

立法會
Legislative Council

LC Paper No. CB(1)869/99-00
(These minutes have been seen
by the Administration)

Ref : CB1/PL/TP/1

Legislative Council
Panel on Transport

Minutes of Meeting held on
Friday, 26 November 1999, at 10:45 am
in the Chamber of the Legislative Council Building

Members present : Hon Mrs Miriam LAU Kin-ye, JP (Chairman)
Hon LAU Kong-wah (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Kai-ming, SBS, JP
Hon CHAN Wing-chan
Hon CHAN Kam-lam
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP

Non-Panel member attending : Hon NG Leung-sing

Members absent : Hon Edward HO Sing-tin, SBS, JP
Hon Albert HO Chun-yan
Hon LEE Wing-tat
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon Andrew WONG Wang-fat, JP
Hon LAU Chin-shek, JP
Hon FUNG Chi-kin

**Public officers
attending** : **Item IV**

Transport Bureau

Mr Kevin HO
Deputy Secretary for Transport (1)

Mr Roy TANG
Principal Assistant Secretary for Transport

Ms Rhoda CHAN
Chief Treasury Accountant

Transport Department

Mr Robert FOOTMAN
Commissioner for Transport

Mrs Dorothy CHAN
Deputy Commissioner for Transport

Mr Peter LUK
Principal Transport Officer

Item V

Transport Bureau

Mr Kevin HO
Deputy Secretary for Transport (1)

Miss Margaret FONG
Deputy Secretary for Transport

Ms Doris CHEUNG
Principal Assistant Secretary for Transport

Transport Department

Mr Robert FOOTMAN
Commissioner for Transport

Mrs Dorothy CHAN
Deputy Commissioner for Transport

Mr Alan LUI
Assistant Commissioner for Transport

Mrs Mary MA
Principal Executive Officer/Licensing

Item VI

Transport Bureau

Mr Kevin HO
Deputy Secretary for Transport (1)

Mr Patrick HO
Principal Assistant Secretary for Transport

Transport Department

Mr Robert FOOTMAN
Commissioner for Transport

Mrs Dorothy CHAN
Deputy Commissioner for Transport

Mrs Judy LI
Assistant Commissioner for Transport

**Attendance by
invitation** : **Item IV**

Tate's Cairn Tunnel Co Ltd

Mr George LEE
General Manager

Mr Rick MAN
Finance Manager

Ms Josephine LAM
Corporate Affairs Manager

Mr Geoffrey A ROGERS
Director of MVA Hong Kong LTD

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Miss Irene MAN
Senior Assistant Secretary (1)6

I Confirmation of minutes and matters arising

(LC Paper No. CB(1)434/99-00 - Minutes of the meeting held on 30 August 1999

LC Paper No. CB(1)435/99-00 - Minutes of the meeting held on 11 October 1999)

The minutes of the meetings held on 30 August and 11 October 1999 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)223/99-00 - Submission from Taxi Dealers & Owners Association Limited on Liquefied Petroleum Gas Taxi Scheme

LC Paper No. CB(1)275/99-00 - Transfer of ferry licences from the Hongkong and Yaumati Ferry Company Limited to the New World First Ferry Services Limited

LC Paper No. CB(1)331/99-00 - Extract from the minutes of Finance Committee meeting on 2 July 1999 regarding funding arrangements for railway development

LC Paper No. CB(1)436/99-00 - Disruption of the Tung Chung Line and the Airport Express Services)

2. Members noted the information papers issued since the last meeting. With regard to LC Paper No. CB(1)331/99-00, the Chairman reminded members that the Administration had withdrawn the paper on the Ma On Shan Railway at the Finance Committee meeting held on 2 July 1999. Members agreed that subject to the approval of the Finance Committee, the Administration should be requested to provide regular progress report on the use of funds of the project.

3. The Chairman advised that in view of the frequent disruption of services of the Tung Chung Line and the Airport Express in November 1999, she had requested the Administration to provide a paper to account for the incidents. Mr LAU Kong-wah proposed to discuss the subject matter further upon receipt of the investigation report presently undertaken by the MTR Corporation (MTRC). In connection with the implementation of the Voluntarily Separation Scheme by MTRC, Mr LEE Kai-ming also expressed concern over manpower resources in keeping up the performance levels and undertaking railway maintenance. The

Chairman advised that the members' concerns would be included in the list of outstanding items for future discussion.

III Items for discussion at the next meeting scheduled for 17 December 1999

(LC Paper No. CB(1)419/99-00(01) - List of follow-up actions

LC Paper No. CB(1)419/99-00(02) - List of outstanding items for discussion)

4. As the Administration had requested discussion of the Tate's Cairn Tunnel Co. Ltd.'s application for toll increase at the current meeting, the Chairman advised that the item on measures to deal with speeding offences would be deferred to the next meeting on 17 December 1999. Members also agreed to discuss the following items at the next meeting:

- (a) Report on parking demand and supply and progress of improvement measures; and
- (b) Provision of exit numbers on expressways.

IV Tate's Cairn Tunnel Co. Ltd.'s application for toll increase

(LC Paper No. CB(1)419/99-00(03) - Information paper provided by the Administration)

5. At the invitation of the Chairman, the Deputy Secretary for Transport(1) (DS for T(1)) advised that upon receipt of the application for toll increase from Tate's Cairn Tunnel Co. Ltd.(TCTC), the Administration had assessed the Company's financial situation, the impact on traffic flow and other related aspects after the toll increase and considered the proposed level of increase not acceptable. However, having regard to the fact that the Company would continue to suffer from deficit and face cash flow problems if the application were rejected in its entirety, the Administration had counter-proposed a reduction in the magnitude of the proposed increases as set out in paragraph 17 of the information paper. The counter-proposal had been accepted by TCTC.

Traffic flow

6. Referring to paragraph 9(b) of the information paper, Mr NG Leung-sing noted that the number of goods vehicles using the tunnel was far less than the original projection with the average daily throughput numbering 14 368 in 1998-99 as against the original forecast of 37 838. He enquired about the source of the forecast and whether the Administration had carried out any assessment on its accuracy.

7. In response, DS for T(1) advised that the forecast was prepared by TCTC and had been assessed by the Administration. He, however, drew members' attention that in drawing up the forecast, a detailed schedule concerning the relocation of the airport as well as the relocation of industries from Hong Kong to the Mainland, both of which affected predictions on future traffic flow, was not yet available. The General Manager/TCTC (GM/TCTC) and the Director of MVA Hong Kong Ltd (D of MVA) also confirmed that such factors as well as the economic downturn had led to the shortfall of tunnel usage and caused financial difficulty for the Company since TCTC was granted the franchise in 1988.

8. Mr NG Leung-sing was not convinced of the rationale put forward since the relocation of the airport was not a sudden move and should have been taken into account when the forecast was produced. He enquired about the number of goods vehicles using the Lion Rock Tunnel (LRT) which charged a lower toll before April 1999. Mr NG was also concerned with whether users survey had been conducted to assess the impact on LRT after TCTC's toll increase. The Chairman also sought clarification regarding the basis of calculation and types of the 3 500 vehicles to be diverted to LRT as stated in paragraph 18 of the information paper. The Deputy Commissioner for Transport (DC for T) explained that the Administration would monitor the trend of diversion of vehicles whenever there was toll increase. When LRT imposed a 33% toll rise on 1 April 1999, there were about 6 000 vehicles less using LRT daily and about 2 000 of them were diverted to TCT. With the current proposal of a 25% increase by TCTC, it was estimated that about 3 500 vehicles which mainly comprised private cars and light goods vehicles would be diverted to LRT.

9. Mr CHENG Kar-foo asked for the calculation details concerning the projected number of vehicles which might be diverted to LRT after TCTC's toll increase. DS for T(1) pointed out that toll increase could help strike a balance of interest between the tunnel operator and the users, and the projected traffic flow on LRT after the toll increase would be acceptable. The Principal Transport Officer (PTO) elaborated that after the toll increase in LRT in April 1999, the traffic queue at peak hours was shortened from 2.7 km to 1.3 km. This represented a reduction of 6 000 vehicles of which about 2 000 were diverted to TCT. With the Administration's proposal for the increase in toll for TCT, it was estimated that about 3 500 vehicles would be diverted to LRT of which 2 500 would be private cars. The Administration considered the traffic impact on LRT acceptable. At Mr CHENG's request, the Administration undertook to provide further information on the basis of the assessment that 3 500 vehicles would be diverted to LRT after TCTC's toll increase.

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(Post meeting note : The required information was circulated vide LC Paper No. CB(1) 639/99-00 dated 20 December 1999).

10. Mr CHAN Wing-chan considered the magnitude of the toll increases too big; even rates counter-proposed by the Administration were not acceptable. He was worried that TCTC's toll increase would only bring about increased

vehicular usage for other tunnels thereby causing traffic jam to road users. He, therefore, objected to the proposed toll increase on behalf of members of The Hong Kong Federation of Trade Unions.

Financial status of TCTC

11. Mr LAU Kong-wah expressed concern about the financial status of TCTC. He pointed out that TCTC was suffering from a significant deficit with the accumulated loss standing at \$873 million and which exceeded the \$600 million original shareholders' equity; the Company had also borrowed bank loans of up to over \$1 billion. Given such a financial situation, Mr LAU was worried that the toll increase would further aggravate the financial difficulty faced by the Company since a substantial number of vehicles would be diverted to other tunnels. Besides, the average daily throughput of goods vehicles using TCT would almost be impossible to match the original projections given that factors affecting the throughput such as the relocation of the airport were permanent. He was concerned about the estimated profit and interest payable by TCTC for the coming three years after the toll increase and the possibility of a second increase within three years.

12. GM/TCTC advised that implementation of the toll increase would generate a total increased return of about \$50 million for one year, while loan repayment would amount to over \$200 million a year. Therefore, it would not be possible for the Company to settle all its debts even with the toll increase. Although the financial re-structuring plan which would include proposals on the repayment of loans would only be finalized by the end of the year, he drew attention to the adverse effect on the plan if toll increase was put off altogether. As for the possibility of a second toll increase within the coming three years, GM/TCTC said that he was unable to offer comments at this stage.

13. While expressing sympathy for TCTC's poor financial situation, Mr LAU pointed out that it was inappropriate for TCTC to transfer its investment risks to users through the toll increase. Given that TCTC would still suffer from serious deficit after the increase, he remarked that even an annual toll increase would not solve the Company's financial problems. He enquired whether the Company had considered capital contribution from other companies and sought assistance from the Administration. DS for T(1) believed that toll increase was crucial to TCTC's financial re-structuring plan. The Administration's counter proposal strived to strike a balance of interest between the Company and the users, and TCTC expected to reduce its financial burden with the implementation of the financial re-structuring plan. The Administration would consider the situation further when the financial re-structuring plan became available.

14. Mr LEE Kai-ming commented that the toll increase was an unwise proposal. Referring to paragraphs 9(b) and (d) of the information paper, he pointed out that LRT's cheaper toll and the current economic downturn would make TCTC less competitive with its toll increase. He suggested that TCTC

should consider encouraging vehicle throughput by reducing the toll to maximize profit. On the other hand, the Administration should consider extending the franchise for TCTC so that the lending banks might offer better terms on repayments which in turn would assist in the Company's financial re-structuring.

15. In response, GM/TCTC advised that TCTC had tried to reduce the toll by 25% during non-peak hours to attract usage of the tunnel in early 1997. As a result, traffic flow increased by 4% but the revenue fell by 22%. He added that it would not be feasible to adopt such measure during peak hours as traffic flow was already saturated. DS for T(1) reiterated that the proposed toll increase could help solve the imminent critical financial situation of TCTC. Since the franchise of TCTC would be valid for the coming 18 years, a review of its extension was not warranted at this stage.

16. Mr LEE Kai-ming was of the view that there would not be notable improvements to the financial situation if toll reduction was only implemented during non-peak hours. Having regard to the positive development prospects in East Kowloon in future, the usage of TCT might improve and it was essential for the Administration to assist in the Company's financial re-structuring by providing it with more favourable operating conditions.

17. Dr Raymond HO requested data on the current and projected throughput of vehicles at TCT at different periods. Notwithstanding the development prospects for east and south Kowloon, he considered that the Administration could alleviate the financial burden of TCTC immediately by allowing a deferment of the Company's tax payable to the Government. He requested the Administration to provide information on the period of repayment of loans and the possibility of deferring the payment by TCTC. The Chairman shared the view that the Administration should consider measures to help relieve TCTC's financial burden in addition to supporting its toll increase application.

18. DS for T(1) advised that a deferment of the tax payable by TCTC should not be considered as the Government also faced a deficit in its budgetary position. Nevertheless, the Administration would try to introduce effective measures to assist the Company such as providing more bus routes although he added that users had their right in choosing among the tunnels. He undertook to provide members with the information requested in paragraph 17.

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(Post meeting note : The required information was circulated vide LC Paper No. CB(1) 639/99-00 dated 20 December 1999).

Arbitration

19. Mr CHENG Kar-foo took the view that the Administration's counter proposal did not differ significantly from that of TCTC. For example, the rate of toll increase proposed for light goods vehicles was the same as that of TCTC despite its negative bearing on small and medium enterprises. Since the

diversion of vehicles from TCT would cause traffic congestion in LRT, he asked for the reasons for the Administration's compromise with TCTC instead of taking the matter to arbitration.

20. The Principal Assistant Secretary for Transport (PAS for T) explained that the Tate's Cairn Tunnel Ordinance (Cap.393) provided a channel for TCTC to negotiate with the Chief Executive in Council on toll increase applications and take the matter to arbitration if both sides failed to reach an agreement. He advised that in planning its franchise bid in 1988, TCTC assumed that the project would generate an IRR of 13.02% over the 30-year franchise period. In support of its present application, TCTC estimated that the company would be able to achieve an IRR of 11.7% which was still falling short of TCTC's original expected IRR of 13.02%. It was reckoned that toll increase in line with the Administration's counter proposal would likely to generate an even lower IRR in the region of 9%. He added that when the Eastern Harbour Crossing failed to reach an agreement with the Administration on its application for a toll increase in 1996-97, the tunnel company had taken the matter to arbitration. The arbitrator decided that a toll increase of 15% to 17% was reasonable for BOT tunnel projects and the Administration lost that case. Taking the matter to arbitration might, therefore, not be the best approach to protect the public interest since the ultimate rate of increase might turn out to be higher than that negotiated between the Administration and TCTC.

Motion

21. Mr LAU Kong-wah proposed moving a motion to object to the toll increase of TCTC on the reasons that the toll increase would: create an undesirable precedent for other tunnel companies to increase toll; reduce the income of TCTC; result in traffic jam for LRT; and not solve the financial problems of TCTC. The Chairman reminded members that the Administration had been asked to brief and consult members on the toll increase proposals and members were also free to express their views on the issue. However, since the Panel did not have any power to overrule the toll increase decision made between the Administration and TCTC, moving a motion might not have much significance. Moreover, it was inappropriate to move a motion without prior notice, not to mention the fact that members did not have sufficient time to debate on the wordings of the motion.

22. Mr LAU was of the view that members might indicate support or objection to the Administration's proposal after an item was discussed by a Panel even though the Panel might not have an overruling power. Both Mr CHAN Wing-chan and Mr CHENG Kar-foo supported Mr LAU's proposal of informing the Administration of the views of the Panel; Mr CHENG also cited Rule 77(13) of the Rules of Procedures which provided for all matters for the decision of a Panel to be decided by a majority of the members voting.

23. While appreciating members' concern for conveying the Panel's views on the subject to the Administration, the Chairman was concerned that a motion moved without prior notice would deprive the right of participation of absent Panel members. After deliberation, the Chairman suggested and members agreed that the present members should be invited to indicate whether they were in support of the agreement reached between the Administration and TCTC in the toll increase application as set out in the paper. Mr LAU Kong-wah, Mr CHAN Wing-chan, Mr CHENG Kar-foo, Mr LEE Kai-ming and Dr TANG Siu-tong expressed objection, while Mr TAM Yiu-chung indicated support. Dr Raymond HO also indicated support for the agreement provided that the Administration could offer assistance on the financial operation of TCTC.

24. Since the majority of members objected to the agreement reached between the Administration and TCTC, the Chairman requested the Administration to take note of members' views and to review measures for relieving the financial burden of TCTC apart from simply reviewing its toll increase from time to time.

V Policy on driving instructors' licence

(LC Paper No. CB(1)419/99-00(04) - Information paper provided by the Administration)

25. The Chairman recapitulated that at the Panel meeting on 28 May 1999, members and the driving instructor trade raised a number of issues concerning driver training and the Administration had undertaken to review the matter and report to the Panel in November 1999. The Administration had recently completed a review of the driver training policy and issued a consultation paper to collect views from the trade until March 2000. On account of the tight schedule of the meeting, the Chairman had turned down the trade's request for presenting their views at the meeting but she drew members' attention to the four submissions from the trade tabled at the meeting.

(Post meeting note : The submissions were circulated to members after the meeting vide LC Paper No. CB(1) 467/99-00.)

26. At the invitation of the Chairman, the Commissioner for Transport (C for T) briefed members on the two-pronged approach on driver training policy. The Administration would continue to promote off-street driver training through the establishment of driving schools and maintain a sufficient supply of private driving instructors (PDIs) for on-street driver training; it would also streamline the operation of PDI licences and better manage on-street driver training activities. The key proposals were set out in the information paper. The Administration would discuss proposals in the consultation paper with the trade in December 1999 and take their views into consideration before March 2000.

27. Mr CHAN Wing-chan appreciated the classification of the seven types of PDI licences into three groups to enhance flexibility for PDIs. However, he

suggested that the Administration should consider increasing the quota for PDI licences proportionately to cope with the need of the market since capping Group 1 licences at 1 050 might not meet the huge demand. Moreover, as new PDI licence in Group 1 would only be issued when the number of valid PDI licences fell below the benchmark of 1 050 by 10%, Mr CHAN was worried that the applicants might have to wait for a long time for the licences if the rate of natural wastage in this group was low.

28. The Assistant Commissioner for Transport (AC for T) advised that holders of the existing 1 036 PDI licences in Group 1 had not utilized fully their teaching hours. They had been spending only about six to eight hours a day in driver training and a 10% reduction in the number of licences could still meet the market demand. Mr CHAN Wing-chan emphasized the need for greater flexibility in the issuance of PDI licences to cope with the market demand. AC for T undertook to consider the member's view.

29. Apart from the issuance of PDI licences, Mr CHAN Kam-lam considered that the Administration should offer more favourable operating conditions for the PDIs to develop their trade, such as opening more roads for on-street driver training and dispelling the public's perception that driving schools provided better driver training than PDIs. Mr LEE Kai-ming encouraged the trade to forward their comments on the proposed measures to the Administration by 1 March 2000.

30. Referring to the distribution of PDI licences in the three groups, Mr TAM Yiu-chung was concerned that many of the licences had not been issued for a long period of time and some holders might have already retired and hence would not renew their licences. AC for T clarified that the current number of PDI licences were valid ones and had excluded those which had expired but could be renewed within three years from the date of expiry.

31. Referring to paragraph 5 of Appendix I to the information paper, the Chairman sought clarification on whether the Administration would identify off-street practice sites for PDIs. AC for T explained that the Administration would not take the initiative to identify such sites but nevertheless would advise on the suitability of practice sites identified by PDIs. The Chairman also enquired whether PDIs in groups 2 and 3 would outnumber the learners considerably, and whether flexibility of driver training would be enhanced if the two groups were combined. AC for T said that the PDI in Groups 2 and 3 would be more than enough in the short term, but would eventually be appropriate due to retirement etc. He opined that the techniques demanded of every group were unique, and that the proposed grouping would already enable PDIs to teach in more than one type of vehicles and widen their driver training opportunities.

32. Mr CHAN Wing-chan asked whether the Administration would implement the new measures earlier than March 2000 if the trade showed full support for the proposal within a short period of time. In reply, AC for T said that

the Administration aimed at collecting views from various parties for due consideration before the consultation deadline. Preparatory work would start as soon as comments and proposals were received from the trade, and the outcome of the consultation would be reported to members in April 2000.

VI Recent development in ferry service

(LC Paper No. CB(1)419/99-00(05) - Information paper provided by the Administration on Review of HYF Incidents on 15-16 and 22-23 August 1999

LC Paper No. CB(1)275/99-00 - Information paper provided by the Administration on Transfer of ferry licences from the Hongkong and Yaumati Ferry Co. Ltd. to the New World First Ferry Services Ltd.)

Taking over of ferry licences by the New World First Ferry Services Ltd.

33. At the invitation of the Chairman, C for T briefed members on the Administration's review on the two HYF incidents in August 1999 and measures for preventing recurrence as set out in LC Paper No. CB(1)419/99-00(05). Regarding the paper on the taking over of the operation of the Hongkong and Yaumati Ferry Company Limited (HYF) on 15 January 2000 by the New World First Ferry Services Limited (New World) (CB(1) 275/99-00), C for T advised that while the transfer was basically a commercial arrangement, the Administration's role was to safeguard public interest and ensure continuity of ferry services for outlying islands. A committee had been formed among New World, HYF and relevant Government departments to prepare for the changeover. C for T emphasized that there would not be any change in service or fare levels when New World took over the operation in January 2000 to ensure a smooth transition. However, these various aspects would be reviewed after the changeover to formulate a development plan for ferry services taking into account passengers' preference as well as the financial and fare implications. New World had conducted consultation sessions with the local communities and would consider results from the passenger surveys for improvements. As far as staffing was concerned, the two ferry companies were expected to finalize staff arrangements before the end of the year. New World had offered employment opportunities to all HYF relevant frontline staff and the existing management staff of HYF would be seconded to New World during the initial period while the latter developed its own team. C for T assured members that the Administration would continue to monitor the performance of HYF and New World before and after the changeover to ensure the provision of proper ferry services.

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Disruption of ferry services caused by Typhoon Sam

34. Mr LEE Kai-ming was gravely concerned about the Typhoon Sam incident on 22 and 23 August 1999 when some HYF passengers refused to leave the ferry scheduled to depart for Cheung Chau. He had received complaints from

more than 10 vessel masters about the dangerous situation of the passengers and the crew on that occasion, given that typhoon signal no. 8 had been hoisted and the crew could not leave the vessel until the passengers had done so. He was of the view that the Administration should have taken appropriate actions for the safety of the passengers and the crew, having regard to the views of the Master of the vessel in question.

35. The Deputy Commissioner for Transport (DC for T) advised that the Transport Department (TD) had contacted HYF and the Hong Kong Observatory (HKO) and arrived at the scene in the first instance. The Administration did not intend to encourage the passengers to stay on board and had provided transport to take the passengers to Government shelters nearby. The majority had accepted the offer and arrived at the shelters safely except some who insisted on staying on the vessel. Government departments including TD, HKO, and the Labour Department would work closely to promote public awareness of the importance of safety during typhoons.

36. As paragraph 32(b) of LC Paper No. CB(1) 419/99-00(05) stated that the Police had no power to evict passengers from a vessel except in extreme circumstances when the typhoon posed immediate danger to passengers and crew if they remained on board, the Chairman, Mr LEE Kai-ming, Mr TAM Yiu-chung and Mr LAU Kong-wah requested the Administration to clarify the following:

- (a) as the ferry operator and many Government departments were involved in the incident, which was the party responsible for the event;
- (b) the basis on which the Police would rate a particular occasion dangerous so as to justify enforcement action, and whether it was sufficient for the Police to make judgment on safety based only upon information given by HKO;
- (c) the reasons for the Police not taking any action on the spot even though the master of the vessel had indicated that the situation then was very alarming;
- (d) whether the Police had any power of evicting the passengers from the vessel if the situation was dangerous; and
- (e) the weight of the master's views on the decision made by the Police for taking actions.

37. C for T advised that the responsibility for evacuating passengers from vessel would be exercised by the Police, having regard to the Police's power under the law and the circumstances of each case based on the information provided by HKO, the master and the ferry operator. The Police might also give different weight to different factors under different circumstances. The master should best decide whether it was safe to set sail while the Police was to decide whether the situation would threaten the safety of passengers. Besides, the ferry operator should have the responsibility and authority to take initial steps to ask

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passengers to leave the vessel in critical situations but if their effort failed, the Police could decide to exercise their power as permitted by law to evict passengers on board for safety reasons. He added that the master certainly played a major role in determining the safety of the vessel and the passengers. Nevertheless, he undertook to convey members' concerns to the Police for consideration.

38. Mr TAM Yiu-chung remarked that the two HYF incidents on 15/16 and 22/23 August 1999 reflected the poor relationship between HYF and the passengers and the little trust which passengers had in the ferry operator. With the transfer of franchise operation to licenced ferry services, passengers might have higher expectation of the ferry service and could be easily disappointed when they found the new service levels unsatisfactory. The coming transfer arrangement from HYF to New World might raise passengers' expectation again and the Administration should ensure that similar incidents would not recur. Since many Government departments were involved, it would be important to develop a mutual understanding among the departments in handling similar situations.

39. C for T said that the Administration would take care not to raise passengers' expectation unreasonably along with the transfer arrangement from HYF to New World. In addition, New World had been invited to review the incidents and discuss how similar situations should be handled, and had met with residents of Peng Chau, Cheung Chau and Mui Wo. The Administration would also conduct passenger surveys to enhance its understanding of the passengers' expectation on services and fare levels and help to identify necessary improvements at acceptable fares.

40. Mr CHAN Wing-chan and Mr CHAN Kam-lam shared the view that the opinions of the master of a vessel should be most authoritative as regards marine safety. The master should have absolute power to determine the safety of a vessel and take appropriate actions as he possessed all round knowledge of the vessel. Mr CHAN Wing-chan said that he had also received views from the crew concerned that the Administration should respect the view of the master and work closely with him. As such, he urged the Administration to take appropriate measures to prevent similar incidents from happening again and make necessary improvements upon the transfer of licence from HYF to New World. DC for T assured members that the Administration would work closely with New World to ensure the smooth running of ferry services.

41. Mr CHAN Kam lam pointed out that the uncontrolled behaviour of passengers might cause serious damage to the ferry operator who might lose interest in running the business in the long run. Furthermore, the Administration should not mislead the public that similar means of expressing dissatisfaction were acceptable as this would create precedents for future crisis, not only for ferry but also for other modes of transport. He urged the Administration to review whether legislative provisions in this regard were clear and sufficient,

whether the role of the Police was clearly defined, and whether ferry services were commensurate with the fare levels.

42. C for T said that the ferry operator would initially be held responsible for managing similar incidents and the Administration had suggested that the operator should draw up working guidelines for the staff concerned. In emergency situations which posed a threat to life and property, the Police would come to assistance whenever necessary as permitted by law. The Administration would prepare the operator in exercising its responsibility for similar incidents. He hoped that the lessons learnt from the two incidents would serve as useful reference for New World when it took over the operation in January 2000.

43. Mr CHAN Kam-lam was worried that there was a limit on actions which ferry operators might take for this kind of incidents. He emphasized the need for the Administration to provide clear guidelines to operators and discourage passengers from violent actions. The Administration might have conveyed a misleading message to the passengers since the latter did not have to bear any consequence after the incidents. C for T stressed that while the Administration had not encouraged the passengers to act violently, it would not intervene into the sphere of responsibility of the operators. The operator had been requested to provide clear guidelines to staff in exercising responsibilities in similar situations, and the Police would step in if public safety was affected.

44. Mr CHAN Kam-lam pointed out that the incidents did not reflect a mistake on the part of the operator and it was difficult for the operator to control the situation; the Administration should review its role in handling unreasonable requests from passengers in future. The Chairman urged the Administration to examine the matter further since legislation might not offer an immediate solution to the critical situation on the spot. C for T said that the Administration would aim at diffusing the situation in future and consider members' suggestions. He highlighted the fact that the Police was accountable for their judgment and it was their decision not to take any action at that stage. However, he would convey members' concerns to the Police, including the suggestion to examine the matter further with the information from all parties concerned, especially that of the master of the vessel. Members generally expressed disappointment at the Police for not taking any action in such critical circumstances during the Typhoon Sam incident.

VII Any other business

45. There being no other business, the meeting adjourned at 12:55pm.