOWNSEND agree that the reliability tests, which, as he said, started somewhere in the middle of June, were never completed before AOD?

Chief Executive Officer, AA:

There were many tests that were run over that period of time. I cannot comment because the tests were also involved for a period of time to allow EDS to continue to work on resolution of problem reports and other activities but it was --

Chairman:

Were they complete or were they not complete before AOD?

Chief Executive Officer, AA:

I would say that we were satisfied that we had a workable system based on --

Chairman:

We are asking specifically, Dr TOWNSEND, whether the reliability tests

were completed before AOD. If you feel uncomfortable and you cannot answer us now, you will have to answer us somehow. If you want to come back in writing on that, we have to accept that, but you have to answer the question?

Hon Margaret NG:

Madam Chairman, I would be very grateful if Dr TOWNSEND would answer the question put to him and not some other question.

Chairman:

Miss Christine LOH, you want to ask about the tests or not?

Hon Christine LOH:

It is in the general direction.

Chairman:

Do you want to ask about the tests? Mr Edward HO.

Hon Edward HO Sing-tin:

I just want to finish off this. In the document that Ms Emily LAU quoted, Paper no. B62, the progress on the works programme for the Board, there are 2 sentences, one following the other, under FIDS, Page 2. It seems to be very misleading to somebody who just reads it. First of all:

"The 7 day system reliability test started 9.00 am on Sunday, 14 June. After 4 days the commutative availability of the host servers and the display servers was in excess of --"

Following that, one may have the wrong impression that it is referring to the reliability test. I am questioning, first of all, who wrote this report?

Chief Executive Officer, AA:

This type of report would be developed from the functional departments and then co-ordinated and edited and circulated back for review before it would be

sent to the Board.

Hon Edward HO Sing-tin:

Dr TOWNSEND, reading this now, do you consider this as misleading?
Chief Executive Officer, AA:

Potentially.

Hon Edward HO Sing-tin:

Those 2 sentences following another like that?

Chief Executive Officer, AA:

Yes. I mentioned that I felt that that was an oversight in the wording of it and we have had some discussion on that.

Hon Edward HO Sing-tin:

After that, on the same day there is another paper that we have just also looked at, the airport operational readiness progress meeting on the same day. Again, you said that there was some problem of reporting on the same point, Paragraph 28 there?

Chief Executive Officer, AA:

Yes.

Hon Edward HO Sing-tin:

The question is : Who took information from whom? We have 2 documents on the same day dated for discussion anyway for 25 June?

Chief Executive Officer, AA:

Most of this, the progress on the works programme generally is prepared by Project Division and --

Hon Edward HO Sing-tin:

So the Project Division prepared the progress on the works programmes and they were not very careful in giving out this sort of information and the AOR took it and incorporated it in this paper?

Chief Executive Officer, AA:

That would be prepared by the groups, by functional areas, and I believe that statement which has caused the controversy, let's say, would have been coming up from Project or IT or AMD. But then it is edited into a form for the Board paper and it was unfortunate that that was an oversight.

Hon Edward HO Sing-tin:

But there are 2 Board papers?

Chief Executive Officer, AA:

One is for discussion and the other one has gone through it in more detail.

Hon Edward HO Sing-tin:

The other one is the airport operational readiness?

Chief Executive Officer, AA:

Yes, and usually that would be discussed in more detail.

Hon Christine LOH:

I would just like to follow this particular point. Obviously, the difference between "availability" and "reliability", which seems to have confused a lot of people who are key decision-makers, this confusion, this oversight, who should take responsibility for that because it obviously impacted on many other crucial decisions? Would you take responsibility for that?

Chief Executive Officer, AA:

To the fact that these papers are usually presented to me for clearance before they go to the Board, yes, as well as the parties that prepared the papers.

Hon Christine LOH:

Do you think, looking back now, that this confusion or this piece of information that was missed by you, Mr OAKERVEE, people who are supposedly very experienced, that this had led to decisions not being made that should have been made that are crucial for airport opening?

Chief Executive Officer, AA:

I believe that we have said - and I believe Mr OAKERVEE has said the same thing - it was an unfortunate occurrence. It was not deliberate or with bad intentions. I think, however, that when we look at what was happening at that time it was just a matter of interpretation of the word and I believe that people could have come away with a different understanding and we probably should have been more specific as to exactly what was intended. I might add that in various other activities of the Commission and evidence there have been a number of other definitions of "reliability" and "availability", but the problem that we see is that that could have been a misleading statement because of its brevity and the interchange of the words "reliability" and "availability".

Chairman:

Dr TOWNSEND, reliability and availability aside, are you aware that AMD does systems stability report?

Chief Executive Officer, AA:

Yes.

Chairman:

Turn to Paper no. B225-13, which is in Volume IX. Would Members please turn to Vivian CHEUNG's systems stability report. You were stressing to us that in fact AMD was growing in importance because they are actually in charge of the operation, the actual operation. If you look at that report, it clearly shows that the system was down for 11 per cent of the total working hours between 12 June to 28 June. Were you aware of that, Dr TOWNSEND?

Chief Executive Officer, AA:

Yes. After completion of the tests I was aware of the report from AMD.

Chairman:

So how could you actually have in fact accepted the 98.5 per cent reliability report when you were aware that the user department was bringing to your attention an 11 per cent down-time of the total working hours between the same period?

Chief Executive Officer, AA:

Vivian's comments were made after completion of the test, when they summarised the test results.

Chairman:

It's not summarised. If you look at the attachment it gave you almost like a blow-by-blow account of when FIDS was down. If you look at it from 12 June to 28 June, there were altogether roughly about over 20 instances of failure of FIDS. Why did you not take that into consideration when you were looking at the reliability of the system?

Chief Executive Officer, AA:

Because when we were reporting on the meeting of the 25th this information may have been available from their logs which they kept, but our information, as provided by IT, came from the logs of the network operation, the display and host server system. There were 2 different sources.

Chairman:

You mean to say that when you presented 98.7 per cent you were unaware of Vivian CHEUNG's system stability report?

Chief Executive Officer, AA:

We were aware that people were keeping track of it, as did NAPCO over

that period of time and the tests, but the information that was taken in time for the meeting on the 25th came from network information on the host and display servers and not from the log records. That is where part of the problem came in interpretation of the various definitions.

Chairman:

Funnily enough, NAPCO gave a very different picture of FIDS from you because they reported to ADSCOM that FIDS was unstable, despite your 98.7 per cent reliability information. They insisted that in fact FIDS was not stable and not up to standard. That was in their report, since you refer to NAPCO. I would just like to ask once again: Are you actually telling this Committee that you were not in a position to take in Vivian CHEUNG's test at that point, when you reported on 98.7 per cent?

Chief Executive Officer, AA:

It was taken from a different source of information, yes.

Chairman:

You were not aware that AMD was uncomfortable with this 11 per cent down-time?

Chief Executive Officer, AA:

That was at the end of the test, which also included other tests that EDS was running on the system. I was aware of the roughly 90 per cent value reported after completion of the test.

Hon Christine LOH:

Again, I would just like to follow on from here. Knowing that ADSCOM is very, very concerned about the stand-by system, precisely because FIDS was unstable. In view of what you have just said about Vivian CHEUNG's information and taking information from different sources - and you acknowledged that you knew about Vivian CHEUNG's information - as soon as you knew it, wasn't it your duty to go directly to the Board and back to ADSCOM to give them a more accurate view about FIDS and then greater emphasis on the stand-by system? Why wasn't the information flagged?

Chief Executive Officer, AA:

The information was reported subsequent to the earlier report on the 98 number. Of course this was reported upward through the various channels. The important thing is that, even though there was the reported instability problems and other things with EDS, they were considered to still be workable with the various fall-back positions we had to operate the system. So, as indicated in, I believe, Mr CHATTERJEE's thing, after this was all carefully reviewed, there was nothing to lead us to the conclusion that we could not put the airport into operation.

Chairman:

It really is the comfort and confidence that we are talking about. You said that at the time you put forward the 98.7 per cent, you hadn't had Vivian CHEUNG's report. But Vivian CHEUNG's report was from June 12 to June 28. You put forward another report to ADSCOM for the Board's information for their 4 July meeting, which is Paper no. A47, which we referred to a while ago. In that paper, and that was after Vivian CHEUNG's system stability report, 11 per cent down-time of your working hours of FIDS, you said "As regards the permanent FIDS, the stability of the main base system continues to be very good". My question to you is: Things were happening very fast, we accept that, but have you actually taken on board what the AMD was telling you, the user was telling you? Or were you just accepting whatever was given to you by Project and ran with it and ignored the signs, ignored the signals that you had problems before AOD?

Chief Executive Officer, AA:

No. I believe the information that was presented and recorded by Vivian and her colleagues, as well as by NAPCO and including those observations made by EDS, were carefully taken into consideration and, again, you will recall the 38 items that were listed of various things to be looked at.

Chairman:

Dr TOWNSEND, the 38 items actually came before the June 28 test. In fact, if you look at the failure rate, quite a number, in fact 3 quarters of those in Vivian CHEUNG's list came after 18 June?

Chief Executive Officer, AA:

Yes.

Chairman:

The 38 items were supposed to have been covered by 18 June and they knew what to do and they were going to do something about it. The problems that surfaced were between 20 and 28 June. Wouldn't that give you lots of things to worry about? Here you are, the contractor was telling you "We are doing everything possible to rectify the 38 things" and yet you kept looking at system stability report which reported down-time of up to 4 and a quarter hours on 23 June and another one and three quarter hours on 28 June? Wouldn't that have sounded some kind of alarm bell for you? What actually gave you the comfort or the confidence to tell ADSCOM that the system continues to be very good by 30 June?

Chief Executive Officer, AA:

We felt that with the workarounds and other things we had in place that --

Chairman:

We know the workarounds always existed. We are talking about reporting, Dr TOWNSEND. We are putting to you that you did not in fact put to ADSCOM the accurate picture of the instability of FIDS as was fed to you by your own staff? You were taking partial information from Project, and that was the positive and optimistic part, and putting it across to the Board and to ADSCOM without actually sounding any warning whatsoever that in fact other staff, those in the AMD, were telling you a very different story? Wouldn't you agree with that, Dr TOWNSEND?

Chief Executive Officer, AA:

I think that we reported carefully on those matters because we did report on the situation with the problem reports with EDS and the FIDS programme, which obviously included many of the items that were reported over the testing periods. I think also NAPCO, as indicated, gave a full report and their independent view of where we were at to ADSCOM and also to us. It was generally known that

there were still problems but we felt we had a workable solution for airport opening.

Chairman:

Do we want to have a break now?

Hon Emily LAU Wai-hing:

Perhaps one final question. Dr TOWNSEND just referred to the testimony of Mr OAKERVEE when he came before this Committee and said that he admitted to some confusion over availability and reliability. But I don't think he said that. He told us he did not know. Were you surprised to learn that your Project Director did not even know the difference between availability and reliability when he was presenting all these reports to ADSCOM and to the AA Board?

Chief Executive Officer, AA:

I do recall reading that in what he had said in his appearance and, yes, but at the same time I think he said - I'm not sure, I don't have it in front of me - but I do believe that it was recognised that it was an oversight that it did appear in such a way in both the Board paper that we were referring to as well as to ADSCOM.

Hon Emily LAU Wai-hing:

Was Mr OAKERVEE one of the key persons in charge of producing those papers?

Chief Executive Officer, AA:

He would review those normally before they would move forward, yes.

Hon Emily LAU Wai-hing:

If he didn't know the difference then he wouldn't be able to spot the mistakes?

Chief Executive Officer, AA:

Yes, I would say that that is what he was saying, probably, yes.

Hon Emily LAU Wai-hing:

It was most unfortunate, wasn't it, such a senior person not being able to spot these mistakes because he did not know the difference? Did you know the difference?

Chief Executive Officer, AA:

My definition is about as presented here, with "availability" meaning that the system itself is available for operation, but "reliability" is including allowances for all of the down-time or crashes or whatever that were occurring.

Hon Emily LAU Wai-hing:

So were you able to spot the mistakes?

Chief Executive Officer, AA:

I did not catch that one, no.

Hon Emily LAU Wai-hing:

Why not?

Chief Executive Officer, AA:

I just didn't.

Hon Christine LOH:

Actually, I wanted to go back to this point about this false sense of comfort that seems to be given to key decision-makers in the Board and in ADSCOM. If I can refer the witness to Paper no. A37 in Volume I in Paragraph 20 please. This is something that the Chairman of ADSCOM made very clear to our witness. She said in the middle of the paragraph:

"Regardless of the results of the test of FIDS, there had to be a stand-by available on Day One."

Now, the reason I think they insist on the stand-by system is precisely that in

April they were unsure about the stability of FIDS. If we turn to the next page to look at Paragraph 27, this was why the Chairman wanted a checklist of the system, and then she went on to say in the penultimate paragraph:

"If these systems could not function in their tip-top form, they should at least work as best as would be secured in the circumstances."

I don't know what you remember what that mean, but reading the preceding paragraph, it seems to mean that there had to be a stand-by system that worked. Maybe FIDS wasn't going to work perfectly, but it had to work. Would you say that that is a correct interpretation of what you remember took place?

Chief Executive Officer, AA:

Yes. If I could just add one comment to the stand-by system Paragraph 20 that you have referred to, that there was a tight programme for delivery of the system and she, I am sure, was encouraging us to make sure that we met our commitments on delivery and testing and commissioning of the system, in addition to the other comments made.

Hon Christine LOH:

I'm just trying to clarify because this is a crucial moment. Obviously ADSCOM decided that the airport opening was going ahead. You were providing information to them that while they had a lot of reservations about FIDS, the stand-by system was still being developed and that it wasn't ready. What was the information that you gave them for them to say "If these systems could not function in their tip-top condition they should at least work as best as could be secured in the circumstances"? What exactly did that mean?

Chief Executive Officer, AA:

I think what this referred to, this general subject, was that we knew that a number of the systems at the airport on opening day would operate in a true standalone situation, for example, closed circuit TV and others. There were a number of those that were not integrated with other systems that would operate in that fashion, and I am sure that was one reference. The other thing, I believe, is that all of us were aware of course that with the FIDS programme there were problems, however, we needed to resolve as many of the problem reports as we could, especially the critical ones, which we did, and that we needed to make sure it would perform in a workable manner. It did not mean that it necessarily, in

my opinion anyway, had to be 100 per cent perfect on airport opening day.

Hon Christine LOH:

But it did not mean the workaround system?

Chief Executive Officer, AA:

It meant that it could involve workarounds, refreshing, rebooting and other things.

Hon Christine LOH:

In small parts?

Chief Executive Officer, AA:

Manageable parts, yes.

Hon Christine LOH:

But that's not what happened in the end?

Chief Executive Officer, AA:

No, because of the slowness of the system.

Hon Christine LOH:

Now, I would like to take you to --

Chairman:

I would really like to break here. Maybe you can resume when we come back, OK.

Hon Christine LOH:

Yes, Madam Chairman.

Chairman:

Right. We will come back at 11.40 am.

(The hearing resumed at 11:42 am)

Chairman:

We will continue with the hearing. Ms Emily LAU.

Hon Emily LAU Wai-hing:

Madam Chairman, I want to ask Dr TOWNSEND some questions about the management decision of the AA Board concerning the recommendation that the airport should be opened in April. If I may refer Dr TOWNSEND to Volume III Paper no. B29 please. That is a record of a Board meeting on 9 December 1997. At that time, of course, I think all the people were concentrating on whether the opening date should be in April because the Government had asked AA for a recommendation. Please look at Page 3, Dr TOWNSEND, Paragraph 1.4. Have you got that?

Chief Executive Officer, AA:

Yes.

Hon Emily LAU Wai-hing:

It is talking about handover dates and so on. If you look at the third sentence:

"Referring to this delay as an example, the Secretary for the Treasury queried the extent to which confidence could be placed in the achievement of programme dates. He pointed out that in the recent past, there had been repeated slippage of committed delivery dates, including the issuing of the additional information which members had requested at the workshop held on 1 December. The Secretary for the Treasury noted that further slippage in some of the programme dates was still evident in the additional information. In the light of these happenings, he expressed reservations about placing a high level of confidence in the achievement of the April 1998 airport opening date."

Chairman:

Just to put it in context, this is an excerpt from the 34th meeting of the AA which was held on 9 December 1997.

Hon Emily LAU Wai-hing:

Dr TOWNSEND, would you say that the Secretary for the Treasury's concerns were well-founded?

Chief Executive Officer, AA:

I believe that what he said was correct, that there had been some slippages of dates up to the period of early December, particularly in that involving the fit-out of various facilities within the terminal building, as well as other matters. As a result of this, we did prepare very comprehensive matrix type lists of room numbers, facilities, handover dates, as well as activities involving the various systems, to provide a better degree of tracking to follow those activities and in fact it did improve after that period of time. But his statement I believe was taken in the spirit in which it was offered.

Hon Emily LAU Wai-hing:

So you do admit that the AA had a very bad track record of slippages?

Chief Executive Officer, AA:

I wouldn't say a bad track record but there were slippages, yes.

Hon Emily LAU Wai-hing:

If I can also refer you to another document, Dr TOWNSEND. It is Volume II, Paper no. C19. Do you have Volume II C19? This is a report from the Consultant Project Manager to the Director of NAPCO, which you may not have had access to previously but I just want to read out to you a few lines of the comments from the Consultant Project Manager. Do you have that in front of you?

Chief Executive Officer, AA:

Yes, I do.

Hon Emily LAU Wai-hing:

Please look at Paragraph 2, the third line:

"The Airport Authority have in place a programme which in parts is detailed and well developed and in other parts is not. This programme forecasts key activities to be accomplished by specific dates that are clearly unrealistic or are continually slipping and being re-forecast. Re-forecasting of dates has in fact been going on for many months, and, as past history has shown us, AA's programmes have without exception been over optimistic and not achievable. The result of this is a programme that requires ever increasing amounts of work to be performed in an ever decreasing time scale which in turn has resulted in the AOR non-works activities being compressed from a 9 month period to one which is at best 2 to 3 months long."

Do you think those criticisms are well justified?

Chief Executive Officer, AA:

I believe most of those comments made by the Consultant Project Manager are observations of what was happening on the schedules. I think also, both in the case of the Secretary for the Treasury and as indicated by the CPM, we had many important milestones coming up for various completion activities, particularly over the month of December. So several actions were taken, one, to focus in on those particular milestones which we were doing and another part of course, was to do more detailed planning on how we would accomplish the training and other activities leading to the airport opening.

Hon Emily LAU Wai-hing:

Basically, you accept the comments by the Secretary for the Treasury and the CPM here, the criticisms about the past record of slippages?

Chief Executive Officer, AA:

We accepted the fact that slippages had occurred and we had come up with more detailed programmes and action programmes to accomplish the remaining

milestones, yes.

Hon Emily LAU Wai-hing:

You think it is justified to ask members of the Board and also ADSCOM to ignore that past record and to accept your recommendation that the slippages could be rectified and that all the works could be performed on time so that AOD in April should go ahead?

Chief Executive Officer, AA:

We were speaking of the end of April at that time and we felt that we would be ready to operate the Authority's works, but we, of course, also commented that HACTL was in delay on their works.

Hon Emily LAU Wai-hing:

In spite of all that, you still think that the Board should accept your recommendation that they should set aside their reservations and push ahead for April opening?

Chief Executive Officer, AA:

All of the points that were raised, not necessarily in this memo, that were transmitted to us by NAPCO for response to ADSCOM and to our Board, we did review with the Board in considerable detail. Also, some of the information in here was not absolutely correct and in those areas we had various comments. Basically, at that time, the end of April, we felt that it would be achievable if everything were to go in accordance with the programme which we had tightened up with the contractors and others.

Hon Emily LAU Wai-hing:

Madam Chairman, I want to refer Dr TOWNSEND back to the minutes of the 9 December Board meeting again. If we look at Page 6, Paragraph 1.18, where Mr OAKERVEE was speaking?

Chief Executive Officer, AA:

Could you please refer to the volume?

Hon Emily LAU Wai-hing:

Volume III.

Chairman:

Paper no. B29.

Hon Emily LAU Wai-hing:

Have you got that?

Chief Executive Officer, AA:

Yes.

Hon Emily LAU Wai-hing:

Page 6, with Mr OAKERVEE there. If you go to the middle of that paragraph, again quoting Mr OAKERVEE, he said that:

" -- he was confident that the works would be completed substantially by 15 February 1998 to enable the AMD and the business partners to proceed with their follow-on work."

With hindsight, was that correct?

Chief Executive Officer, AA:

Yes, it was true, insofar as the facilities necessary to be turned over to AMD and --

Hon Emily LAU Wai-hing:

Can you list those things please that were substantially completed by 15 February, as promised by Mr OAKERVEE?

Chief Executive Officer, AA:

Yes, we could provide a list of those.

Hon Emily LAU Wai-hing:

Can you tell us some now. I think these are major items?

Chief Executive Officer, AA:

Yes, because in order to conduct the trials we had to have the facilities far enough along, and also the preliminary reports from Fire Services on the west hall, the departures area and other parts of the airport. Those were the highest priority to enable the first trial and also to give occupancy to areas for the operation control centre and other areas. This was monitored very, very carefully and I believe Douglas felt confident about that, as indicated in this memo.

Hon Emily LAU Wai-hing:

My question to you is: Was his confidence borne out? Were these facilities handed over to AMD? Were you aware of concerns repeatedly expressed by AMD?

Chief Executive Officer, AA:

Yes. In terms of the facilities and other areas, they were generally handed over in accordance with the programme that had been agreed upon and, certainly, we can provide you some information.

Hon Emily LAU Wai-hing:

I think we have been given a number of notices about handover and many of them were way after 15 February. If you want to, we can go over all of them, but I don't want to get that bogged down because you are the CEO. I just want you to highlight for us what you think are those key facilities that were handed over, because this again would prove that people are making promises that they could not keep?

Chief Executive Officer, AA:

What was important at that time was to concentrate on the facilities that

were necessary to support the trials in other areas and of course not all of the facilities are necessary to be handed over at that time. There was a planned programme on which to hand over those facilities.

Hon Emily LAU Wai-hing:

Can you give us the documentary evidence then of the planned programme and how many were actually handed over on 15 February?

Chief Executive Officer, AA:

Also we were going through the temporary occupation permit phase at that time.

主席：

劉江華議員。

劉江華議員：

主席，明顯地，有關工程尚未完成，但董誠亨先生似乎相當堅持機場必須於4月開幕。就此，我想詢問董誠亨先生，是否存有任何政治考慮的因素？

Chief Executive Officer, AA:

No. I did not have any political considerations concerning the opening at the end of April. We felt that that was the earliest time that we could deliver the Airport Authority's works and of course this was subsequently put to 6 July after Government took proper consultations with all the parties.

劉江華議員：

主席，請董誠亨先生參閱文件B316，並解釋第3.1.5段。

主席：

是哪一冊？

劉江華議員：

應該是第XI冊。

主席：

第XI冊。

劉江華議員：

文件B316，在行政委員會會議上，董誠亨先生曾表示，"HDT commented that there might be some political incentives in having the airport opened prior to the LegCo Election scheduled for May 1998"。為何此事會與5月份的選舉掛鈎？

Chief Executive Officer, AA:

It shows the importance that we place on LegCo. Seriously, at that time of course this was very early in July 97. What we were concerned about was we had to take an overall view of what was going on. We recognised of course that the actual decision would be taken by Government after their broad consultation with all parties involved. I think that I said there might be some political incentives. I didn't say that I thought that it was a particular problem. It was just that we were sensitive that other factors may enter into the final decision.

劉江華議員：

董誠亨先生，你是否表示，倘選舉完畢後，會對你們的工程有所影響？你未有就此事作出清楚的解釋。

Chief Executive Officer, AA:

No. I don't recall exactly the motivations back there in July 97, which was immediately after the resumption of the SAR. I think the main concern of course was, would all of us be able to focus over a period of time where we felt that there would not be too many other things going on at the same time.

劉江華議員：

你剛才提及沒有存在任何政治因素，但事實上，你於很早期已作政治考慮，所以堅持機場必須於4月開幕，即使有關工程於年底時尚未完成。這是否隱藏着你要作政治考慮的因素？

Chief Executive Officer, AA:

From the viewpoint of myself, no.

主席：

單仲偕議員。

單仲偕議員：

請大家參閱文件A27。這是機場管理局主席黃保欣先生交給機策會主席陳方安生女士的文件。據文件所載的結論：經謹慎審核後，機管局對機場當時的進度表示非常滿意，認為機場可於4月開幕。文件的後半部亦載有很多答案，相信是由你或你的下屬透過機場管理局主席交給陳太的。這份文件是否由你和你的同事擬備？

Chief Executive Officer, AA:

Yes. You will recall, starting in November, we had regular dialogues with Government and others in preparing responses to the questions raised by NAPCO and others. This was a period of intense focusing on works remaining to be completed. Yes, we did prepare the basic report that was attached to the exchanges between the Authority and the Government.

單仲偕議員：

"OK"，這點非常重要，因政府審核這份報告後，於1月機策會的會議席上落實機場開幕的日期。你認為這份文件所載的資料是否反映當時實際的情況？你會否察覺到當中有部分錯誤資料？

Chief Executive Officer, AA:

No. I think that that was our best judgment at that time. Of course after the decision was taken to defer the date this became history at that point.

單仲偕議員：

我想利用幾個例子說明，請大家參閱文件後面的第4頁，「即問題與答案」內有系統的部分。其中一段列出很多系統，包括"FIDS"、"public address"、"telephone system"及"TMR"。當中一點指出，"The software will be installed in the system and be ready for SAT on 19 December 1997. Concurrently, the 10 outstanding 'bugs' out of 560 will be cleared and the software will go through FAT in the UK"，你擬備這份文件時，有否檢討這系列的系統的完工日期，與機場管理局徐景祥先生及其同事於1997年4月與英國"EDS"公司所達致的修訂合約作一對照？你會發覺你所列出的時間與新合約不同，你是否沒有在文件中反映此事？

Chief Executive Officer, AA:

I would have to check that. I do not recall.

單仲偕議員：

讓我協助你，或請我們的同事幫忙，協助董誠亨先生翻閱第X冊第33段之下第8.1段。事實上，這份文件已予修訂。原本的"FIDS"應於1996年年底完成，但卻有重大的延誤。1997年4月，你的同事前往英國考察，並簽訂了一份新的合約。第8段載明，"FAT"應於1997年11月13日完工；"SAT"應於1997年11月24日；"system integration"應於1998年1月9日。我相信你擬備這份新合約時，是以機場於4月開幕作為基準的，但你至12月在此回覆時，仍預計"FAT"會繼續進行。大家是否找到這份文件？12月10日已顯示較原先於4月修訂的計劃落後了幾個月。根據經修訂的計劃，"FAT"應於1997年11月13日完成，但你於12月10日仍明確表示會跟進此事，提交文件後更將此項目"cancel"。

Chairman:

I think the point is made. Can you answer Mr SIN why is it that you have inaccurate information in such a key document?

Chief Executive Officer, AA:

In the document itself it was intended that the Build would be delivered in December, which we felt would have given us sufficient time to be ready for

opening the end of April.

Chairman:

The document is dated 10 December. I think Mr SIN's point is by 10 December all the dates that you have put in the paper are wrong? What you were trying to argue for is that the systems would be ready for an April opening and you gave these dates to substantiate that. But these dates have all been delayed, one way or another, so why did you give these dates to give that impression to ADSCOM to back up the argument that the April opening date is achievable?

Chief Executive Officer, AA:

I believe that it was the opinion at that time that these were the dates and there may be some differences.

Chairman:

I'm not talking about opinion. I think we are talking about facts here. You have given these in a documentary form to ADSCOM as the proof that you could actually open in April. It is not an opinion. It is actually information you have submitted to ADSCOM. I think Mr SIN's question is: Why did you give this information when you are already aware that that is not accurate, as it is shown elsewhere?

Chief Executive Officer, AA:

I would have to go back and review that.

單仲偕議員：

我無法接受你的解釋。我想問清楚，究竟是你的屬下向你解釋錯誤的圖畫，接着你又將此情況向機場管理局解釋；還是你根本知悉圖畫是錯的，但仍照樣解釋？這錯誤究竟是你的責任，還是你同事的責任？

Chief Executive Officer, AA:

I think that would be a matter of reporting up through the system on that and I think we would all share a responsibility for any inaccuracies in the reporting if

they were of a serious nature.

單仲偕議員：

主席，倘政府當日將有關資料信以為真，所出現的問題可能會更為嚴重。你覺得自己在這問題上有否失職？

Chief Executive Officer, AA:

No, I do not believe we had dereliction of duty. At the same time we were reviewing this very closely with NAPCO back and forth and of course this was an ongoing process. I think at that time, everyone admitted that the April programme was very tight. We had identified the difficulty that HACTL was having and other factors, but we felt that the end of April would be achievable.

Chairman:

Dr TOWNSEND, I don't think that will do. If you refer to the letter which was signed by the Chairman, WONG Po-yan, in the same document, it is quite categorical:

"Following this careful scrutiny, we are satisfied that the airport can be ready to open for safe, smooth and efficient operation on an appropriate date in the last week of April."

That was the conclusion backed up by the material which Mr SIN referred to just now.

單仲偕議員：

我想就此文件再多講一點。"FIDS"以1月10日為"system available for training"的日期。於1997年4月6日與"EDS"簽訂的新合約內，第8.1段載有一個"system integration"日期，1月9日"key day 4"。明顯地，你預計"system integration"應於1月9日完工，並可於1月10日進行"training"。但事實上，工程已完全落後於原定計劃，然而你卻不將有關資料告訴有需要知的人。

Chief Executive Officer, AA:

Any delays in these various programmes were being advised to the Board also through the Airport Operational Review Programme, which was then also

being followed by Billy LAM.

Chairman:

I think, Dr TOWNSEND, that's not quite good enough. The letter was prepared by management for the Chairman to sign, was it not?

Chief Executive Officer, AA:

It was a joint effort.

Chairman:

Joint effort of what? Management or what?

Chief Executive Officer, AA:

Management prepared obviously the technical and programme aspects of it, yes.

Chairman:

So all the information Mr SIN referred to was actually supplied by management, was it not?

Chief Executive Officer, AA:

It was provided by management, yes.

單仲偕議員：

主席，這是否一個有組織性的瞞騙行為？董誠亨先生。

Chief Executive Officer, AA:

I do not believe so. It was not deliberate, in my opinion.

單仲偕議員：

如非一個有組織性的瞞騙行為，"are you saying that you are technically incompetent to scrutinize the information provided by yourself?"

By your staff?"

Chief Executive Officer, AA:

Yes, it was reviewed at various levels in the organisation before it was sent forward to Government?

Chairman:

You reviewed it at your level?

Chief Executive Officer, AA:

Yes, I did review it and looked at it. But of course this would be done based on information provided to me by others.

Hon Margaret NG:

Madam Chairman, I was going to go to the economic aspect but, before I do that, may I just follow up on this point by directing Dr TOWNSEND to Paper no. B213-12. That is a letter dated 8 December from GEC to Mr K C TSUI. Volume VII B213-12. Do you have that, Dr TOWNSEND?

Chief Executive Officer, AA:

Just one moment please. I have a letter Paper no. B213, Attachment 13.

Hon Margaret NG:

Attachment 12 is what I want.

Chairman:

Attachment 12 is a letter from GEC dated 8 December.

Chief Executive Officer, AA:

From their Project Manager, yes.

Hon Margaret NG:

Yes, that is right. That is your Project Management. That attaches a new agreement between AA and GEC. If you look over the page on the other side of the letter you see testing procedure in that table. Already in that table it is clear that FAT was not going to take place in the UK and a whole new timetable was fixed, which I believe is quite different from the one that you have included in the letter of your Chairman. Can you explain why, in spite of this letter, you still said things like FAT would carry on in the UK and things of that kind?

Chief Executive Officer, AA:

I notice the dates are very close together. This was sent by GEC on 8 December and was received at some point by K C TSUI. Obviously, we had been working on the letter outlining the overall situation. There were changes and at various times some items were delivered right on programme, others before, a few after.

Hon Margaret NG:

Would you say that in fact whether or not FAT should be cancelled or altered would have been already in the process of discussion and at least, to say the least, you did not alert the Board of it?

Chief Executive Officer, AA:

I'm not sure what it says in the paper that we sent forward. That was dealt with by the Project Division.

Hon Margaret NG:

Paper no. A27 says quite clearly, it makes a positive assertion that FAT will be carried out in the UK. If that was in doubt how could you have put that forward to the Board?

Chief Executive Officer, AA:

That question should be addressed to our Project Division people.

Hon Margaret NG:

No. You have already agreed that the information was co-ordinated by

you and supplied to your Board Chairman. This is at the very highest level to the highest level in Government. Do you care to comment?

Chief Executive Officer, AA:

Yes, but I am very dependent upon information provided to me by the various people in our organisation.

Hon Margaret NG:

Right. For this item you probably relied on Project and, of all people, Project should know about the possible change to FAT as witnessed by that letter. Do you agree in that case that they have kept some crucial facts from you, resulting in your misleading your Chairman and then misleading ADSCOM?

Chairman:

Should they have known at that point?

Chief Executive Officer, AA:

It appears, based on the correspondence and that, that it was occurring on or about that time, yes.

Chairman:

Were you aware that negotiation was going on between November and December between your Project staff and GEC and EDS to reschedule a lot of things vis-a-vis FIDS? Were you aware of that at that time?

Chief Executive Officer, AA:

I knew that we were in discussions with them outlining some of the programmes. I was not familiar, I believe, at that time with the detailed outcome of it.

Hon Margaret NG:

Madam Chairman, with your agreement, I would like to move to money.

Chairman:

Yes, we will move to money because we are short of time.

Hon Margaret NG:

Dr TOWNSEND, I would like to ask you how far your strong recommendation for an April opening was driven by money concerns of the AA. Could you have a look at Volume XI. I would like you to look at Paper no. B320. That is a set of Executive Committee minutes. I would like you to look at the one on 5 November 1997. Can you go to Paragraph 2.3.3?

Chief Executive Officer, AA:

Yes, I have that.

Hon Margaret NG:

It says there "HDT". I think that refers to you?

Chairman:

Which document? B320?

Hon Margaret NG:

Yes. Madam Chairman, that is an Executive Committee meeting minutes, Paragraph 2.3.3. Is there a problem?

Chairman:

Which meeting is that?

Hon Margaret NG:

5 November.

Chairman:

OK. Fine.

Hon Margaret NG:

"HDT", that is you, Dr TOWNSEND?

Chief Executive Officer, AA:

Yes, it is.

Hon Margaret NG:

"-- suggested that the economic and legal implications of deferring airport opening should be carefully considered. The economic benefit of opening the airport as early as possible should be underlined."

With reference to that, can you tell us how far your recommendation of an April opening was driven by economic concerns? What were the concerns at this point you mentioned?

Chief Executive Officer, AA:

I think there were several things that were happening simultaneously at that point. Of course, as we have been discussing, part of it had to do with the physical works and systems completions to meet the end of April. The other point of course is that we are operating a prudent commercial organisation and we wanted to have an idea of what the implications may be if the airport opening were to be deferred for any reason. This was just highlighting at that time that, in addition to all of the physical reasons for opening of the airport, certainly our Board would ask us and Government subsequently that we should have some idea of the economic consequences.

Hon Margaret NG:

Now, if you would go forward a couple of pages you will find the minutes of 26 November. Paragraph 2.1.2?

Chief Executive Officer, AA:

Yes, I have it.

Hon Margaret NG:

In the second sentence, "HDT", that is you:

" -- said that an information paper on the economic impact of deferred airport opening had been prepared and would be circulated to the directors for comments."

Now does this paper set out exactly what the economic implication to AA of deferring airport opening date from April to some future date would be?

Chief Executive Officer, AA:

It was an evaluation - and of course at that time we did not know the precise opening day - but we were taking a look forward to see what the economic impact may be.

Hon Margaret NG:

You say that the paper should be sent out to members later on that day. I take it that it was circulated?

Chief Executive Officer, AA:

It was circulated, yes.

Hon Margaret NG:

Could you tell this Committee what your liabilities were as a result of deferring the April opening day?

Chief Executive Officer, AA:

Generally, we felt that, first of all, you could look at it in different ways and this of course was subsequently agreed with Economic Services and Finance Branch. It was just the start of a process since we did not know the airport opening date. The difficulty that we would face would be, first of all, what are our actual increased costs due to any deferral, and this would include overheads of the Authority, it would include additional costs for maintenance and

attendance by our contractors, it would include areas such as operation and maintenance costs of the terminal building, and of course at that time there were no offsetting revenues to come in to offset that. So those could be interpreted as being additional costs to the Airport Authority.

Chairman:

Can you answer Margaret's question? What were the projected economic costs?

Chief Executive Officer, AA:

I believe we came before LegCo at some time when the airport opening date was announced and that question was raised and we were with Finance Branch at that time and it was reported that, considering the 2 months, June and May, that were considered, that it would be above one billion dollars Hong Kong and there were some other costs, I think.

Chairman:

What was AA's figure?

Chief Executive Officer, AA:

Our figure was, we didn't know exactly what month we were working to, so again our number was higher than one billion.

Chairman:

What figure did your information paper to the Board consist of, as far as this loss was concerned?

Hon Margaret NG:

Can you provide this paper to the Select Committee?

Chief Executive Officer, AA:

I believe we could provide extracts from it. There may be some

confidential information but I believe we would do that.

Hon Margaret NG:

We will look at that later. However, at this point you are telling us that you were looking at an implication of over a billion dollars?

Chief Executive Officer, AA:

That is correct.

Hon Margaret NG:

Was that one of the major reasons -- or, rather, I will leave that open. How did that consideration impact on your recommendation of an April opening date, particularly against the background of the questions in the last 2 days that there were a lot of problems with systems?

Chief Executive Officer, AA:

I believe it was just another input of information to the Board and Government as to what we might be facing in terms of economic impact on the Authority. But at that time we said that, although the number was in the order of over a billion, at the same time when you looked at the forecast for the Airport Authority on a year-on-year basis, it was not of direct consequence. Although it was important for looking at our first year operating budget and other areas, it was not of long-term concern for the Airport Authority and, therefore, it was not driving the decision, I believe, on airport opening date when we were talking ultimately to be 6 July, which was over a 2-month extension.

Hon Margaret NG:

Finally, Dr TOWNSEND, can you look in the same bundle, Paper no. B322. It is still Executive Committee meeting minutes.

Chief Executive Officer, AA:

Yes.

Hon Margaret NG:

Can you turn to the meeting on 14 January 1998. Go to Paragraph 1.1?

Chief Executive Officer, AA:

Excuse me. This is which meeting please?

Chairman:

14 January.

Hon Margaret NG:

It is all stapled together. Do you find that?

Chief Executive Officer, AA:

I'm sure it is here somewhere. Yes, I have that.

Hon Margaret NG:

Now, 14 January was after the announcement of the airport opening date to be 6 July?

Chief Executive Officer, AA:

Yes.

Hon Margaret NG:

And the very first item is damage control. Can you tell this Select Committee why was there damage to be controlled and what was the extent of the damage?

Chief Executive Officer, AA:

Yes. As a matter of fact, you see them enumerated in the paper. Once the opening date was announced, this was to of course advise the Executive Committee members and others of the areas that we had to give attention to. You can see obviously that we were concerned about some of the business issues, we were concerned about handling of correspondence with our business partners

and commercial clients, and so on and so forth. Again, I apologise, the word "damage control" was really coined by me because they were immediate actions that we had to think about and develop programmes to prevent them from becoming more serious problems.

Hon Margaret NG:

Would it be fair to say, Dr TOWNSEND, that the economic considerations, if not an overriding factor, at least it was one factor pushing you to recommend an April opening day?

Chief Executive Officer, AA:

It was always there, but I felt that it was not a predominant factor in the decision.

Hon Margaret NG:

Thank you.

Chairman:

Just to follow up on one question. In that list under damage control, PR and media reports were actually mentioned twice. Why did you feel that there was a need to tie up the PR strategy with the deferred airport opening date? Was it a question of face at the time, that in fact if the airport opening date was deferred that it would in fact reflect negatively on the AA? Was that a view which was prevailing at the time?

Chief Executive Officer, AA:

I don't believe that was the situation. However, people may have thought that. I think we were concerned also about explaining what we were going to do with May and June. In fact, we used those dates to do additional trials and so on and so forth.

Chairman:

Dr TOWNSEND, please. Quite specifically, here you have one point

which is:

"The Authority should watch the media reports closely. Secondly, there was a need to tie up the PR strategy with the deferred airport opening date."

It is very, very specific?

Chief Executive Officer, AA:

Yes, it is, and we did that very carefully.

Chairman:

Why was it so specific that you felt you had to have a PR strategy to deal with the deferred opening date? Really, my question was: Does that reflect the state of mind which was there already before you actually recommended not to move the AOD? You felt moving it would have an impact on the PR for AA?

Chief Executive Officer, AA:

Also, of course we had to co-ordinate very closely with Government on these issues concerning the public relations aspects of the deferred date. We did work extensively. We did put out a number of public announcements and appearances as a result of that.

Chairman:

My question is: Was a deferred opening date a point which in fact affected your decision to recommend not to defer because you felt that there would be a negative PR impact on the AA by deferring?

Chief Executive Officer, AA:

There were certain implications of it, such as the contractors being extended for a longer period of time and other matters.

Chairman:

We are talking about PR in particular?

Chief Executive Officer, AA:

立法會調查赤鱘角新香港國際機場自1998年7月6日
開始運作時所出現的問題的原委及有關事宜
專責委員會

Legislative Council Select Committee to inquire into the circumstances
leading to the problems surrounding the commencement of the operation of
the new Hong Kong International Airport at Chek Lap Kok
since 6 July 1998 and related issues

Those are the types of enquiries we would receive from the media and others and so we had to have a rather broad range of positions or areas to be able to discuss. I think at that time we were so busy getting ready to shift gears, let's say, for the change in the goal posts, that we needed everything to make sure it could move as smoothly as it could.

Hon Edward HO Sing-tin:

Chairman, actually that particular point is reflected in the AA's Board meeting of 12 January, Paper no. B31. This happened to be the date when the Chairman finally decided to write to the Chief Secretary for Administration, recommending the airport to be opened in April, without knowing that actually the decision has been made.

Chairman:

Will you point to the paragraph?

Hon Edward HO Sing-tin:

For instance, Paragraph 8. This is Maria TAM.

Chairman:

Paper no. B31, Board minutes of 12 January 1998.

Hon Edward HO Sing-tin:

One Board member at Paragraph 8 -- have you found that?

Chief Executive Officer, AA:

Yes, I have.

Hon Edward HO Sing-tin:

Miss TAM cautioned that in view of the recent heavy blow to the economy of Hong Kong, having the decision that the new airport would not be open in April 1998 could mislead the public, which might cause damage to Hong Kong.

Further down at Paragraph 1.10 Mr LO Chung-hing also said that if Government decided to set a date rather than April 1998 it would have to signal very clearly in the international scene about the reasons behind, blah blah blah. Then later on he emphasised that the new airport was ready for operation in April 1998 and it was important that other countries did not misinterpret the delay of the opening of the new airport.

Further down, Dr Peter WONG agreed entirely that the decision on the airport opening date had to take into account other considerations, which should include the political and psychological impact.

Then at Paragraph 1.12 Miss TAM said about handling of PR.

So I guess there has been a lot of sentiment within the Board of other factors, political, psychological, economic, to insist upon the April opening date? We would like to ask Dr TOWNSEND to comment on whether that was a very major consideration in not deferring the opening date?

Chief Executive Officer, AA:

I think also it pointed out the importance of having a clear agreement with Government on what impact a deferral would have. I believe that many of the things said here by the Board members were considered very carefully by ourselves, as well as by Government, in coming up with the rationale for the reasons stated. There was so much interest in the airport at that time that it did require a lot of work over that period of time to try to convey the right messages.

Hon Edward HO Sing-tin:

I still go back to that question that Emily actually asked. With hindsight, all the problems that have occurred on AOD: that the Passenger Terminal Building didn't get the occupation permit until I think just before the ceremony on 1 July, late June; FIDS came late and there was not enough testing and all that; HACTL was not ready. With hindsight, was it a good judgment to insist upon opening in April?

Chief Executive Officer, AA:

It was agreed it was a tight programme. We had notified Government and the Board of the difficulties that HACTL was having and of course --

Hon Edward HO Sing-tin:

With everything that came to light after April, right, everything that came to light after April, before AOD all the problems that occurred, all the delays that occurred, nothing was actually completed in the full sense of the word, how could a judgment be made in December 1997 that the airport could be opened in April?

Chief Executive Officer, AA:

Because when the new date was announced, it had been speculated on for a considerable period of time before then and we were seeing signs, on construction of the airport and in other areas, where various business partners or contractors were in fact anticipating a decision on the part of Government to defer.

Chairman:

You might need a firm opening date but whether April was the right time, given that there are so many things that you were not ready to deliver?

Hon Edward HO Sing-tin:

I may add, if you want to read that Board meeting, the date proposed by the management, backed up by a couple of Board members who just said to put faith in the management, actually, and all the Government members they have a lot of major reservations because of the history of delays in the past and deadlines slipping every time and all that?

Chief Executive Officer, AA:

The basic consideration though is that once the date was announced immediately adjustments had to be made in the programmes and others to take advantage of the additional time that was available to us. We unfortunately didn't have the opportunity to pursue both paths to decide the final outcome but immediately we put into place the additional trials, extending some of the training to more accommodate our business partners and staff and other areas. In fact, I think that once that decision was taken it is moving the goal posts and very hard to speculate.

Hon Edward HO Sing-tin:

Chairman, I think we need to clarify that. If the Government were to agree to opening the airport in April 1998, does Dr TOWNSEND still hold the view that the airport could be opened on that day, that is, the end of April, and all the systems would be functioning, fully tested, personnel trained, HACTL ready, no problem, at the end of April?

Chief Executive Officer, AA:

I think that, again, we said it was a very tight programme. Already we had pointed to the difficulties that HACTL was experiencing, which would be debatable at that time. And of course the MTRC was not going to operate.

Chairman:

That is another issue.

Hon Ambrose CHEUNG Wing-sum:

Madam Chairman, if I can just follow up quickly on this issue and move on to HACTL.

Chairman:

You want to move on to HACTL?

Hon Ambrose CHEUNG Wing-sum:

No. I will follow up on this issue first.

Chairman:

You follow up on that first and then we will decide.

Hon Ambrose CHEUNG Wing-sum:

Dr TOWNSEND, just now you said that there are some predominant factors for deciding to recommend April as the opening date. Can you tell us whether you have a general feeling of responsibility that you need to open in April in any event, as the Chief Executive Officer of the Airport Authority?

Chief Executive Officer, AA:

We always were aware of the fact that as we would approach that point that there would be consultations with Government and they would decide the opening date of the airport. Our obligation that we had committed to was to have it opened in April 98 and that is what we were trying to achieve.

Hon Ambrose CHEUNG Wing-sum:

Can you look at Paper no. B31 which Mr HO has been focusing on, the same document, B31, being the 12 January Airport Authority meeting. At Paragraph 1.9, in the middle of that paragraph, on the fourth line, actually the Chairman was saying that it was the responsibility of the Authority to adhere to its target which was to have the new airport ready for opening in April 98. What is your understanding of this particular statement then at the meeting and what do you understand by the responsibility of the Authority to open in April?

Chief Executive Officer, AA:

What the Chairman said is summarised correctly, that we had obligated ourselves to have the airport ready for operation in April of 98 and our contracts for the construction and other matters were keyed in to accomplishing those goals. Also, it was widely known that that is the date that we were working for and in fact had been targeted several years earlier as part of the airport core programs.

Hon Ambrose CHEUNG Wing-sum:

Is that your predominant factor that you mentioned?

Chief Executive Officer, AA:

I believe so, yes.

Hon Ambrose CHEUNG Wing-sum:

Is that your predominant factor, regardless of the delays, regardless of the unreadiness of the systems and the buildings?

Chief Executive Officer, AA:

I'm not so sure that the Chairman was commenting on that in these particular statements but they were aware of the situation as reported over the period starting in early September through December in the discussions we had with Government.

Hon Ambrose CHEUNG Wing-sum:

Dr TOWNSEND, I am putting it to you that, since you agree that is the predominant factor, you are intending to open the airport regardless of the various confusing and delaying situations in front of you and you still insist on sticking to that particular date?

Chief Executive Officer, AA:

I believe that at the time that this was discussed, which was again early in 98, that it was felt that it was achievable. Certainly there were problems and it was a tight programme, which we did mention, but I feel that at that time that is what we were trying to achieve.

Hon Ambrose CHEUNG Wing-sum:

Can I illustrate this point, Madam Chairman, by referring Dr TOWNSEND to Paper no. A19, which basically is a document in September 1997 which sets out very clearly the delays in HACTL as an example? You do have that in front of you, Dr TOWNSEND, in Paragraph 5?

Chief Executive Officer, AA:

Yes.

Hon Ambrose CHEUNG Wing-sum:

Paragraph 5 shows very clearly that HACTL is committed on April for 50 per cent operating capacity, and there is a 5 week delay, and that particular delay means that there will be, at best, a period of one month after obtaining of TOP for in-situ training and trialling of the facility.

If I can refer you to another document, Paper no. A22, then I will ask you a

question and perhaps you will give us your answer on that. On A22 --

Chairman:

Paragraph?

Hon Ambrose CHEUNG Wing-sum:

From Paragraph 15 to 17, you will find that as it goes on there have been repeated delays, not only in the main building contractors for 6 weeks, as indicated in Paragraph 15 --

Chairman:

HACTL again?

Hon Ambrose CHEUNG Wing-sum:

HACTL again. Also at Paragraph 16, 16 weeks lateness. Again HACTL. Then at Paragraph 17 and 18, this is what I couldn't actually figure out. Paragraph 17 saying that there is little possibility of HACTL being ready to meet a 1 April opening. They are, however -- I presume "they" refers to HACTL. They are, however, confident that improvement can be made and consider that their chances of being ready for a late April date are 50/50. Now, this 50/50 is a 50/50 chance?

Chief Executive Officer, AA:

That is correct.

Hon Ambrose CHEUNG Wing-sum:

Not 50 per cent capacity?

Chief Executive Officer, AA:

Correct.

Hon Ambrose CHEUNG Wing-sum:

Then, this being an AA paper, you come to a conclusion at Paragraph 18 that in conclusion management is confident that the key milestones and critical activities essential for the new airport to open on 1 April can be achieved.

Then the contradiction comes at the very end of that paragraph. You were saying that an opening date in the last week of April would also provide much greater confidence that sufficient air cargo handling capacity will be available, having regard to the continuing uncertainties as to HACTL's ability to meet its target of 50 per cent operational capacity by end April.

You are putting a recommendation to the Board on the basis that HACTL has only a 50/50 per cent chance to meet an end April date. Not even a 1 April date. The 1 April date is highly risky and highly unlikely. Is that the sort of mind-set you have in putting to the Board a 50/50 per cent chance for a firm opening date at the end of April?

Chief Executive Officer, AA:

That was the information that was available at that time, yes, and I believe that, knowing the flexibility of HACTL, that there were uncertainties in that, that they did have difficulty in being more positive about meeting the late April date and we did call that to the attention of the Board, as we did to Government and the others. Ultimately, it was one of the decisions I am sure that Government undertook to deferring the opening date to 6 July.

Hon Ambrose CHEUNG Wing-sum:

With that uncertainty, why do you say in Paragraph 18 that you are confident that the key milestones and critical activities essential for the new airport to open on 1 April can be achieved.

Chief Executive Officer, AA:

It would mean that special attention would have to be given to HACTL in order to help them meet the end of April date.

Hon Ambrose CHEUNG Wing-sum:

That is 1 April, not end April. Paragraph 18 is talking about 1 April?

Chief Executive Officer, AA:

By the end of April -- we were differentiating between 1 April, which was what most of our contracts were keyed in on, as compared to HACTL's report of needing it at the end of April.

Chairman:

Dr TOWNSEND, you have to answer that question. HACTL themselves felt that their chances of being ready for a late opening date was 50/50. That means that they have a 50/50 chance, half and half chance of being ready for a late April date. I think Mr Ambrose CHEUNG is asking how did you actually jump to the conclusion that, having regard to the continuing uncertainties as to HACTL's ability to meet its target of 50 per cent operational capacity -- that in the first place was not what was reflected in Paragraph 17. 50 per cent operational capacity. They are saying 50/50 chance of being ready. That is already a lapse. On the other hand, I think Mr CHEUNG is asking you how you came to the conclusion that management is confident that the key milestones and critical activities would be ready, can be achieved? That is your conclusion?

Hon Ambrose CHEUNG Wing-sum:

If I can put it to you again, Dr TOWNSEND, these 2 aspects. The first aspect is 1 April. 1 April HACTL is saying little possibility but, in your conclusion, you are saying 1 April key milestones and critical activities essential can be achieved. Why is that conclusion made?

Chief Executive Officer, AA:

We were referring primarily to those activities within the direct control of the Airport Authority, which is why we made a special comment concerning HACTL, and we say in the middle that a late April opening date would provide a welcome degree of addition comfort and an opening date in the last week of April would also provide more confidence that air cargo handling capacity will be available.

Hon Ambrose CHEUNG Wing-sum:

Are you saying that HACTL is not part of the critical activities?

Chief Executive Officer, AA:

We are saying it was an exception to that. Everything else was reasonably on programme, including the other franchisees.

Hon Ambrose CHEUNG Wing-sum:

Assuming it is an exception, why do you think you can afford to put the AA to a 50/50 chance of success for an end April date at this time? There is a 50/50 chance of failure for HACTL to deliver in April. What is the basis of your judgment?

Chief Executive Officer, AA:

I think at that time we were also discussing with HACTL in our usual way what additional options they would have in the way of back-up facilities and contingency plans.

Hon Ambrose CHEUNG Wing-sum:

Do you agree this is a very risky recommendation?

Chief Executive Officer, AA:

I would agree with HACTL it was and we highlighted that in all of our reporting to the Board and the Government.

Hon Ambrose CHEUNG Wing-sum:

You agree that is a risky recommendation to the Board, to accept 50/50 chance?

Chief Executive Officer, AA:

It is risky, and we did make an exception on that, yes.

Chairman:

Where is the exception? In the overall conclusion where is the exception?

Chief Executive Officer, AA:

We say that an opening date in the last week of April would also provide, so on and so forth.

Chairman:

Sorry?

Chief Executive Officer, AA:

The last sentence, basically, having regard to the continuing uncertainties, and it was recognised that that was a factor. Now, this of course was leading up to setting the actual series of meetings in the period of time and I might go back to say that this was October 97 and we were beginning already to have discussions with Government on establishing the airport opening date.

Hon Ambrose CHEUNG Wing-sum:

You can then look at the document in January. That will give you another 3 months to see how is the situation. If you look at Paper no. A30. In Paragraph 8, HACTL progress is still a key concern. That particular paragraph basically gives you further indication that there has been no improvement, the delay is still there, the supplemental agreement is still under negotiation, and it is still a key concern. Now, you are still making a recommendation to the Board on 12 January to say it is still OK to take the risk?

Chief Executive Officer, AA:

What we were indicating is that it would be necessary immediately for HACTL to implement all of the agreements with their contractors to move ahead which were under discussion at that time, and they were slotting an end of April date.

Chairman:

But there was no assurance, Dr TOWNSEND. The question is: Are you actually taking a tremendous risk, knowing what you know about HACTL,

knowing about the delays which have plagued HACTL, particularly when they have actually themselves advised you that they would be taking a tremendous chance to open in April, that you still forged ahead with that recommendation, taking a tremendous risk on behalf of the AA to recommend an April opening, knowing what you know?

Chief Executive Officer, AA:

I believe that it was a very tight programme and everyone had agreed on that and that we had fully advised Government and our Board of the problems with HACTL and their not having completely implemented their acceleration programme.

Chairman:

Wouldn't that be wishful thinking? Wouldn't you say that that is really taking unnecessary risk and not really putting forward the right kind of advice and, therefore, it is a reflection of a gross lack of judgment?

Chief Executive Officer, AA:

I think that we felt at that time, having had some discussions with HACTL on their supplemental programme and the acceleration measures, that they were doing everything possible to meet that date. If you are talking about how much contingency time or others that should be allowed, we felt that they could just be there in time to operate.

Hon Ambrose CHEUNG Wing-sum:

Dr TOWNSEND, I think that Paper no. A30, together with Paper no. A31 -- if I can invite you to look at A31, Paragraph 18 shows that you showed disregard for NAPCO's concern on HACTL and at A31 Paragraph 18 you showed disregard even to Government raising concern. In that paragraph in the fourth sentence:

"SES believed that HACTL were still working on the acceleration proposals as there was no sign of increased activities at the site."

You told us that you informed Government. I am not disputing that.

Government, NAPCO, everybody, are flagging the HACTL concern, and that is in Paper no. A31, 8 January. But you disregard those concerns and you continue to recommend to the AA Board that an end of April date is a viable date?

Chief Executive Officer, AA:

Yes, with a cautionary comment on HACTL. Remember, this is leading into the discussions on when to establish the airport opening date.

Hon Ambrose CHEUNG Wing-sum:

And you accept just written assurances from HACTL, with no evidence of acceleration of activities or programme or improvement in building works? You simply accept HACTL's written assurance that that is achievable? Is that a responsible way of taking that recommendation to AA Board?

Chief Executive Officer, AA:

We certainly advised the AA Board and Government on it and, as indicated, with the exception of HACTL, everything was ready, we felt, for opening by the end of April.

Hon Ambrose CHEUNG Wing-sum:

Advice is not sufficient. Have you made the decision yourself that is a viable date?

Chief Executive Officer, AA:

Based on the information provided to us by HACTL in the progress meetings that were held at various times with them. However, as you have indicated, this is not a guarantee that they would have it 100 per cent finished come that date.

Hon Ambrose CHEUNG Wing-sum:

Not even a 50/50 guarantee, right?

Chief Executive Officer, AA:

Since they were apparently slipping the work further, for various reasons, it would become more risky, yes.

Dr Hon Raymond HO Chung-tai:

I would like to ask you that since right from the earliest stage of the whole project, HACTL has been a very important fact for consideration, who in AA was actually responsible for monitoring the progress of HACTL?

Chief Executive Officer, AA:

There were several groups. Our Project Manager representative for following the works and trials and commissioning and that was Mr Peter ASHMORE, who works for Douglas --

Dr Hon Raymond HO Chung-tai:

I would like to know the key person, the number 1 person looking after the progress of HACTL?

Chairman:

Peter ASHMORE, is it?

Chief Executive Officer, AA:

Peter ASHMORE, yes. He was our Project Manager.

Chairman:

Fine. We know who he is.

Dr Hon Raymond HO Chung-tai:

Do you take a personal interest in HACTL's progress yourself?

Chief Executive Officer, AA:

Yes.

Dr Hon Raymond HO Chung-tai:

So you rely on the report from Peter ASHMORE?

Chief Executive Officer, AA:

Yes, and also we receive very detailed reports from HACTL on a regular basis.

Dr Hon Raymond HO Chung-tai:

Right from the beginning were you involved in the drafting of the franchise agreement with HACTL?

Chief Executive Officer, AA:

Yes, I was.

Dr Hon Raymond HO Chung-tai:

How come in the early days in 1995, before August when the document was drafted, you did not attempt to put in better terms than just "best endeavours" and, hence, you admitted to the Commission of Inquiry that there was no clear contractor's date and in fact it was nothing more than best endeavours?

Chief Executive Officer, AA:

There were several factors involved in that. One is that in the summer of 95 when the basic principles of that agreement were put together there were meetings between our Chairman at that time and several of our directors with HACTL and their senior management to discuss those particular issues. It was made very clear in those meetings and documented in various correspondence that, although we were willing to agree to the August date, at the same time we were aiming for an earlier opening date for the airport and we would expect them to meet those particular requirements which they had agreed to.

It was a difficult situation from the viewpoint of the actual date because of course this would shift a very significant burden on to HACTL and they and their bankers may not necessarily be fully in agreement with taking that magnitude of risk. We felt that it was a good outcome and that was agreed upon and, in fact,

was the basis on which the franchise was put together.

Dr Hon Raymond HO Chung-tai:

You did not try to put any pressure on HACTL, although it was getting the request from its bankers that at best they can only accept best endeavours terms?

Chief Executive Officer, AA:

We put a tremendous amount of pressure on Bechtel and their shareholders on those particular points.

Dr Hon Raymond HO Chung-tai:

And you gave in to HACTL on that basis?

Chief Executive Officer, AA:

On that particular point it was necessary to reach an agreement but at the same time we had their strongest assurances that they would try to have their facility in operation before that date.

Dr Hon Raymond HO Chung-tai:

What sort of assurances, Dr TOWNSEND?

Chief Executive Officer, AA:

These are letters written at that time.

Dr Hon Raymond HO Chung-tai:

Still saying best endeavours, no penalty clauses attached?

Chief Executive Officer, AA:

There were no penalties, as you say.

Dr Hon Raymond HO Chung-tai:

So it was in fact a very loose contract, in other words, is that right?

Chief Executive Officer, AA:

From the viewpoint of the franchise agreement, I feel that it was adequate for the purposes of that particular agreement. I think it would have been extremely difficult and almost impossible to persuade HACTL and its shareholders to agree to an earlier date. It was for 75 per cent capacity.

Dr Hon Raymond HO Chung-tai:

75 per cent on 18 August 1998 and only 50 per cent in April 1998?

Chief Executive Officer, AA:

Would have been required in April, that is correct.

Dr Hon Raymond HO Chung-tai:

In fact, don't you think that you had an opportunity later on when they were falling behind quite seriously on the progress of the Super Terminal Building 1 and they had to sign a supplemental agreement with the contractor and they were asking for an additional sum of money so that they could ask for acceleration works to be carried out by the contractor? At that point in time did you ask for more specific terms and conditions so you have got better assurances for completion?

Chief Executive Officer, AA:

We had considerable dialogue with HACTL at that time. In fact, as part of their franchise agreement they were providing us with information on their acceleration programme and indicating that they were trying to achieve 75 per cent capacity for the July date. We felt that certainly they would work as hard as they could to achieve that date in July without necessarily changing the 18 August date. But the subject was there, it was being discussed, and we could not really see that we would be able to persuade them to change that date.

Chairman:

It is 1 o'clock. We are going to draw this session to a close. I would like to ask Dr TOWNSEND to come back on Thursday, just maybe for an hour, to

立法會調查赤鱘角新香港國際機場自1998年7月6日

開始運作時所出現的問題的原委及有關事宜

專責委員會

Legislative Council Select Committee to inquire into the circumstances
leading to the problems surrounding the commencement of the operation of
the new Hong Kong International Airport at Chek Lap Kok
since 6 July 1998 and related issues

cover all the other questions we need to put to him. Do Members have any views on that? We start at 9.00 am with Dr TOWNSEND for an hour, then we move on to Alan LAM at 10 to 11.30 am, and then Allan KWONG from 11.30 am to 1.00 pm. Thank you very much.

(The hearing ended at 1:03 pm)

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