

LC Paper No. CB(1)162/99-00
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Legislative Council
Panel on Economic Services

Minutes of meeting held on
Monday, 19 July 1999, at 10:45 am
in the Chamber of the Legislative Council Building

Members present : Hon James TIEN Pei-chun, JP (Chairman)
Hon Fred LI Wah-ming, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon LEE Wing-tat
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon Bernard CHAN
Hon CHAN Kam-lam
Hon SIN Chung-kai
Dr Hon Philip WONG Yu-hong
Hon Howard YOUNG, JP
Hon LAU Chin-shek, JP
Hon Mrs Miriam LAU Kin-yee, JP
Hon FUNG Chi-kin

Members absent : Hon David CHU Yu-lin
Hon MA Fung-kwok
Hon Ambrose CHEUNG Wing-sum, JP
Hon Christine LOH
Hon CHAN Yuen-han
Hon WONG Yung-kan
Hon Andrew CHENG Kar-foo

Public officers : For Agenda Item I
Attending
Mr Stephen IP
Secretary for Economic Services

Ms Maria KWAN
Deputy Secretary for Economic Services (1)

Mr Arthur HO
Deputy Secretary for Economic Services (2)

Mr Richard YUEN
Deputy Secretary for Economic Services (3)

Mr Howard LEE
Principal Assistant Secretary for Economic Services
(New Airport)

Mr Eric JOHNSON
Principal Assistant Secretary for Economic Services

Miss Dora FU
Principal Assistant Secretary for Economic Services

Mrs Erika HUI
Assistant Commissioner for Tourism (2)

Mr W Y LEUNG
Assistant Director (Technical & Planning),
Civil Aviation Department

Mr S H LAI
Regulatory Services Controller
Electrical and Mechanical Services Department

Mr K C LEUNG
Senior Electronics Engineer/Special Duty 2
Electrical and Mechanical Services Department

Mrs Elaine KOO
Assistant Director of Hong Kong Observatory
(Development, Research and Administration)

Mr M C TSANG
Director of Marine (Acting)

Mr K L TSANG
Assistant Postmaster General (Corporate
Development)

Miss Vera SO
Assistant Director of Agriculture and Fisheries
(Administration)

Attendance by invitation : For Agenda Item I

The Hongkong Electric Co. Ltd.

Mr Gary CHANG
General Manager (Development & Planning)

Mr Mullar WAN
Computer Services Manager

CLP Power Co. Ltd.

Mr Stewart SAUNDERS
General Manager - Power Systems

Mr C M MAK
Systems Operation Manager

Dr F C CHAN
Y2K Contingency Plan Manager
- Supply Reliability

The Hong Kong & China Gas Co. Ltd.

Mr Sunny W K LEE
Chief Information Officer

Mr Dennis H W KWOK
Chief Engineering Officer

Hong Kong Nuclear Investment Co Ltd (HKNIC)

Dr Y B LEE
Managing Director

Mr Peter CHOW
HKNIC assignee at Guangdong Nuclear Power
Joint Venture Company Ltd

Mr Richard FUNG
Nuclear Engineer

Hong Kong Tourist Association

Ms Bessie MOK
Senior Manager - Information Technology

Container Terminals Operators

Mr LI Kam-chiu
Computer Services Manager, COSCO-HIT
Terminals (Hong Kong) Limited

Mr John Y C LEE
Director - Operations, Modern Terminals Limited

Mr Henry KWOK
Director - Information Technology, Sea-Land
Orient Terminals Ltd

Mr Timothy TANG
Quality Manager, Hongkong International
Terminals Ltd

Airport Authority

Mr Richard A SIEGEL
Management and Operations Adviser

Mr Joseph B LAI
Head of System Services

Mr Eric W L WONG
General Manager - Operations Support

Cathay Pacific Airways Limited

Mr Edward K Y HUI
Year 2000 Project Manager

Hong Kong Dragon Airlines Ltd

Mr Algernon YAU
General Manager, Planning & International Affairs
Y2K Project Leader

Mr Anson CHAN
Manager Information Technology
Y2K Project Co-ordinator

Hong Kong Air Cargo Terminals Ltd (HACTL)

Mr Anthony WONG
Managing Director

Mr Johnnie WONG
General Manager

Asia Airfreight Terminal Co Ltd (AAT)

Mr Andrew LIM
Chief Executive Officer

Mr TANG Siang Tang
Deputy Chief Executive Officer

Ms Debbie HO
General Manager - Finance & Administration

Clerk in attendance : Ms Estella CHAN
Chief Assistant Secretary (1)4

Staff in attendance : Mr Daniel HUI
Senior Assistant Secretary (1)5

I Follow-up on year 2000 compliance in Government, Government-funded and Government-regulated organizations under the purview of the Economic Services Bureau

(LC Paper No. CB(1)1715/98-99(01) - Y2K compliance in Government Departments under the purview of Economic Services Bureau and the Hong Kong Tourist Association

LC Paper No. CB(1)1715/98-99(02) - Y2K compliance in container terminals

LC Paper No. CB(1)1715/98-99(03) - Airport Authority Y2K programme

LC Paper No. CB(1)1715/98-99(04) - Y2K compliance in utility companies)

The Chairman invited the Administration and representatives of non-government organizations present at the meeting to brief members on the latest progress with respect to the year 2000 (Y2K) compliance programmes of their organizations.

2. The Secretary for Economic Services (SES) advised that as indicated in the information papers (LC Papers No. CB(1)1715/98-99(01) to (04)) provided by the Administration, Government departments and non-government organizations (NGOs) under the purview of the Economic Services Bureau (ESB) had achieved good progress since the subject was last discussed by the Panel in April 1999. Most of the departments and NGOs had achieved full Y2K compliance with respect to their computer systems, and contingency plans were being finalised and expected to be available for testing shortly.

Government Departments

Civil Aviation Department

3. The Assistant Director of Civil Aviation Department (Technical and Planning) (AD/CAD(T&P)) advised that all the 104 mission-critical systems in the Civil Aviation Department (CAD) had been tested and verified to be Y2K compliant in end June 1999. As an additional safeguard for a safe and smooth air traffic control operation during the Y2K rollover, contingency plans and backup measures were being developed. He further advised that the CAD Y2K Compliance Task Force would continue to keep track of the Y2K compliance status of the safety and security related systems of Hong Kong's key aviation related organizations, including the Airport Authority (AA) and Hong Kong-based airlines.

Marine Department

4. The Director of Marine (Acting) (D of M(Atg)) remarked that the Marine Department had completed the rectification and verification work for most of its mission-critical systems, except the replacement of the Sailing Schedule Display System of the China Ferry Terminal, which was scheduled for completion in September 1999. The Y2K Port Operation Contingency Plan to deal with any unforeseeable disruption to port operations induced by the Y2K problem had been completed. The first trial of the contingency plan was successfully conducted on 2 July 1999. Further trials with the industry would be conducted in August and December 1999.

Electrical and Mechanical Services Department (EMSD)

5. The Regulatory Services Controller advised that the EMSD had completed rectification work on all mission-critical systems, including those related to electrical and gas safety which held the registers for electrical workers and contractors and gas installation contractors, and the systems were fully Y2K compliant.

Hong Kong Observatory

6. The Assistant Director of Hong Kong Observatory informed members that the Hong Kong Observatory had completed all rectification work on the mission-critical systems which were since fully Y2K compliant. Contingency plans were in place to cater for unforeseen problems with any of the department's operational systems, including meteorological services to the public and the aviation community during the rollover to Y2K. Staff members of the department would be briefed on the contingency plans and drills on the plans would be conducted in August 1999.

Agriculture and Fisheries Department

7. The Assistant Director of Agriculture and Fisheries advised that the Agriculture and Fisheries Department did not envisage that the supply of fresh food produce from the Mainland during the rollover to year 2000 would be disrupted due to Y2K non-compliance because the operation of the relevant import channels did not rely heavily on computerized processing. However, the supply of fresh fruit, eggs and some vegetables imported from overseas countries via container vessels or by air could be disrupted if the operation of the container terminals or air cargo terminals were affected by Y2K-related problems. A contingency plan to co-ordinate the actions of various Government departments and major fresh food produce importers and wholesalers had been prepared. Internal simulation tests would be carried out to test the contingency plan by 15 August 1999.

Hongkong Post

8. The Assistant Postmaster General informed members that as of 30 June 1999, all mission-critical computer systems, embedded systems and line communication systems of Hongkong Post were Y2K ready. A contingency plan had been prepared and tests on the plan would be conducted in around end July 1999.

Other organizations

Hong Kong Tourist Association (HKTA)

9. Ms Bessie MOK advised that HKTA had achieved full Y2K compliance for its critical business components in end June 1999 as scheduled. Contingency plans being developed included pre-arranged alternative means of communication, printing back-up hard copies for important data bases, switching to manual process to carry out sales and security control functions. Moreover, a Y2K Contingency Internal Command Centre with members of senior management in command would also be set up during the rollover period to ensure smooth implementation of the contingency plan if necessary.

Hongkong Electric Co. Ltd. (HEC)

10. Mr Gary CHANG reported that all rectification work on HEC's computer systems had been completed and these systems were Y2K compliant as of 30 June 1999. An integrated company-wide contingency plan would be ready by early August 1999 and drills to evaluate the validity of the plans would be completed by end August 1999. The contingency plans included running additional electricity generating units, doubling the operational staff at Lamma Power Station and deploying engineers to standby at all zone substations to ensure fast response to any unforeseen events during the rollover period.

CLP Power Hong Kong Ltd. (CLP)

11. Mr Stewart SAUNDERS advised that CLP's electricity supply and other operational systems were Y2K compliant as from 22 June 1999. Contingency plans had been prepared and some drills on the plans had been conducted and would continue until August 1999. CLP's Y2K compliance programme had been reviewed by the company's internal auditors and would be examined by an external auditor to see if any improvements were required.

The Hong Kong and China Gas Company Ltd. (HKCG)

12. Mr Sunny W K LEE advised that all rectification work on HKCG's systems relating to the safe and reliable supply of gas, customer services and internal systems had been completed and these systems were Y2K compliant as of 30 June 1999. HKCG's Y2K compliance programme had been reviewed by the company's internal auditors and independent external auditors and were assessed to be satisfactory. HKCG's contingency plans included storage of additional supply of raw material and fuel, deployment of more than 1,000 staff to standby and setting up an emergency control centre to co-ordinate contingency actions. Drills on the plans were conducted in May and June 1999.

Hong Kong Nuclear Investment Co. Ltd. (HKNIC)

13. Dr Y B LEE reported that all Y2K-related rectification work at the Guangdong Daya Bay Nuclear Power Station (GNPS) had been completed and GNPS was 100% Y2K ready. He advised that nuclear safety at the GNPS would not be affected by the Y2K issue because the operation of the nuclear safety protection functions in GNPS did not require a computer. Y2K issues could only affect plant availability at GNPS. He further advised that GNPS's Y2K readiness programme had been prepared by specialist teams and based on international guidelines and practices. The Guangdong Nuclear Power Joint Venture Company had completed an integrated contingency plan at end of June 1999 and would train GNPS personnel, conduct drills and refine the contingency plan in coming months. An independent consultant from the United States of America had been appointed by HKNIC to conduct an independent review of the Y2K readiness work and contingency planning at the GNPS, in addition to satisfactory reviews by the International Atomic Energy Agency of the United Nations and the Commission of Science, Technology and Industry for National Defense of the PRC State Council.

COSCO-HIT Terminals (Hong Kong) Ltd.

14. Mr LI Kam-chiu remarked that all computer systems of COSCO-HIT had been verified as Y2K ready. Drills on the contingency plan had commenced and would continue.

Modern Terminals Limited (MTL)

15. Mr John Y C LEE said that rectification and verification of MTL's computer systems were completed on 30 June 1999 as scheduled. MTL had formulated contingency plans to maintain its operation in the event that the terminal operation systems were affected by unforeseen problems during the rollover period.

Sea-Land Orient Terminals Ltd.

16. Mr Henry KWOK advised that all mission-critical systems of Sea-Land were Y2K compliant as of 5 July 1999. Drills on the contingency plan would be conducted in July and August 1999.

Hongkong International Terminals Ltd. (HIT)

17. Mr Timothy TANG informed members that rectification and verification work on HIT's mission-critical systems had been completed and the company was conducting drills on the relevant contingency plans. An emergency control centre would also be established to co-ordinate contingency actions if necessary during the rollover to year 2000.

Airport Authority (AA)

18. Mr Richard A SIEGEL remarked that as at 30 June 1999, 120 out of the 124 computer systems in AA had been verified as Y2K compliant. The progress made was on schedule and the four outstanding systems were the General Building Management System, Resources Management System, Access Control System and Baggage Handling System. The supplier of the General Building Management System had claimed that the system was Y2K compliant and AA aimed to complete the verification tests on the system by the end of July 1999. The Resources Management System was a system of medium criticality and its Y2K compliance would be achieved by 30 September 1999. He further advised that site verifications of the Y2K compliance of the Access Control System and the Baggage Handling System were scheduled to be completed by end of August 1999. Verification work on these two systems could not be contemplated until contingency plans were developed as testing of the systems might affect their normal operations. Development of contingency plans were under way and a co-ordinated drilling on the plans with participation of AA's business partners would continue in the coming months. Furthermore, the command and control system during the rollover period was being discussed with CAD and AA's business partners, and would be finalized by end August 1999.

Cathay Pacific Airways Limited (CPA)

19. Mr Edward K Y HUI advised that verification of CPA's system had been completed and all the critical systems were Y2K compliant as of 30 June 1999. As regards the safe operation of aircraft, he said that the aircraft manufacturers had issued bulletins confirming that the operation of the equipment in the aircraft mostly were not date sensitive. CPA has also carried out its own operational flight test and confirmed that there were no issues of flight safety. CPA had also developed contingency plans and conducted drills on its Business Continuity Plans (BCPs) for areas like passenger check-in and cargo operations. Drills on other components and business functions would continue in the coming months. CPA has also assessed the compliance of its critical business partners. It believed that it would be able to handle the transition smoothly.

Hong Kong Dragon Airlines Ltd.

20. Mr Algernon YAU said that all the mission-critical systems in his company had achieved Y2K compliance as of 30 June 1999. The aircraft manufacturers had certified that operation of equipment in the aircraft would not be affected by Y2K-related problems and verification in this regard by Hong Kong Dragon Airlines was in progress. Contingency plans had been formulated and drills on the plans would be completed by September 1999.

Hong Kong Air Cargo Terminals Ltd. (HACTL)

21. Mr Anthony WONG said that all the 28 mission-critical systems in HACTL had been verified as Y2K compliant as of 4 May 1999. HACTL's contingency plans had been developed and sent to relevant business partners. Drills on the contingency plans were conducted in June 1999 and would continue in August and November 1999. He further advised that HACTL would also set up an emergency control centre during high risk dates such as 9 September 1999 and the few days during the rollover to year 2000.

Asia Airfreight Terminal Co. Ltd. (AAT)

22. Mr Andrew LIM advised that eight of the nine mission-critical systems of AAT had achieved Y2K compliance as of 30 June 1999. Verification on the ninth system was scheduled to be completed by end July 1999. Contingency plans had been prepared and drills on the plans had been conducted. A fully co-ordinated drill with participation of business partners would be conducted in August 1999.

Members' Responses

Aviation-related organizations

23. Noting CAD's proposed measure of increasing the longitudinal separation between aircraft at the same altitude from 10 minutes to 15 minutes during the Y2K rollover period, Mr Howard YOUNG questioned whether the proposed measures was in line with measures adopted by overseas aviation authorities. As the proposed measure would have impact on flight schedules of airlines, he also enquired whether CAD had discussed the proposals with airlines. In response, AD/CAD (T&P) advised that the proposed increase in longitudinal separation between aircraft at the same altitude was in line with recommendations of the International Civil Aviation Organization (ICAO) on measures to ensure flight safety during the rollover to year 2000. He remarked that the proposed increase in longitudinal separation between aircraft could have some slight effects on flight schedules of airlines but the actual impact could only be assessed when airlines' flight schedule applications for the rollover period were received in around September/October 1999.

24. As regards Mr YOUNG's question on whether AA had discussed with individual airlines, rather than the Board of Airline Representatives, which was a trade association, on individual airline's Y2K compliance programme and contingency plan, Mr SIEGEL replied in the affirmative. He advised that AA had prioritized the airlines in arranging the relevant meeting schedules, with the Hong Kong - based airlines on first priority, followed by major international airlines.

25. Noting that AA's contingency plans had not yet been finalized, Mr LEE Wing-tat was concerned about whether AA had sufficient time to finalize the plans and carry out drills well before the rollover to year 2000. Mr SIEGEL replied that AA's contingency plans had been drawn up and some drills on the plans had been conducted and would continue in the coming months with participation of business partners. He emphasized that AA had carried through its Y2K compliance programme with due diligence and the momentum would continue.

26. In reply to Mr LEE Wing-tat's question on the need to engage independent external auditors to review the progress and adequacy of AA's Y2K compliance programme, Mr SIEGEL said that AA has engaged two groups of external experts to advise on implementation of its Y2K compliance programme. Furthermore, progress of AA's Y2K compliance programme was also monitored by the Information Technology and Broadcasting Bureau and the Civil Aviation Department. SES supplemented that the AA Board had agreed on the need to have assessments by an independent expert on progress of AA's Y2K compliance programme and had appointed an external auditor, KPMG, to provide monthly reports to the Board in this respect. As requested by Mr LEE, SES agreed to consult the AA Board for provision of KPMG's report to members of this Panel for information.

(Post-meeting note : KPMG's report provided by AA through the Administration has been circulated to members vide LC Paper No. CB(1)1825/98-99.)

27. Mr HUI Cheung-ching referred to paragraph 28 of the information paper provided by AA which stated that verification tests of the Baggage Handling System indicated that the arrival baggage handling sub-system could run in standalone mode in case of any Y2K problem. He enquired about the current status with respect to the departure baggage handling sub-system. In response, Mr Eric W L WONG advised that the departure baggage handling sub-system was more complicated than the arrival baggage handling sub-system because of the former's numerous interfaces with airlines' systems. An experts team of the supplier of the system would come to Hong Kong to assist in verification of the main and back-up systems of the departure baggage handling sub-system in August 1999.

Power companies

28. Mr CHAN Kam-lam pointed out that any disruption of the power companies' operation due to Y2K-related problems would have impact on all residents in Hong Kong. He enquired whether the power companies had let the public know about its contingency plans in case of supply disruption and whether the Administration had drawn up its emergency plans, for instance, in directing the priority supply of electricity to essential organizations like the hospitals and public transport companies. In response, Mr Gary CHANG

advised that Hongkong Electric's contingency plans which included the operation of additional electricity generating units, would minimize the risk of disruption of electricity supply. He added that HEC's interconnection with CLP's system would also act as a back-up in emergency situation. As regards the organizations which should be accorded high priority in case of insufficient electricity supply, Mr CHANG advised that such a list was available and the priority organizations included the hospitals, the Mass Transit Railway Corporation (MTRC), etc. Mr Stewart SAUNDERS informed that likewise CLP Power had a similar list and that the priority list for supply of electricity covered any general emergency situation and was not specifically designed for year 2000 contingency. He reiterated that the contingency plans of CLP should be able to ensure a normal supply of electricity during the Y2K rollover period.

29. In reply to Mr CHAN Kam-lam's question on whether the Administration would set up a territory-wide command centre during the rollover to year 2000 to co-ordinate the implementation of contingency plans of different departments/organizations if necessary. SES advised that the Information Technology and Broadcasting Bureau would be the co-ordinator for a territory-wide contingency plan to deal with emergencies arising from Y2K-related problems. He also confirmed that under the existing emergency procedures, those organizations providing essential services, such as hospitals & MTRC, would have priority in getting electricity supply from the power companies in case of disruption to electricity supply.

30. Replying to the Chairman's question on the experience of overseas countries in ensuring the safety of nuclear power stations during the rollover to year 2000, Dr Y B LEE advised that nuclear power stations in the United States of America, the United Kingdom and France had undergone verification tests to ensure their safe operation during the rollover to year 2000. The verification work in GNPS had been completed ahead of many overseas nuclear power stations. He emphasized that the findings of the overseas nuclear power stations confirmed that Y2K-related problems would not affect nuclear safety in nuclear power stations.

Marine operations

31. Noting that the Sailing Schedule Display System (SSDS) of the China Ferry Terminal would be replaced with a new system in September 1999, Mr Fred LI Wah-ming was concerned whether there was sufficient time for the system to run in and be tested for Y2K compliance before the rollover to year 2000. In response, D of M(Atg) advised that the SSDS was a relatively simple system and he was confident that there would be sufficient lead time for the new system to run in and be tested for a smooth operation during the Y2K rollover period.

32. Mrs Miriam LAU Kin-yee enquired about the envisaged disruption to port operations in case the functioning of the vessel traffic management system

of the Marine Department was affected by Y2K-related problem and the Department's strategy in handling such a crisis. D of M(Atg) advised that the contingency strategies developed included reserving emergency anchorages, setting up a back-up traffic monitoring system together with an emergency port communication channel and deployment of additional staff to operate the vessel traffic centre manually in case the relevant computer systems were affected by Y2K-related problems.

33. In reply to Mrs Miriam LAU's questions on drills on Marine Department's Y2K Port Operation Contingency Plan, D of M(Atg) said that the first trial of the contingency plan was successfully conducted in early July 1999. The Department would conduct further trials with the industry, including container terminal operators and marine pilots, in August and December 1999. The trial to be conducted in December would be a large-scale exercise and was intended to be the last drill on the plan.

Other issues

34. Dr Philip WONG Yu-hong pointed out that despite large amount of resources used by many organizations in implementing Y2K compliance programmes, no specialist firm was willing to issue a certificate to certify that an organization was free of Y2K-related problems nor any insurance company willing to cover damages arising from Y2K-related problems. He enquired whether the Administration was confident about the smooth operation of the organizations present at the meeting during the rollover to year 2000. SES commented that as the Y2K issue was a completely new subject not experienced before, nobody could provide any guarantee on issues related to the Y2K problem. He remarked however that it was important to note that the organizations had exercised due diligence in implementing the Y2K compliance programme. The Economic Services Bureau had monitored the progress of implementation of Y2K compliance programmes of Government departments and non-government organizations under the purview of the Bureau. He further advised that the availability of contingency plans would minimize the adverse effects in case of disruptions resulting from Y2K-related problems. Some organizations, such as AA, had engaged external auditors to review the progress and quality of their Y2K compliance programmes and this reflected their determination to be fully prepared for the challenge of the Y2K issue.

35. Mr SIN Chung-kai opined that the efficiency of implementation of contingency plans could be enhanced if different organizations providing related services were aware of the details of each others' contingency plans. He enquired whether ESB had any intention of publicizing the contingency plans of Departments/NGOs under its purview so that concerned parties, including the general public, would be aware of the details of these plans. In response, SES advised that if the implementation of a contingency plan involved more than one party, all the parties concerned would get involved during preparation of the plan and when drills on the plan were conducted. He quoted, for

instance, that there was an industry-wide contingency plan for the container terminal operators, and in which case, all the four container operators were aware of each others' actions to be taken when an emergency occurred. As regards the proposal of making public the contingency plans involving private sector companies, the Deputy Secretary for Economic Services (3) said that private companies might wish to review details of the plans and delete some commercially sensitive information before agreeing to publicize the plans.

II Any other business

Subcommittee to follow up the recommendations of the three inquiry reports on the opening of the new airport

36. The Chairman advised that subsequent to the Subcommittee meeting held on 11 May 1999, the Administration had provided the additional information as requested by members at the meeting. No request for additional meetings was received from Subcommittee members. He suggested and members agreed that the task of the Subcommittee had been completed and that any further follow-up actions regarding the new airport would be taken up by the Panel.

37. There being no other business, the meeting ended at 12:20 pm.

Legislative Council Secretariat

20 October 1999