

立法會
Legislative Council

LC Paper No. CB(1)551/07-08
(These minutes have been seen
by the Administration)

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Panel on Economic Development

Minutes of meeting
held on Monday, 26 November 2007, at 10:45 am
in the Chamber of the Legislative Council Building

- Members present** : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Abraham SHEK Lai-him, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Albert CHAN Wai-yip
Hon Vincent FANG Kang, JP
Hon WONG Ting-kwong, BBS
Hon CHIM Pui-chung
Hon KWONG Chi-kin
Hon TAM Heung-man
- Members attending** : Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
- Members absent** : Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Ronny TONG Ka-wah, SC

**Public officers
attending**

: Agenda Item III

Mr Esmond LEE
Deputy Secretary for Transport and Housing
(Transport)

Mr Francis CHENG
Principal Assistant Secretary for Transport and Housing
(Transport)

Mr Norman LO
Director-General of Civil Aviation

Mr Anthony TAM
Assistant Director-General of Civil Aviation

Mr Charles CHOW
Project Director (Acting)
Architectural Services Department

Agenda Item IV

Ms Joey LAM
Acting Commissioner for Tourism

Ms Nancy SO Mei-yee
Assistant Commissioner for Tourism 3

Mr NG Kam-chi
Assistant Director / Development
Highways Department

Mr CHU Shun-wah
Chief Highway Engineer / Works
Highways Department

Agenda Item V

Ms Joey LAM
Acting Commissioner for Tourism

Mr Frank CHAN
Assistant Director of Electrical and Mechanical
Services

- Attendance by invitation** : Agenda Item V
MTR Corporation Limited
Mr C K CHOW
Chief Executive Officer
Mrs Miranda LEUNG
General Manager - Corporate Relations
Ngong Ping 360
Mr Morris CHEUNG
Managing Director
Mr Wilson SHAO
Head of Commercial & Business Development
- Clerk in attendance** : Ms Connie SZETO
Chief Council Secretary (1)6
- Staff in attendance** : Ms Debbie YAU
Senior Council Secretary (1)1
Ms Michelle NIEN
Legislative Assistant (1)9

Action

- I Information papers issued since last meeting**
- (LC Paper No. CB(1)190/07-08(01) - Tables and graphs showing the import and retail prices of major oil products from October 2005 to September 2007 furnished by the Census and Statistics Department
- LC Paper No. CB(1)132/07-08(01) - Referral from the Complaints Division of the LegCo Secretariat on strengthening the regulation of unscrupulous business practices in pay television from Southern District Council (Chinese version only) (Restricted to Members only)

- LC Paper No. CB(1)132/07-08(02) - Referral from the Complaints Division of the LegCo Secretariat on views on the Hong Kong Post Circular Service (English version only) (Restricted to Members only)
- LC Paper No. CB(1)132/07-08(03) - Referral from the Complaints Division of the LegCo Secretariat on safeguarding local crew members' priority in taking up employment opportunities on board cross-boundary ferries between Hong Kong and Macau (Chinese version only) (Restricted to Members only)
- LC Paper No. CB(1)288/07-08(01) - Submission dated 12 November 2007 from a member of the public on Ngong Ping 360 (Restricted to Members only)

Members noted the above information papers issued since the last meeting.

2. Members agreed to swap the order of items II and III on the agenda.

II Items for discussion at the next meeting

- (LC Paper No. CB(1)277/07-08(01) - List of outstanding items for discussion)

3. Members agreed to discuss the following two items proposed by the Administration at the next meeting to be held on 21 December 2007:

- (a) Progress update on Hong Kong Disneyland; and
- (b) Annual tariff review with the two power companies.

4. Noting that the Administration had invited tender on 9 November 2007 for the development of a new cruise terminal at Kai Tak, Mr Abraham SHEK suggested inviting the Administration to brief the Panel on the details and latest development on the project, as well as the way forward. Members agreed. As there would be three discussion items for the meeting, members further agreed that the meeting be held from 2:30 pm to 5:00 pm.

(*Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the meeting time was revised as 3:30 pm to 6:10 pm. Members were informed of the change vide LC Paper No. CB(1)374/07-08 issued on 3 December 2007.*)

III Development of a new Civil Aviation Department Headquarters on the Airport Island

(LC Paper No. CB(1)277/07-08(02) - Information paper on development of a new Civil Aviation Department Headquarters on the Airport Island provided by the Administration

LC Paper No. CB(1)277/07-08(03) - Paper on development of a new Civil Aviation Department Headquarters on the Airport Island prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)338/07-08(01) - Administration's paper on Development of a new Civil Aviation Department Headquarters Building on the Airport Island (power-point presentation materials))
(*tabled at the meeting and subsequently issued via email on 29 November 2007*)

Briefing by the Administration

5. With the aid of power-point presentation, the Assistant Director-General of Civil Aviation (ADGCA) briefed members on the development of a new Civil Aviation Department (CAD) headquarters building on the Airport Island to house the new air traffic control (ATC) system and all CAD functional divisions. He recapped that members were briefed on the proposal to replace the existing ATC system and the proposed development of the new CAD headquarters building (the HQ project) at the meeting on 26 February 2007. The Finance Committee (FC) subsequently approved funding for the replacement of ATC system on 11 May 2007. ADGCA explained that to cater for continuous traffic growth, a bigger ATC centre was needed to accommodate the new ATC system and additional control positions. Due to a lack of space for expansion in the existing ATC complex and possible disruption to the daily round-the-clock operation of the existing ATC Centre, instead of in-situ replacement, CAD needed to construct a new building for housing the new ATC system. The opportunity was also taken to re-locate CAD's functional divisions, which were at present scattered at various locations, under one-roof with a view to enhancing efficiency and improving the services to the

aviation industry.

6. On the scope of the HQ project, ADGCA advised that it comprised the construction of a new CAD headquarters building, the alteration of the Backup ATC Complex to accommodate replacement ATC equipment and the reinstatement of the existing CAD offices for re-allocation to other government departments. The new CAD headquarters building would be located on the land-side of the Hong Kong International Airport (HKIA). The site at the southeastern part of the Airport Island was allocated by the Airport Authority (AA) to the Government at no cost. The site had a total area of about 29 800 m² whereas the new building would have a construction floor area of about 65 000 m² or 22 775 m² in net operational floor area (NOFA) to provide for offices of total NOFA of about 3 428 m², ATC facilities of total NOFA of about 10 923 m², and other facilities of total NOFA of about 8 424 m². ADGCA assured members that adequate space had been reserved for future ATC system replacement and for meeting air traffic growth up to 2025.

7. Members noted the Administration's plan to seek the endorsement of the Public Works Subcommittee for upgrading the HQ project to Category A in December 2007, and the funding approval of \$1,997 million (in money-of-the-day (MOD) prices) from FC in January 2008. Construction for the project would start in September 2008 and the new ATC Centre would be completed in April 2011 for equipment installation and testing. The entire new CAD headquarters building was expected to be commissioned by end 2012.

Discussion

Capacity of the new ATC system in meeting air traffic growth

8. Noting that the new ATC system would have a usable life of about 15 years and was expected to meet the forecast air traffic up to 2027, Mr SIN Chung-kai asked whether the Administration would make preparation for earlier expansion of the ATC system in the event that growth in air traffic exceeded original projection. He opined that while further expansion of the ATC system might not necessitate re-location of the equipment and facilities, more office space might be needed to accommodate additional air traffic control staff.

9. Noting the long lead time for planning and establishing a new ATC system, Miss TAM Heung-man was keen to ensure that the new CAD headquarters building would have built-in flexibility to cater for subsequent expansion or replacement of the ATC system.

10. The Director-General of Civil Aviation (DGCA) advised that the usable life of the new ATC system would be up to 2027 and could meet the demand arising from air traffic growth for HKIA up to 2025 according to AA's projection. CAD had reserved sufficient space in the new CAD headquarters building for system enhancement/replacement as well as expansion in office accommodation. It would examine the need to upgrade/enhance or replace the ATC system again

around 2020. As regards the concern about possible under-estimation of air traffic growth, DGCA pointed out that the projected annual aircraft movement of 490 000 by 2025 had already taken into account the annual growth rates in air traffic in recent years. The new ATC system could provide up to 56 air traffic control positions which would lead to twice the handling capacity of the existing system. The system could surely meet the projected aircraft movements in 2025 which represented a 40% increase of the present level.

11. Mr Howard YOUNG expressed support for the HQ project which would enable the co-location of all the functional divisions of CAD under one-roof. Noting that airports in the Pearl River Delta (PRD) region were exploring the feasibility of establishing a central ATC centre for the entire region with a view to addressing increasing air traffic congestion and facilitating flight scheduling, he asked whether the Administration had taken into account the development of air traffic infrastructure as well as air traffic growth in the region in planning the HQ project. DGCA replied in the affirmative and stressed that in projecting air traffic growth for the development of the new ATC system, CAD had already taken into account projected aircraft movements in the PRD region.

12. While agreeing that a co-located CAD headquarters could strengthen management, Mr CHAN Kam-lam was concerned about possible impact on services provided by CAD's individual functional divisions. Given that the existing ATC centre was located on the more secure air-side of HKIA, he enquired about the need to enhance the security of the new ATC centre with its relocation to the land-side.

13. DGCA highlighted that the co-location proposal was worked out after comprehensive review and thorough discussion as well as consultation with the relevant stakeholders. From the operation point of view, scattered accommodation was highly undesirable. For example, staff members working in the Flight Standards and Airworthiness Division and the Engineering and Systems Division, which were located in the Airport Freight Forwarding Centre of HKIA, had to travel frequently to other parts of the Airport Island to carry out their duties. DGCA stressed that a co-located CAD headquarters would enhance efficiency and improve the services to the aviation industry. On the concern about the security of the future ATC centre, DGCA remarked that appropriate security arrangements would be made for the new CAD building. Given the importance of the ATC centre, there would be enhanced security measures for the centre.

14. In response to Mr CHAN Kam-lam's further enquiry, DGCA advised that in order to provide the air traffic controllers with a close and unobstructed view of the runways, taxiways and airport apron, the existing Control Tower and the ATC Backup Complex would remain on the air-side of HKIA, and would not be relocated to the new CAD headquarters building. It was envisaged that about 70% of CAD staff members would work in the new CAD headquarters building.

15. Ms Miriam LAU expressed support for the development of the new CAD headquarters building. Noting that the new ATC system would only be commissioned in 2012, she was concerned whether the capacity of the existing system could meet air traffic growth in the interim, and whether CAD would consider upgrading the system at this stage.

16. DGCA said that CAD had planned to carry out a system upgrade for the existing ATC facilities through installation of a \$9-million software to increase the number of air traffic control positions from the existing 22 to 27 in order to meet forecast growth in aircraft movements up to 2012. DGCA further advised that the runway capacity of HKIA would gradually be increased from the existing 54 to 55 movements/hour to 58 movements/hour in 2009 to meet forecast increase in demand as 90% of the current movement slots from 10:30 to 19:00 had already been taken up. In this regard, the Chairman recapped members' view about the need to further enhance the runway capacity of HKIA on par with that of 66 movements/hour in some airports in the neighbouring region.

17. Mr Albert CHAN expressed support for the proposal as it might help create more job opportunities for residents in Tung Chung. However, he was concerned why the proposal to develop a new CAD headquarters building on the Airport Island had not been put up when HKIA was moved to Chek Lap Kok in 1998. He questioned whether this was due to the Administration's planning failure and/or wrong projection of air traffic growth at that time. Noting from the Administration that it was not feasible to replace the existing ATC system on site, Mr CHAN considered the existing ATC system a faulty design. He stressed that for highly sophisticated system like the ATC system, there should be sufficient scope for subsequent system upgrade or enhancement to cater for the rapid technological advancement.

18. DGCA remarked that there was no question of faulty design in the existing ATC system. He advised that when the existing ATC system was designed in the early 1990s, it was the state-of-the-art facility at that time and CAD had reserved 20% to 25% additional space for system upgrade and enhancement. As the current system was planned in the early 1990s and commissioned in 1996, by 2012, its technology would already be 20 years old and the system would be approaching the end of its usable life of 15 years. He added that in the past eight years, the capacity and efficiency of the existing ATC system had been enhanced several times to meet the demand arising from rapid air traffic growth. As the new ATC system could accommodate a maximum of 56 control positions and required space three times the size of the existing ATC centre, in-situ replacement was not feasible. He assured members that additional space had been earmarked to cater for the replacement of the new ATC system in the future. DGCA reiterated that the opportunity was also taken to co-locate CAD's functional divisions, which at present were scattered at various locations.

The selected site for the new CAD headquarters building

19. Noting that the site for the HQ project was allocated by AA to the Government at no cost, Mr SIN Chung-kai asked whether this was in line with existing arrangement between AA and the Government. He also sought information on the use of the three pieces of land in the selected site.

20. In response, the Deputy Secretary for Transport and Housing (Transport) (DS/TH(T)) advised that the land grant agreement for AA to develop aviation-related facilities and services on the Airport Island had stipulated that AA needed to allocate land at no cost upon the Government's request for purposes such as air traffic control and aviation meteorological services. On the use of land in the selected site, DGCA referred to the location plan of the HQ project at enclosure 1 to LC Paper No. CB(1)277/07-08(02) and advised that the current planning was that Site A and Site B would be used to construct the new ATC centre and office buildings for CAD, whereas Site C would be used to house about 30 sets of wireless transmitters and receivers, including the very high frequency equipment and radar data transmitters.

21. Mr Vincent FANG supported the HQ project as it could reinforce Hong Kong's position as the regional aviation hub. He was however concerned about the possible presence of underground marble cavities in the selected site, which might have an impact on the construction cost for the project. He was keen to ensure that the project could be completed on budget.

22. The Project Director (Acting), Architectural Services Department advised that the Administration had conducted geotechnical investigation for the site and had not discovered any marble cavities. DS/TH(T) assured members that the Administration had exercised due care in working out the project estimate and would spare no effort to contain the project cost within budget. In reply to Mr Vincent FANG's concern about the impact of inflation on the project cost, DS/TH(T) explained that it was an established practice to express the cost of Government capital works projects in MOD prices, which were forecast figures worked out following the formula set by the Financial and the Treasury Bureau.

Impact on charges for ATC services

23. Noting that the amortized project cost for replacing the ATC system and constructing the new CAD headquarters building would be recovered through the ATC service charges collected from airline operators, Mr KWONG Chi-kin questioned the rationale for airlines to shoulder the cost of building Government offices. Given the possible increase in ATC service charges, Mr KWONG expressed concern about HKIA's competitiveness vis-à-vis airports in the PRD region. In particular, he enquired whether any assessment had been made on the impact of the increase in ATC charges on air cargo throughputs and the details. Mr KWONG also noted with concern that airlines were required to pay higher charges for ATC services than aircrafts overflying the Hong Kong Flight

Information Region. In this connection, Ms Miriam LAU highlighted the keen competition on air cargo business faced by HKIA and cautioned against imposing higher ATC service charges.

24. In response, DGCA clarified that the construction cost of the non-ATC related office premises would not be recovered from the ATC service charges and the en-route navigation charges. He elaborated that the ATC service charges were collected from AA which would in turn take into account such charges when determining the landing charges that it collected from the airline operators whereas the en-route charges were charges for overflying aircraft without landing at HKIA collected directly from airlines by the Government. As regards the impact of increase in the ATC service charges on air cargo throughputs, DGCA envisaged that there would be little impact, as by 2013, it was likely that the cost per flight would only see a mild increase of less than \$300 or about 6% of the existing figure if AA fully passed on any additional ATC service charges to the airlines. Moreover, the cost per flight would be lowered after 2013 if the number of flights using HKIA increased further as projected by AA. On the difference between the ATC service charge and the en-route navigation charge, DGCA explained that it was a normal international practice to impose higher charges on flights using the airports because they necessitated a broader range of ATC services which involved more complicated procedures.

Implementation plan

25. Noting that the selected site for the project was located at the southeastern part of the Airport Island to the north of the Dragonair and China National Aviation Corporation Building, Mr Howard YOUNG urged that the Administration should ensure the design of the new CAD headquarters building would blend in well with the neighboring buildings. DGCA acknowledged the need for the design of the new CAD headquarters building to match with the environment. CAD would follow this up with the Architectural Services Department.

26. Noting from the implementation plan of the HQ project that the installation, testing and commissioning of the new ATC system would commence in April 2011, and that the new headquarters building and the new ATC centre would be commissioned by end 2012, the Chairman stressed that the Administration should ensure the smooth interface between system replacement and no disruption in ATC service to avoid recurrence of the chaotic problems associated with the opening of the new HKIA in 1998.

27. DGCA assured members that care would be taken to ensure a smooth transfer from the existing ATC system to the new one. He highlighted that a 20-month period would be allowed for the installation, testing and implementation of the new ATC system. There would also be six months for the old and new ATC systems to operate in parallel, thereby providing sufficient time for operational evaluation and controller training. Complete transition to the new ATC system would take place only after the controllers had become well-versed in operating the

new system.

Disposal of CAD's existing premises

28. Ms Miriam LAU and Mr Howard YOUNG enquired about the disposal of CAD's existing premises, in particular those on the air-side of HKIA.

29. DS/TH(T) advised that upon the commissioning of new CAD headquarters by 2012, the vacated premises in the Queensway Government Offices and part of the existing ATC building on the air-side of HKIA would be returned to the Government Property Agency for re-allocation to other user departments. In view of the need to cope with air traffic growth and development of HKIA, DS/TH(T) said that the disciplined services might need more office space at the air-side of HKIA. The Administration would also consider requests, if any, from aviation industry players for using such vacated space. As regards existing CAD premises in the Passenger Terminal Building, DS/TH(T) said that they would be returned to AA. The lease for the two CAD divisions currently located in the Airport Freight Forwarding Centre would be terminated.

IV Enhancement of footbridges in Tsim Sha Tsui East

(LC Paper No. CB(1)277/07-08(04) - Information paper on enhancement of footbridges in Tsim Sha Tsui East provided by the Administration

LC Paper No. CB(1)338/07-08(02) - Administration's paper on
(tabled at the meeting and subsequently issued via email on 29 November 2007) Enhancement of footbridges in Tsim Sha Tsui East (power-point presentation materials))

Briefing by the Administration

30. At the Chairman's invitation, the Acting Commissioner for Tourism (C for Tourism (Atg)) briefed members on the Tourism Commission (TC)'s proposal to enhance two existing footbridges in Tsim Sha Tsui East (TSTE) which run across Mody Road and Salisbury Road leading to the TSTE promenade. The enhancement project would tie in with the various improvement works to make Tsim Sha Tsui (TST) more appealing to visitors and facilitate pedestrian flow in the vicinity. With the aid of power-point presentation, the Chief Highway Engineer/Works, Highways Department (CHE(W)/HyD) took members through the proposed works under the project. C for Tourism (Atg) and CHE(W)/HyD highlighted the following salient points –

- (a) The two existing footbridges in TSTE covered under the project were built in the early 1980s. The original design of the footbridges, with their steel roofing, conventional metal parapets, flooring and typical

fluorescent lighting system, did not blend in harmoniously with the enhanced TST area. The ramp structures fitted to the footbridges also occupied much space which if replaced by lifts could facilitate pedestrian flow and allow more space for greening and public enjoyment, thereby improving the environment in the area. Two footbridge ramps on the TSTE promenade opposite to Shangri-la Hotel and Empire Centre had been replaced with lifts, and this improvement measure was well received;

- (b) The proposed works to the two footbridges included replacing existing features with a skylight roof, recessed downlights, combined metal and glass parapets and artificial granite floor tiles; replacing the ramps with lifts to release about 650 square metres of land for greening and public enjoyment, and for facilitating pedestrian movement. The proposed enhancement works did not require structural alterations, and was a cost-effective means to upgrade the footbridges for the benefit of users, and enhance the aesthetic quality of the locality;
- (c) The estimated cost for the project was \$59.6 million in MOD prices. The project estimate had included the cost for implementing mitigation measures including frequent cleaning and watering of the site, covering of materials on trucks, use of silenced construction plant, and the provision of mobile noise barriers, etc. to control short-term environmental impacts during the construction stage. The contractor would also be required to submit for approval a plan setting out the waste management measures including appropriate means to avoid, reduce, reuse and recycle inert construction waste;
- (d) The Advisory Committee on the Appearance of Bridges and Associated Structures had been consulted on the aesthetic design of the footbridge enhancement works which had accepted in principle the proposed design. The Administration had also consulted the local community, including the Tsim Sha Tsui East Property Developers Association Limited and the Traffic and Transport Committee of the Yau Tsim Mong District Council, and gained their support for the project;
- (e) The Equestrian Events (Hong Kong) of the Games of the XXIX Olympiad Company Limited (the Company) had been consulted. In anticipation that a large number of overseas visitors and media would visit Hong Kong for the Olympic and Paralympic Games in August and September 2008 and as TST was very popular among tourists, the Company suggested that the project should commence after completion of the Games. The Administration had accepted this suggestion and would adjust the works timetable accordingly; and

- (f) The Administration planned to seek the Public Works Subcommittee (PWSC)'s endorsement for upgrading the project to Category A in December 2007 and FC's funding approval for the project in January 2008.

Discussion

Environmental impacts during construction of the project

31. Mr Vincent FANG welcomed the project in principle to help promote tourism activities in TSTE. However, noting that the project would take two years to complete, he expressed concern about negative impact on the business of retail shops in the vicinity and considered that the Administration should expedite the project. To avoid affecting the operation of the retail shops, Mr FANG further suggested that where possible, the contractor should limit the use of hoardings in the project.

32. Given that TSTE was a popular tourist area, Miss TAM Heung-man was concerned that the works might cause traffic congestion and inconvenience to tourists. She enquired about measures to be implemented to mitigate possible adverse impacts arising from the project.

33. On the implementation plan of the project, C for Tourism (Atg) explained that as TSTE was very popular among tourists, the project would be carried out in phases over a two-year period with a view to minimizing the impacts on the retail shops, as well as vehicular and pedestrian traffic. CHE(W)/HyD added that the demolition and enhancement works would only affect small sections of the road and the pavement at a time. The Highways Department would consult the Police and the Transport Department for making suitable arrangements during the construction period to divert traffic and pedestrians to minimize inconvenience caused to drivers and the public. He assured members that the extent of hoardings to be erected at the project site would be minimized as far as possible, and the Administration and the contractor would maintain close liaison with shop operators during the works process to address their concerns. In this connection, the Chairman remarked that the contractor should be required to carry out beautification works for the erected hoardings.

Enhancement works under the project

34. Highlighting the need to conserve energy, Mr Vincent FANG asked whether the lightings for the two footbridges would be fitted with compact fluorescent lamps (CFL). C for Tourism (Atg) replied in the affirmative. She added that while the use of CFL could reduce electricity consumption, as lifts would be installed at the two footbridges, recurrent cost in respect of electricity charges would be higher.

35. While agreeing that installation of lifts to the two footbridges would provide the disabled with barrier-free access facilities, Miss TAM Heung-man enquired whether the Administration had consulted the disabled bodies on the proposed design of the lifts as she noticed that in using lifts fitted to footbridges, users very often had to walk a long way before they could take the lifts which had caused much inconvenience to the disabled users.

36. C for Tourism (Atg) said that replacing the footbridge ramps by lifts would facilitate the disabled users as they would no longer be required to walk up the long ramps in using the footbridges. She undertook to consider Miss TAM Heung-man's suggestion of consulting the disabled bodies on the proposed design of the lifts.

(Post-meeting note: In response to members' request, the Administration will consult the Sub-committee on Access of the Rehabilitation Advisory Committee on the proposed design. Subject to outcome of the consultation, the Administration will seek the funding support of PWSC and FC in January and February 2008 respectively.)

37. Pointing out that all of the existing ramps of the two footbridges would be demolished and replaced by lifts, the Chairman and Ms Miriam LAU were concerned about contingency measures to cater for the breaking down of the lifts.

38. CHE(W)/HyD advised that a lift tower installed with two lifts would be constructed at each of the proposed locations. Coupled with the existing lift towers provided at the ends of the footbridges on the TSTE promenade, each end of the two footbridges would be provided with lifts. The twin-lift design would cater for the breaking down of or maintenance requirement for the lifts. In the event that both lifts in a lift tower were out of order, users could still make use of the lifts on the other end of a footbridge. As regards the Chairman's concern about contingency in case all the lifts were out of service, C for Tourism (Atg) said that the Administration would map out appropriate measures to address the situation.

Admin

39. Ms Miriam LAU expressed support for the project. While appreciating that the provision of skylight roofs for the two footbridges would enhance their appeal to visitors, she stressed the need to carry out regular cleaning and maintenance for the structures, as well as to ensure their condition under adverse weather, in particular during typhoons.

40. In response, the Assistant Director/Development, Highways Department (AD(D)/HyD) advised that tempered glasses sustainable under adverse weather conditions would be used in the skylight roofs. Regular cleaning and maintenance would be carried out to up keep the skylight roofs. The cleaning schedule for facilities provided in popular tourist areas would be strengthened.

41. While expressing support for the proposal in general, Mr Albert CHAN considered that the enhancement works should include planting more trees to

provide a more spacious, pleasant and green environment for visitors. Moreover, sufficient signage should be provided on the footbridges to guide visitors to the nearby tourist attractions and facilities. In this connection, pointing out that Tsuen Wan was also popular among tourists, Mr CHAN considered that TC should implement similar improvement works for footbridges in the district.

42. Ir Dr Raymond HO conveyed his support for the project and echoed the need to strengthen greening measures in the project. He further opined that consideration should be given to provide suitable associated facilities for visitors, such as touch-screen systems to provide information to tourists.

Admin 43. The Administration noted the views made by Mr Albert CHAN and Ir Dr Raymond HO and undertook to consider them where appropriate.

Admin 44. To increase public awareness of and enhance public participation in ~~on~~ the project, Mr SIN Chung-kai opined that consideration should be given to organize activities for photographer focus groups. The Administration noted the view and agreed to take it into consideration.

Improvement works for other tourism facilities

45. Mr CHAN Kam-lam welcomed the proposal to enhance the two footbridges in TSTE which would facilitate pedestrian flow and improve the environment in the area. He opined that consideration should be given to replace the existing ramps to subways in TST by lifts so as to facilitate users. Noting that a large number of existing footbridges in Hong Kong were fitted with ramps, he asked whether the Administration had plans to install lifts to these footbridges so as to release space for greening and public enjoyment.

46. C for Tourism (Atg) said that TC was aware of public concerns about the subways system in TST and would follow up with the Highways Department and the Transport Department in examining appropriate improvement measures in this regard. On the improvement to footbridges in other districts, AD(D)/HyD advised that many existing footbridges in Hong Kong were not even provided with ramps. In making improvement to these footbridges, the Administration would consider the necessary improvement measures on a case-by-case basis having regard to local circumstances and needs of users. For instance, in the New Territories the provision of ramps to footbridges might be more suitable than lifts in facilitating users with large trolleys. He assured members that in drawing up the improvement plans for existing footbridges, views from the relevant departments and local communities would be sought.

47. With the enhancement of the two footbridges, Ms Miriam LAU enquired whether there were plans to further enhance the TSTE promenade. In this connection, Mr SIN Chung-kai saw the need to improve the connectivity between TSTE and other parts of TST and enquired about Administration's plans in this aspect.

48. C for Tourism (Atg) said that the TSTE promenade was a popular attraction to tourists who had been enjoying the spectacular sea view of the Victoria Harbour. To further enhance attractiveness of the TSTE promenade, various improvement works had been completed or near completion. For instance, the "Tsim Sha Tsui Promenade Beautification Project" had provided a major facelift to the waterfront. Works including upgraded hard and soft landscaping, re-provisioned street lighting, open spaces for leisure purposes, outdoor activities and performances, and an alfresco dining facility had been substantially completed. She assured members that TC would continue to improve facilities at the TSTE promenade. Additional signage would also be put up at appropriate locations on the footbridges and in the vicinity to guide tourists to the TSTE promenade.

49. As to the need to improve the connectivity between TSTE and other parts of TST, C for Tourism (Atg) pointed out that the project was indeed among the series of improvement works in TST with the same purpose. Enhancement in the connectivity between various attractions would help increase TST's attractiveness to tourists and boost tourism activities in the area. For instance, since August 2007, the opening of the new Public Transport Interchange in TSTE, with a podium garden on top and two new footbridges across Salisbury Road and Chatham Road South to improve the pedestrian circulation between TSTE and other parts of TST, had been well received by the public. The Administration would take note of Mr SIN Chung-kai's views and continue to explore other tourism improvement measures for TST.

Admin

Conclusion

50. In summing up, the Chairman said that the Panel supported the proposal in general and called on the Administration to take note of members' views including implementing appropriate mitigation measures to control the adverse environmental impacts arising from the project and minimize inconvenience caused to retail shops, visitors and drivers.

V Transfer of management and re-launching of Ngong Ping 360

(LC Paper No. CB(1)76/07-08(03) - Information paper on re-launching Ngong Ping 360 provided by the Administration for the meeting on 22 October 2007

LC Paper No. CB(1)76/07-08(04) - Information paper on MTR Corporation's arrangement with Skyrail provided by the MTR Corporation for the meeting on 22 October 2007

- LC Paper No. CB(1)43/07-08(03) - Letter dated 8 October 2007 from Hon Fred LI Wah-ming to the Chairman
- LC Paper No. CB(1)338/07-08(03) - Administration's paper on Transfer of management and re-launching of Ngong Ping 360 (power-point presentation materials) (Chinese version only)
(tabled at the meeting and subsequently issued via email on 3 December 2007)

Papers issued previously

- LC Paper No. CB(1)2435/06-07(01) - Letter dated 21 September 2007 from Hon Fred LI Wah-ming to the Chairman
- LC Paper No. CB(1)2435/06-07(02) - The Administration's response to Hon Fred LI Wah-ming's letter dated 21 September 2007
- LC Paper No. CB(1)2376/06-07(01) - Report on Ngong Ping Skyrail Cabin Dislodgement Incident provided by the Administration (with a sanitized copy of the Expert Panel's report attached)
- LC Paper No. CB(1)289/07-08 - Minutes of special meeting held on 18 September 2007)

Briefing by the Administration

51. At the invitation of the Chairman, C for Tourism (Atg) recapped that to prepare for the re-launch of Ngong Ping cable car service, Ngong Ping 360 Limited (NP360) had taken a series of measures, including re-testing and re-commissioning the cable car system in accordance with the Aerial Ropeways (Safety) Ordinance (Cap. 211) (AR(S)O), enhancing repair and maintenance of the component parts, implementing a quality management system and organizing refresher training for operation and maintenance staff.. NP360 had made good progress in respect of the key activities in the past two months and had been keeping the public informed of these activities to enhance transparency. The Electrical and Mechanical Services Department (EMSD) would continue to closely monitor the recovery process and would only allow the trial run to commence after NP360 had completed all the requisite improvement measures to its satisfaction.

Presentation by the MTR Corporation (MTRC) and NP360

52. Mr C K CHOW, Chief Executive Officer of MTRC highlighted that since taking over the management and operation of the Ngong Ping cable car system, NP360 had made good progress in respect of improvement works and preparation for re-opening. It had completed re-examination of the system and would start conducting reliability test in December 2007. The company would also step up staff training to enhance their capability in handling different incidents. NP360 would focus on re-launching of the cable car system with a view to meeting legal requirements and obtaining EMSD's approval for re-opening. Mr CHOW thanked Ngong Ping Village tenants (Village tenants) who continued to operate during the suspension of the cable car service. Since October 2007, NP360 had rolled out a series of promotional activities to assist Village tenants in promoting their products and services and would continue with these efforts until the re-opening of the cable car system. In paving the way for re-opening of the cable car system, NP360 would partner with the Hong Kong Tourism Board (HKTB), trade partners, Village tenants, etc. to work out long-term strategies to promote the cable car service.

53. With the aid of power-point, Mr Morris CHEUNG, Managing Director of NP360 briefed members on the arrangements in relation to re-opening of the Ngong Ping cable car system. He highlighted the composition of the new management team which had identified three main priorities for the re-opening of the system as follows:

- (a) to ensure full implementation of the improvements recommended by the Government Expert Panel;
- (b) to strengthen overall management and raise the technical competency of staff; and
- (c) to build mutually-beneficial partnerships with stakeholders including Village tenants, HKTB, the tourism industry and the Lantau Island community to re-establish the cable car and Lantau Island as must-visit destinations for visitors.

54. Mr Morris CHEUNG took members through the following eight tasks which would be completed step by step to meet the aforesaid priorities:

- (a) operations and maintenance staff to receive refresher training;
- (b) re-assessment of staff competence;
- (c) cabins put back on-line;
- (d) ropeway supplier to re-examine the cable car system;
- (e) re-testing and re-commissioning;

- (f) annual survey by independent surveyor;
- (g) reliability test; and
- (h) trial operation.

He said that task (a) to (f) above had been completed. As regards reliability test, it would be conducted in early December 2007. After satisfactory completion of the test and necessary preparatory tasks and with the approval of EMSD on the lifting of the closure order, NP360 would conduct trial runs with invited guests.

Discussion

55. Ir Dr Raymond HO expressed support in principle for the measures outlined in the paper to prepare for the re-opening of the cable car system.

MTRC's arrangement with Skyrail-ITM (Hong Kong) Ltd

56. While welcoming the taking over of the cable car system by a new subsidiary of MTRC, Mr Fred LI recalled that in response to his question regarding the termination of contract with Skyrail-ITM (Hong Kong) Ltd (Skyrail) and whether compensation was involved raised at the special meeting of the Panel on 18 September 2007, Dr Raymond CH'IEN, Chairman of MTRC, had not disclosed the details saying that he was prevented from doing so because of a confidentiality clause in the agreement with Skyrail. However, Mr LI pointed out that the acquisition of Skyrail by MTRC was widely reported by the media on the following day of the meeting. As such, Mr LI queried why Dr CH'IEN had not responded to his question clearly at the meeting on 18 September 2007, without which, members were somehow misled to believe that there was a termination of contract between MTRC and Skyrail. He remarked that setting up a subsidiary under MTRC to manage and operate the cable car system was a different matter from acquiring Skyrail.

57. While appreciating Mr Fred LI's support for MTRC's decision to take on the management and operation of the cable car system, Mr C K CHOW stressed that MTRC had no intention whatsoever to mislead members. As he noted from Dr Raymond CH'IEN's speaking note for the meeting on 18 September 2007, Dr CH'IEN had referred members to MTRC's decision of setting up a subsidiary company to take on the management and operation of the cable car system, and said that agreement had been reached with Skyrail on the transfer of the management. The "transfer of management" was a clear goal of MTRC and the acquisition of Skyrail was the means to achieve the goal. There was no conflict between the establishment of a subsidiary company and the acquisition of Skyrail. The acquisition of Skyrail did not involve issues relating to termination of contract and compensations. Mr CHOW added that the acquisition of Skyrail had allowed MTRC to change the management of the cable car system at the earliest time to

facilitate early re-testing and a timely re-opening of the cable car service.

58. Mr Albert CHAN expressed concern that a lot of questions relating to the taking over of the management and operation of the cable car system remained unanswered. For instance, there was no information on the acquisition price for Skyrail and on how the price had been worked out. Regarding the new management of NP360, Mr CHAN was concerned whether MTRC had taken the opportunity to create more senior positions in the company. He considered that MTRC should provide information on the changes on the composition in the new management team and the remuneration for senior staff as compared with Skyrail.

59. Mr C K CHOW reiterated that the most important task at present was to re-open the cable car service as soon as practicable, which would be in the best interest of MTRC, its shareholders, tourists as well as the general public. On staff cost, Mr CHOW said that while NP360 had employed more technical and operation staff to strengthen the overall management and maintenance of the cable car system, it was believed that the increase in staff cost could be partly offset by the management fee payable to Skyrail for operating the cable car service.

60. Mr Albert CHAN was further concerned whether the cost for acquiring Skyrail had taken into account possible claims against Skyrail arising from the cabin dislodgement incident on 11 June 2007 (the Incident). Mr C K CHOW emphasized that a confidentiality clause in the agreement with Skyrail prevented him from disclosing the details of the agreement. However, he stressed that in making the acquisition decision, MTRC had given due consideration to the relevant factors including previous incidents involving Skyrail and the anticipated benefits for MTRC. MTRC had come to a conclusion that the acquisition could avoid prolonged discussion with Skyrail and likely disputes. Given that operation of the cable car system during the first six months had brought about over \$80 million revenue, MTRC considered that the present arrangement with Skyrail would facilitate an early re-opening of the cable car system and prevent a revenue forgone amounting to some \$10 million per month.

MTRC 61. Mr Tommy CHEUNG expressed concern about the liability of parties for possible claims arising from the Incident. In this regard, he requested MTRC to provide information on whether the acquisition of Skyrail by MTRC had included all of the legal liability of Skyrail, and whether MTRC and/or NP360 would be held responsible for the legal liability arising from the Incident including possible compensation for parties such as HKTB which had incurred cost in engaging overseas promotions for the cable car attraction and Village tenants who had suffered from business losses due to suspension of the cable car service. As for Village tenants, Mr CHEUNG noted with concern that some tenants had closed their businesses and incurred huge losses including paying severance payment to staff.

62. In response, Mr C K CHOW said that MTRC would endeavour to provide the requested information having regard to the confidentiality clause in the

agreement with Skyrail. While MTRC or NP360 should be held liable for the performance of the cable car system after the acquisition, prior liability involved complex legal issues. On possible claims from HKTB, Mr CHOW said that it was inappropriate for him to comment on the matter as he was a member of the Board of HKTB. As to possible claims from Village tenants, he said that these should be dealt with between the relevant parties in accordance with the contracts. He added that MTRC was committed to assisting Village tenants to overcome their difficulties. Mr Tommy CHEUNG remained unconvinced. He was concerned that as the Incident was caused by negligence, claims from Village tenants and relevant parties might not be settled in accordance with terms in the contracts.

63. Given the complexity of the legal issues involved and the uncertainty in the outcome of the pending court case relating to the Incident, Mr SIN Chung-kai was concerned that if MTRC would be required to make compensations to the relevant parties, it might take the company longer to recover returns from the investment on the cable car system. He also sought confirmation from EMSD as whether the prosecution taken under AR(S)O in relation to the Incident was made against Skyrail or any persons.

64. The Assistant Director of Electrical and Mechanical Services (ADEMS) stressed that when conducting the criminal investigation and collecting relevant evidence in relation to the Incident, EMSD had not ruled out any possibility that any individual company or person might have contravened AR(S)O. The decision to prosecute was made by the Department of Justice. He understood that so far, the Judiciary had served three summonses against an individual. In this connection, Mr C K CHOW said that the individual involved in the court case was not a staff member of NP360.

65. On investment return, Mr C K CHOW advised that the Ngong Ping cable car system was regarded as a long-term investment of MTRC. While it would be pre-mature to comment on the profitability of the cable car project, it should be noted that the attraction had received more than 1.5 million passengers in the first nine months of its operation. He believed that the cable car system would be a successful must-visit destination for visitors. Moreover, the loss incurred from the current suspension would be spread over the 30-year franchise period. MTRC hoped that the project would bring about financial gains for the company in the long run.

The new senior management of NP360

66. Noting that the new management team of NP360 had stressed the importance of training for technical and operational staff, Ms Miriam LAU however was concerned that stepping up training of the frontline staff might not help address underlying problems in managing the cable car system. She noted that as pointed out in the report of the Government Expert Panel, there was a lack of alertness of the previous senior management to issues relating to the daily operation of the cable car system. Indeed, she noted that the previous senior

management did not seem to care about incidents happened in the first few months of the opening of the system until EMSD urged for an independent review in January 2007. Despite the new company would be led by an international management team, Ms LAU expressed concern about its capability, in particular its response and follow-up actions to cable car incidents.

67. Mr Morris CHEUNG advised that the senior management of NP360 comprised MTRC's engineers who were well-versed with the management, operation and maintenance of rail operation, as well as European cable car professionals with over 20 years' experience in ropeway services. He said that the new management team stressed the importance of strengthening staff training, implementing a quality management system, such as ISO 9001, and enhancing internal communication. He had confidence that under the new management regime, prompt response would be given to problems identified and reflected by frontline staff to facilitate the taking of appropriate follow-up actions. In this connection, Mrs Miranda LEUNG, General Manager – Corporate Relations of MTRC said that unlike Skyrail which had engaged overseas experts to serve as consultants, the experienced cable car professionals from Europe had formed part of the senior management of the new company.

68. Mr WONG Kwok-hing was concerned whether EMSD, which was responsible for monitoring the safety of the cable car system, was satisfied with the performance of the new management company.

69. ADEMS recapped that according to the Government Expert Panel, the design of NP cable car system was safe. The Incident was related to the annual survey and had nothing to do with the safety of the system. He further advised that since NP360 took over the operation and management of the cable car system, it had greatly enhanced the management regime, given due attention to aspects including safety and staff training, and kept in close liaison with EMSD. So far, NP360 had implemented most of the recommended improvements in the Expert Panel report and made significant progress in preparing for the re-opening of the ropeway. As such, EMSD was confident that the cable car system would operate smoothly after re-opening.

Re-opening of Ngong Ping cable car system and assistance for Village tenants

70. As regards the date for reopening the cable car system, Mr WONG Kwok-hing enquired when EMSD would revoke the closure order on the system to allow the system to resume service for the public. In response, ADEMS said that the date for resumption of the cable car service would be determined after NP360 had passed the annual survey and the reliability test. It would also hinge on satisfactory completion of refresher training for operators and maintenance staff who were required to familiarize with the operational and maintenance procedures. EMSD would closely monitor the process and had to be satisfied that all measures were in place to ensure safe operation before allowing the trial run to commence. Mr Morris CHEUNG supplemented that NP360 had completed the annual survey

and would submit the report to EMSD shortly. Subject to acceptance of the report, the reliability test would commence in early December 2007. At this stage, NP360 aimed at re-launching the cable car system around the end of 2007.

71. Miss TAM Heung-man enquired about measures to be taken to re-establish public confidence on the cable car system and whether free rides could be offered in the first month of the re-opening. Mr Morris CHEUNG stressed that the Government Expert Panel had confirmed that the design of the cable car system was safe and the existing regulatory regime was in line with international standards and practices. NP360 had been working diligently in preparing for the re-opening of the system. Outstanding tasks expected to be completed in the following month included conducting reliability test and trial runs, and completing staff training. It would also consider promotional programmes such as ticket concessions to attract visitors and boost their confidence on the cable car system.

72. Miss TAM Heung-man highlighted the difficulties faced by the Village tenants and urged NP360 to offer tenants with longer rent waivers. Mr Morris CHEUNG said that NP360 fully understood the hardship of the Village tenants who were its business partners. The company would continue to devise suitable measures to help tenants. For instance, in order to attract more visitors to Ngong Ping Village, NP360 had provided promotional concessions such as offering free return ride by MTR and free visits to "Walking with Buddha" and "Monkey's Tale Theatre" for group visitors. Upon re-opening of the cable car system, the company would implement various measures to promote the attraction to visitors. Moreover, NP360 was proactively discussing with Village tenants on other possible measures to help them tide over the difficult period.

73. Mr Vincent FANG welcomed the early re-opening of the cable car system. He recapped his concern that Village tenants had suffered from huge business losses during the suspension of the cable car service despite their rents had been waived. As it took time for the visitors to regain confidence on the cable car system, Mr FANG urged NP360 to consider waiving Village tenants' rents until the visitor number revert to the level before the suspension period. Noting that the company was discussing with tenants on a case-by-case basis to work out measures meeting their needs, Mr FANG urged NP360 to enhance the transparency of the process to facilitate tenants in planning ahead, including mapping out their business plan after re-opening of the cable car system.

74. Mr Morris CHEUNG reiterated that to tie in with the re-opening of the cable car system, NP360 would implement a series of promotional activities to attract more visitors to NP Village with a view to bringing more businesses to Village tenants. He stressed that NP360 would continue to maintain dialogues with tenants on further support after the re-opening and continuing rent waivers would be among the measures for consideration.

75. Mr Howard YOUNG reflected the confidence of the tourism industry on the re-opening of cable car system. The industry was of the view that prudence

should be taken to ensure the safety of the system rather than fixing a particular date for re-opening the system. Noting that the number of visitors to the cable car system since its commissioning had exceeded the original projection, he asked whether NP360 would set visitor limit upon re-opening of the system, in particular to cater for increase in Mainland visitors during the Chinese New Year period.

76. Mr Morris CHEUNG took note of the view. He said that NP360 was mindful of the need to step up crowd control during peak periods. Drills on ways of handling different operating scenarios would be carried out before re-opening to enhance staff's capability in dealing with different operational incidents.

Replacement of system components

77. While agreeing that replacement of the rusted pulleys and wheels in the stations by those made of non-rust aluminum alloy would help address the problem highlighted in the report of the Government Expert Panel, Mr Fred LI was concerned that as corrosion discovered on system components was probably due to the lack of maintenance, consideration should be given to seeking compensation from the relevant parties. Ms Miriam LAU echoed the view and considered it unusual for corrosion on system components to happen in less than a year after the commencement of the system. She was concerned if MTRC would conduct review on whether the problem was related to the purchase of substandard components and if yes, whether action to seek compensation from the relevant parties would be taken. Miss TAM Heung-man shared their views.

78. Mr Morris CHEUNG pointed out that the replacement of the rusted system components was carried out by the ropeway manufacturer free of charge. He further said that corrosion found on system components was probably due to the humid environment of Ngong Ping. Aluminum alloy with good anti-rusting performance was a more suitable material for making system components and was expected to fit the environment of Ngong Ping. In reply to Miss TAM Heung-man's further query, Mr CHEUNG confirmed that there was no question of substandard components.

79. Mr Howard YOUNG enquired whether coastal cities such as Barcelona and Canines had used components made of aluminum alloy for their cable car systems. Mr Morris CHEUNG advised that he did not have the information in hand but assured members that due consideration had been given to the environment in Ngong Ping before deciding to use aluminum alloy in the system components.

80. Despite the anti-rusting characteristic of aluminum alloy, the Chairman noted with concern that many components used in mechanical systems were not made of aluminum alloy because the metal was not hard enough. He enquired whether NP360 had conducted studies in this regard and sought EMSD's view on the appropriateness of using aluminum alloy for components in the cable car system. ADEMS advised that there was no specific requirement on the type of material for components of the system. He added that as long as it was safe, there

would be no difference in using components made of iron or aluminum. However, the usable life and durability of the two types of material could be different and this would have implication on the life cycle costs, including purchase price and the maintenance cost. Mr Morris CHEUNG remarked that apart from the anti-rusting quality, the performance of aluminum alloy in mechanical functions was also an important consideration. In selecting the suitable material for replacing iron in the system components, safety was the priority consideration and aluminum was considered the most ideal choice. Mr C K CHOW supplemented that while the purchase price of the new components might be higher, he believed that the maintenance cost would relatively be lower. Nevertheless, both costs were insignificant when compared to the overall operating cost of the cable car system.

VI Any other business

81. There being no other business, the meeting ended at 1:05 pm.

Council Business Division 1
Legislative Council Secretariat
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