

立法會
Legislative Council

LC Paper No. CB(1)658/02-03
(These minutes have been seen
by the Administration)

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Panel on Economic Services

**Minutes of meeting held on
Monday, 25 November 2002, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Fred LI Wah-ming, JP
Hon HUI Cheung-ching, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Dr Hon Philip WONG Yu-hong
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, JP
Hon CHOY So-yuk
Hon Abraham SHEK Lai-him, JP
Hon Henry WU King-cheong, BBS, JP
Hon LEUNG Fu-wah, MH, JP

Members absent : Dr Hon LUI Ming-wah, JP (Deputy Chairman)
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon CHEUNG Man-kwong

**Public officers
attending** : **Agenda item IV**

Economic Development and Labour Bureau

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Mrs Rebecca LAI
Commissioner for Tourism

Mrs Erika HUI
Assistant Commissioner for Tourism

Department of Justice

Ms Vivian CHEUNG
Senior Government Counsel, Department of Justice

Territory Development Department

Mr Talis WONG
Senior Engineer, Territory Development Department

Agenda item V

Economic Development and Labour Bureau

Ms Sandra LEE
Permanent Secretary for Economic Development and
Labour (Economic Development)

Miss Mary CHOW
Deputy Secretary for Economic Development
and Labour (Economic Development)

Civil Aviation Department

Mr George CHAO
Assistant Director-General of Civil Aviation
(Airport Standards)

**Attendance by
Invitation**

: Airport Authority

Dr David J PANG
Chief Executive Officer, Airport Authority

Mr Hans BAKKER
Commercial Director, Airport Authority

Mr Howard ENG
Airport Management Director, Airport Authority

Mr Allan YEUNG
General Manager, Property, Airport Authority

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

Staff in attendance : Ms Debbie YAU
Senior Assistant Secretary (1)1

Miss Winnie CHENG
Legislative Assistant 5

Action

I Confirmation of minutes and matters arising
(LC Paper No. CB(1)326/02-03 - Minutes of meeting held on 28 October 2002)

The minutes of the meeting on 28 October 2002 were confirmed.

II Information papers issued since last meeting
(LC Paper No. CB(1)210/02-03(01) - Tables and graphs showing the import and retail prices of major oil products from October 2000 to September 2002 furnished by the Census and Statistics Department
LC Paper No. CB(1)332/02-03(01) - Submission from the South Horizons Estate Owners' Committee on electricity tariff)

2. Members noted the above information papers issued since last meeting.
3. Members also noted the Administration's reply to the submission from the South Horizons Estate Owners' Committee on electricity tariff tabled at the meeting.

(post-meeting note: The said reply was circulated to members after the meeting on 26 November 2002 vide LC Paper No. CB(1) 374/02-03(01).)

III Items for discussion at the next meeting scheduled for 16 December 2002
(LC Paper No. CB(1)327/02-03(01) - List of outstanding items for discussion
LC Paper No. CB(1)327/02-03(02) - List of follow-up actions)

4. Members agreed to discuss the following issues relating to electricity supply at the next meeting to be held on 16 December 2002:
 - (a) technical study on increasing interconnection between the two power companies;
 - (b) interim review of the Scheme of Control Agreements in 2003; and

(c) post 2008 regulatory regime for the electricity supply sector.

IV Tung Chung Cable Car Bill

(LC Paper No. CB(1)327/02-03(03) - Information paper provided by the Administration)

5. At the invitation of the Chairman, the Commissioner for Tourism (C for Tourism) briefed members on the Tung Chung Cable Car Bill (the Bill) which provided a legal framework for the grant of a 30-year franchise for the design, construction, operation and maintenance of the Tung Chung Cable Car System. The Bill would also define the respective rights and obligations of the Government and the franchisee under the franchise.

6. In response to the Chairman's question on the selection of operator, C for Tourism explained that the Administration had conducted an open tender exercise for the Tung Chung Cable Car project. MTR Corporation Limited (MTRCL) was selected to take forward the project. In accordance with the agreed implementation framework, the Government had entered into a Provisional Agreement with MTRCL to provide the basis for it to commence work on the project before the grant of the franchise. The Agreement would facilitate MTRCL's financial planning and support the investment of resources into the Project before the franchise took effect. Under the Agreement, in case the enabling legislation was not enacted by mid-2004 or certain other conditions were not met, the MTRCL would be relieved from its obligations to take forward the project. Subject to members' advice, the Administration planned to introduce the Bill into the Legislative Council in February 2003. The Administration hoped to complete the legislative procedures and to execute the Project Agreement before July 2003 to facilitate the completion of the project in August 2005.

7. C for Tourism said that to ensure the viability of the cable car operations, the Government would grant land and development rights of complementary facilities to the future franchisee in the form of a themed "Tourist Corridor" at Ngong Ping. The Government would also enhance supporting facilities for the general public and tourists at Ngong Ping to improve the attractiveness of the area.

Fare determination mechanism under "Build-Operate-Transfer" franchise

8. Citing Route 3 (Country Park Section) and Western Harbour Crossing as examples, Ms Miriam LAU highlighted the problems faced by private operators in taking forward "Build-Operate-Transfer" (BOT) projects. Since the actual revenue generated from tunnel tolls had been far below that anticipated, she asked about the safeguarding measures to avoid the recurrence of similar situation in the present case and whether a fare adjustment mechanism would be provided.

9. C for Tourism replied that since the cable car system was not an essential transport facility but a tourism project, the Government would not impose a control on fares nor would the Government provide any guarantee to the franchisee on the volume of business and return on investment. The franchisee would have to bear

commercial risks arising from the operation of the cable car system, and accordingly, would have to make decisions on fare level based on its business strategy and factors like market share.

10. The Chairman enquired if Po Lin Monastery had been consulted during the drafting of the Provisional Agreement, particularly the setting of fare levels. He was worried that if the proposed fares were set too high, the Po Lin Monastery would raise objection to them. In the worse case, they might close down the monastery as a sign of protest. On the other hand, if MTRCL was unable to attain sufficient return from the project, the Government might be liable to pay compensation to the Corporation.

11. C for Tourism stressed that at the time when Government invited proposals for developing the project, the Government gave no guarantee on patronage. The document inviting proposals for developing the cable car system included information on preliminary forecasts on patronage level produced by MTRCL in its earlier capacity serving as Government's consultant on the Project. Such information was open to all and was intended for reference only.

12. C for Tourism further said that the franchise agreement was a matter between Government and the franchisee. It was not appropriate for a third party, like Po Lin Monastery to take part in the process. However, it was reasonable to expect that there would be complementarity between the cable car system and other attractions on Lantau. Whether there would be discussions between the cable car operator and these other attractions, such as Po Lin Monastery, would be a commercial decision for the future cable car operator. The Government's role in promoting the development of the cable car system would be in the private treaty grant (PTG) to the future franchisee for the development of the "Tourist Corridor" at Ngong Ping, and bringing enhancement to the public facilities in the area. The Government had also entered into further dialogue with the Po Lin Monastery and understood the Monastery's intention to continue discussion with the Government on issues of concern to them, which primarily related to developments at Ngong Ping.

13. Mr CHAN Kam-lam was of the view that the cable car system was a kind of transport service and a fare determination mechanism should be provided. Mr Fred LI also pointed out that the cable car system had an edge over other public transport as it provided a quicker and quieter services. He shared the view that a fare determination mechanism should be put in place to regulate fare.

14. On the fare levels of the system, C for Tourism pointed out that Ngong Ping was not purely served by the proposed cable car system. Visitors could still make use of other public transport services to the area. As such, the franchisee had to consider factors such as competition in the market before setting its fares. On the need to provide a fare determination mechanism for the system, she said that it had all along been the Administration's intention that there would not be any control on the fare levels as the cable car was not an essential transport facility. This had been the basis upon which the Government invited private sector proposals for the project. The Panel had also been informed of the arrangement when the Implementation Framework was put forward for members' consideration in 2001.

15. While appreciating members' concern, C for Tourism believed that there would be keen competition among the cable car, franchised buses, taxis and other licensed vehicles. It was true that the cable car would be more expensive than other public transport as it offered a higher quality and comfortable service to visitors. MTRCL had estimated that the cable car system would gain a market share of 65% for journeys to Ngong Ping. The pricing strategy would be a factor that the Company would need to take into consideration in face of competition from other modes of transport.

16. Mr Fred LI was worried that in case the franchisee could not attain the planned market share of 65%, it had to increase the fares sharply which in turn would affect the development of tourism in Ngong Ping.

17. C for Tourism replied that MTRCL had estimated in its Final Proposal that the annual patronage for the system would be 1.25 million in 2006, rising gradually up to 1.65 million in 2016 and after. A working assumption of a fare level of \$66 for a round trip and \$50 for a single trip based on 2000 prices was also adopted in working out the financial model. Nevertheless, MTRCL would not be bound by the Project Agreement or legislation to fix the fare at this level throughout the 30-year franchise.

18. Noting that the franchisee would be required to pay a land premium to the Government at current full market value, Mr HUI Cheung-ching was concerned that this would increase the project cost and in turn impose a greater pressure on future fare increases. He also considered a need to introduce a fare determination mechanism to prevent the operator to raise the fares unreasonably. Mr CHAN Kam-lam asked if the land premium to be paid by the franchisee at current full market value was calculated on the basis of a lease period of 30-year.

19. C for Tourism clarified that under the implementation framework, the franchisee would not be given land title to the land provided by the Government for the development of the terminals and turning stations, and for the construction of pylons. The Bill would provide for the grant to the franchisee of a statutory right to occupy the land, to use and grant licences for the use of the commercial gross floor area at the Tung Chung Terminal and the Ngong Ping Terminal, and to levy and collect licence fees for such commercial gross floor area. The MTRCL would be required to pay a Land Premium to the Government at current full market value for the commercial gross floor area (GFA) in the two terminals. This Land Premium would be professionally assessed by the Lands Department. In the course of valuation, the Lands Department would take into account a series of factors including the remoteness of the site, the restrictions on land title and the period of the franchise. The final amount would also need to be accepted by MTRCL.

20. Mr LAU Chin-shek considered it necessary to control the fare levels of the Tung Chung Cable Car System so that the poor would not be deprived of the right to make use of the facility due to financial reason. He was worried that after the enactment of the enabling legislation, the cable car operator would raise the fares even under a gloomy economic condition. Mr Howard YOUNG however pointed out that it was unlikely for the travel and tourism industry to raise fees at a time when the

economy was not good. Rather, it would lower its fees to attract usage. He therefore was of the view that the fares should be determined by market force.

21. Recalling that the fares for a cable car single trip to Huangshan and for a round trip to Huashan were respectively RMB \$66 and RMB \$90, which were comparable to the proposed fare for the Tung Chung Cable Car System, Mr LEUNG Fu-wah agreed that MTRCL should be allowed to determine the fare of the cable car system which was a tourism facility. Miss CHOY So-yuk also opined that as long as there was alternative services and sufficient competition in the market, the future cable car operator should be allowed to set its fares.

22. Mr CHAN Kam-lam was concerned that if the cable car system was operating at a loss, MTRCL would need to increase fares of other MTR railway lines. He requested the Administration to provide further information on the estimated patronage and operation costs and revenues of the cable car system when the Bill was introduced into the Council. The Chairman also enquired if the cable car system would be operated by a subsidiary of MTRCL instead.

23. C for Tourism said that MTRCL had yet to decide whether the cable car system would be operated by a subsidiary of MTRCL, but there would not be any cross-subsidy from the corporation's rail operations for the cable car operations. The Administration undertook to ask MTRCL to provide further information on the MTRCL's patronage and business forecasts.

Consultation with Po Lin Monastery

24. Mr CHAN Kam-lam was concerned about the objection lodged by Po Lin Monastery on the land use in the vicinity of its premise, and whether this would affect the implementation of the complementary developments in Ngong Ping.

25. C for Tourism remarked that apart from providing the necessary infrastructure facilities such as a sewage treatment plant and a public transport interchange at the top of Ngong Ping Road, the Administration would realign the area linking up with the Statue of Buddha and Po Lin Monastery to form a "Piazza", and improve other existing public facilities such as access roads, public toilets, etc. In addition, as proposed by MTRCL, a "Tourist Corridor", accommodating developments of complementary facilities of around 6 000m² in GFA for commercial activities and other facilities, such as an exhibition hall, would also be developed. The Government was discussing with MTRCL separately on the terms of the PTG for the "Tourist Corridor".

26. Miss CHOY So-yuk enquired whether the Administration had undertaken to ensure the opening of Po Lin Monastery at all times. She was worried that the cable car system would turn into a white elephant if Po Lin Monastery was closed to visitors. She also enquired if the Government had reached consensus with Po Lin Monastery on the location of the Ngong Ping terminal, and the management and operation of the private facilities there.

27. C for Tourism confirmed that Government gave no guarantee as to the opening of Po Lin Monastery and the Statue of Buddha in the tender document. Nevertheless, the recent incident had arisen principally due to problems in communication. The Administration had maintained a constructive dialogue with Po Lin Monastery. Indeed, Po Lin Monastery did not raise any objection to the alignment of the cable car route and the location of the Ngong Ping terminal. Whilst the Administration was not in a position to force a private entity to open its private premises to the public, C for Tourism assured members that the Government understood, through the discussions with the Monastery, that it was the Monastery's intention to continue to open its facilities to the public. The Administration would continue a dialogue with Po Lin Monastery on matters concerning the design and management details of the proposed "Piazza", and the question of access roads near Po Lin Monastery. In discussing the option of entrusting the future management of the proposed "Piazza" to Po Lin Monastery, one of the key conditions was that the "Piazza" would be opened to the public at all times. As the views of the Government and Po Lin Monastery were close to each other, there should not be any major problems for resolving technical details.

28. Noting that according to the framework for implementation, Ngong Ping Terminal would not include the integrated developments as proposed in the MTRCL Study, Mr Fred LI sought clarification on the respective facilities under the project to be managed by MTRCL and Po Lin Monastery at Ngong Ping.

29. On the management of facilities at Ngong Ping, C for Tourism advised that the Administration would provide for the necessary infrastructure facilities. The franchise would include the development of 1 200m² of commercial GFA in the Ngong Ping Terminal. The Government was having separate discussion with MTRCL for a PTG for the development of the themed "Tourist Corridor" between the Ngong Ping Terminal and the "Piazza", which would comprise both commercial and non-commercial facilities. This would allow for developments of around 6 000m² in GFA. Visitors leaving the Ngong Ping Terminal would pass through the catering and shopping area, and the educational exhibition hall at the "Tourist Corridor" before reaching the "Piazza".

30. Referring to the franchisee's right to acquire private land in Ngong Ping to enhance the overall attractiveness of the area to visitors, Mr Henry WU was worried that this might trigger off further dispute between Po Lin Monastery and MTRCL.

31. C for Tourism pointed out that the clause related to acquisition of private land in the framework for implementation would not appear in the project agreement or the enabling legislation. She also clarified that the 30-year franchise only involved lands for the development of the terminals and turning stations, for the construction of pylons and for the construction and maintenance of the aerial ropeways over private land. The land for the associated development of the "Tourist Corridor" of around 6 000m² would be subject to a PTG from the Government independent of the franchise. In fact, the related clause in the framework for implementation was meant to advise potential bidders not to expect to rely on the Government for land resumption at Ngong Ping for the project. It however did not rule out the possibility that the franchisee

might make arrangements on their own. So far, MTRCL did not indicate its intention to further acquire other private lands in Ngong Ping. In reply to the Chairman, C for Tourism confirmed that a few private lots were scattered around Ngong Ping.

Safety and maintenance

32. Mr LEUNG Fu-wah was concerned about the safety of the cable car system. He enquired about the maintenance requirements of the system, particularly in the run-up to the expiry of the 30-year franchise period. He also sought examples of major defaults leading to revocation of the franchise.

33. In response, the Senior Engineer of the Territory Development Department informed members that there was a separate legislation for the monitoring of the operation of the cable car system. The franchisee must strive to maintain and operate the system in a safe manner.

34. As to the nature and scope of incidents which constituted a default case, the Assistant Commissioner for Tourism explained that these might include a major delay in constructing the cable car system or the failure or likely failure in the operation of the system which might cause a substantial breakdown of the system, or death or serious injury to passengers. C for Tourism added that in those cases, it might lead to revocation of the franchise.

35. Mr LEUNG Fu-wah enquired about the reason for shifting the alignment of the cable car system to pass through the Airport Island. C for Tourism explained that the alignment had to cut across the centre of Tung Chung if it ran directly from Tung Chung to Ngong Ping, and might have to pass through certain environmentally sensitive areas. The present design already represented the best alignment available taking into account all factors involved.

Concluding remarks

36. Summing up, the Chairman advised the Administration to take into consideration various views expressed by members when drafting the Tung Chung Cable Car Bill. A Bills Committee would be set up to examine the Bill in detail when it was introduced.

V Orders to be made by the Director-General of Civil Aviation to amend the maps for the "Airport Area" and "Restricted Area" of the Hong Kong International Airport

(LC Paper No. CB(1)327/02-03(04) - Information paper provided by the Administration)

37. At the invitation of the Chairman, the Permanent Secretary for Economic Development and Labour (Economic Development) (PSED(ED)) briefed members on the proposal for the Director-General of Civil Aviation to make the Airport Authority Ordinance (Map of Airport Area) Order and the Airport Authority

Ordinance (Map of Restricted Area) Order (hereafter “the proposed Orders”). The proposed Orders would amend the boundaries of the Airport Area and Restricted Area of the Hong Kong International Airport (HKIA) to reflect new developments in these areas and enable the Airport Authority (AA) to develop ferry services for transit passengers at the HKIA.

Proposed ferry services for transit passengers

38. Mr HUI Cheung-ching indicated his support to the proposed Orders. He sought further information on the proposed cross boundary ferry services between the HKIA and selected ports in the Pearl River Delta (PRD).

39. The Chief Executive Officer, Airport Authority (CEO/AA) advised that the arrangements to develop cross boundary ferry services had been made between HKIA and seven ports in Shenzhen, Shekou, Macau, Zhuhai, Zhongshan, Guangzhou and Taiping. It had plans to expand the services to other ports in the Mainland. PSED(ED) supplemented that the Administration had discussed the related operational issues with the Mainland authorities. The ferry service operators would ensure that no passengers would be allowed to board a vessel without possessing a valid air ticket. This would help obviate the need for transit passengers to go through customs and immigration clearance in Hong Kong. The Chairman requested the Administration to provide further information on the proposed service. It would also be helpful if information of this kind could be included in the paper when the Administration consulted the Panel at the first instance.

40. Mr Abraham SHEK enquired whether local residents could make use of the ferry services to access the airport. PSED(ED) advised that phase 1 of HKIA’s ferry terminal only served cross-boundary passengers from PRD. The local public travelling by sea to the HKIA would need to use the Tung Chung pier.

41. Mr Kenneth TING sought a comparison between the proposed ferry services for transit passengers in Hong Kong and other overseas airports. He also enquired about the details of the ferry service for air cargoes.

42. CEO/AA pointed out that the proposed cross boundary ferry service was unique in nature. He hoped that in future, Hong Kong could offer one-stop service to its customers just like Seattle, Toronto and Vancouver. On cargo side, CEO/AA said that the marine cargo terminal at HKIA had started to operate since last March. So far, it had developed cross boundary ferry services for air cargoes with 22 ports in the Mainland. By now, it had been handling more than 1 000 tonnes of cargoes per month, a volume slightly higher than the original forecast.

43. In connection with the proposed cross-boundary ferry service between HKIA and PRD, Mr LEUNG Fu-wah enquired about the additional jobs so created and the number of transit passengers that could be generated by the new service. CEO/AA said that only a few posts would be created to meet the new service at HKIA. He anticipated that about 500 000 new transit passengers would be attracted to make use of the ferry service. PSED(ED) pointed out that the increase in transit passengers to

HKIA would bring about additional employment opportunities in associated businesses such as catering or luggage handling services. Mr Howard YOUNG indicated his support to the proposed Orders. He opined that with the increased flow of 500 000 passengers, many new posts would need to be created within the airlines to cope with the demand.

44. Mr Henry WU enquired if the Administration had ever assessed the impact of the proposal on the overall economy as it might lead to a reduction in drop-by visitors. At present, about 2 000 transit passengers each day might choose to stay at Hong Kong for a few days. The provision of a convenient cross boundary ferry service might drive them out of Hong Kong.

45. PSED(ED) stressed that the Administration would continue its efforts in promoting Hong Kong as a major tourism destination to visitors from the Mainland. In fact, the Administration would further enhance its effort in this direction by bringing in more visitors by train, by air and by sea through the Macau Ferry Terminal and the China Ferry Terminal. In the past year, over a million Mainland visitors had reached HKIA by bus. The proposed service was an innovative initiative exploiting the advantages of Hong Kong's extensive air services network to extend the HKIA's passenger catchment area.

46. While appreciating members' doubts on the economic benefit to be brought about by the new development, CEO/AA believed that it would increase the overall flow of passengers, thus adding value, to Hong Kong. As Hong Kong was in keen competition with places like Guangzhou for passengers from inner cities, a hassle-free and easy flow would help attract passengers to choose to fly from Hong Kong.

47. Notwithstanding that some visitors from Taiwan would leave for the Mainland directly after landing Hong Kong, Mr Howard YOUNG said that this would still bring about economic benefit to Hong Kong as the airlines might need to invest for more aircraft and employ more staff to meet the demand. Ms Miriam LAU also pointed out that the current service provided by Global Express Passing Route was bringing Mainland visitors to their destinations without stopping in Hong Kong. The proposed cross boundary ferry services was only an alternative means for the same purpose.

Design and capacity of the Passenger Ferry Terminal

48. Mr CHAN Kam-lam opined that in order to enhance the attractiveness of the ferry service, there was a need to provide convenient and efficient service to transit passengers, bearing in mind these passengers might need to catch flight in a hurry. However, in considering the present location of the Passenger Ferry Terminal at HKIA which was far away from the Passenger Terminal Building, it might not help attract users to make use of the service.

49. While fully appreciated the need to ensure transit passengers would spend the least time, CEO/AA informed members that AA was considering to build a light rail between the Passenger Ferry Terminal and the Passenger Terminal Building by 2005 as

one of the options. PSED(ED) added that in order to extend the HKIA's passenger catchment area by introducing an efficient and seamless air-sea link in the shortest possible time frame and most cost-effective manner, AA planned to improve the existing temporary terminal for use in 2003. This would help attract more people to HKIA and enhance its competitiveness.

50. Supporting the proposal, Mr Abraham SHEK considered that sufficient provision should be allocated at this stage to allow for future expansion of service. He sought information on the design capacity and planned berthing spaces of the Passenger Ferry Terminal. As the operation and level of security of HKIA had attained world class standard, he was confident that HKIA could catch the increased flow of transit passengers from PRD.

51. CEO/AA highlighted that according to AA's forecast, the interim facilities being planned for in the proposed Orders were adequate to meet the demand until 2005-06. Beyond then, a bigger and permanent terminal that could handle more passengers would be required.

52. PSED(ED) advised that under phase II of the development planned by AA, other in-bound tourists could make use of the cross-boundary ferry services to enter Hong Kong. This would enhance access to the Disneyland and other planned developments in North Lantau. CEO/AA supplemented that this ferry service development plan had been included in the HKIA's Master Plan 2020 which had been put forward to the Panel before.

53. Whilst supporting the provision of cross-boundary ferry service for transit passengers, Mr Abraham SHEK expressed serious concern about the provision of similar facility for in-bound tourists in PRD. He said that this was beyond the business scope of AA and was a sign of competition for profit with the private sector.

54. In response to Ms Miriam LAU's enquiry about the tendering of the operation of cross boundary ferry services and the liability of the service provider, CEO/AA informed members that the ferry service operator had been selected through open tender. He confirmed that the operator was not required by the terms of agreement to be held liable if the transit passengers missed the flight due to delay in the schedule of the ferry services.

Security-related issues

55. In response to Mr Howard YOUNG's question, PSED(ED) advised that the AA had consulted both the Immigration Department and the Customs and Excise Department in the development of the proposal. In phase I of the ferry services development, the cross boundary ferry services would only carry transit passengers and procedural arrangements for removing ferry passengers arriving Hong Kong without valid travel documents would be drawn up.

56. Notwithstanding the industry's support in principle for the proposed ferry

services for transit passengers, Mr Howard YOUNG pointed out that the industry was concerned about the safety implication as the related security checks and requirements for air passengers and sea passengers were different. If ferry passengers were allowed to travel on-board an aircraft without going through a more stringent security check, it might create potential risk to aircraft users in the end. Further, there was also a need to consider the cost implication which might be incurred by airlines or shipping companies as a result of the introduction of the ferry service. The airlines had indicated that substantial costs would be incurred if additional check-in counters were required at destination ports in the Mainland. Ms Miriam LAU was also concerned about the examination of travel documents upon arrival in Hong Kong and the related safety issues.

57. CEO/AA stressed that the three parties concerned, i.e. the airlines, the terminal operators and AA must work together to make the plan a success. As such, a task force, comprising representatives from government and non-government sectors, had been set up to work out the detailed arrangement. On security concern, AA would strive to ensure that the security procedures for transit passengers by sea would be equally thorough as those by air. Moreover, HKIA would conduct further security check including the validation of travel documents upon passengers' arrival at HKIA. The luggage carried by sea would pass through x-ray examination before uploading onto the aircraft. He assured members that AA/HKIA would go through all the necessary steps to ensure safety and the normal security procedures would not be compromised.

58. CEO/AA further said that the ferry service operators would make sure that all boarding passengers would have a valid air ticket. It would pass on the information to HKIA. Upon receipt of the information, the airlines in Hong Kong would issue boarding pass to transit passengers when they arrived at Hong Kong. Arrangements to transfer the luggage of the transit passengers to the aircraft would be worked out. He pointed out that the cost of manpower from AA/HKIA involved in the processes was minimal.

59. In response to Mr SIN Chung-kai's enquiry whether it was an offence for a pleasure boat to berth in the proposed Passenger Ferry Terminal at HKIA, CEO/AA and PSED(ED) advised that both the bonded corridor and the Passenger Ferry Terminal would be designated as restricted areas and unauthorized access would be in breach of law. They would seek legal opinion as to whether it was an offence in law for a person to berth a vessel at the pier accidentally but without entering the designated restricted zone.

Way forward

60. Summing up, the Chairman concluded that the Panel was in support of the proposed Orders which only concerned the amendment of the boundaries of airport area and restricted areas of HKIA. He requested the Administration to take into consideration members' views on the proposed ferry services for transit passengers and brief the Panel again in due course.

VI Any other business

61. There being no other business, the meeting ended at 12:39 pm.

Council Business Division 1
Legislative Council Secretariat
23 January 2003