

## MESSAGE

Safe, reliable and efficient air transportation services have been effectively supporting the success of Hong Kong as a premier business and services hub, a popular tourist destination and an important gateway to the Mainland. They will continue to play a key role in Hong Kong's economic development as we move in the direction of a high-technology and knowledge-based economy. In partnership with the Airport Authority, we will continue to maintain the high standard of services at our world class airport and provide adequate capacity to meet demand, as well as to maintain a safe and efficient air traffic control and management system. In addition, we will continue to facilitate the expansion of our air links and promote competition through progressive liberalisation of air services under the bilateral regime. Our objectives are to maintain the status of Hong Kong as a centre of international and regional aviation, and to ensure the provision of air links to a wide range of destinations to meet the needs of the travelling public and shippers.

Our port and shipping industries contribute significantly to Hong Kong's economy. The port is vital not only for Hong Kong but also for Southern China. We will focus our effort on working together with the port and freight industries to enhance the competitiveness of our container port through improvement in efficiency and cost-effectiveness. Also, we will liaise closely with neighbouring ports to forecast and plan for the provision of new port facilities. For the shipping industry, we aim to continue to work to further develop our strength by reducing cost to ship owners and promoting the attractiveness of Hong Kong as an international shipping centre.

We are committed to delivering reliable, efficient and universal postal services to meet the needs of Hong Kong. We will continue to improve the services in the coming year and to better equip Hongkong Post in the provision of world-class postal services to its customers.

Accurate and comprehensive weather information services are important to all sectors of the community. We will maintain the highest professional standards in providing these services and developing new services in response to public needs.



(Stephen Ip)

Secretary for Economic Services

# AIR AND SEA TRANSPORT INFRASTRUCTURE, POSTAL AND WEATHER INFORMATION SERVICES

Our Policy Objective is to ensure that Hong Kong's airport capacity and air services meet demand, achieve continual growth in port activities, ensure that Hong Kong has effective postal services to support its economic development, and meet community expectations for a high standard of weather information services.

Our targets this year in pursuing this Policy Objective are –

- to ensure that Hong Kong's airport capacity and air services meet demand
- to enhance the competitiveness of the Hong Kong container port and promote Hong Kong as an international shipping centre
- to provide quality postal services to meet demand
- to provide weather forecast of a high standard to meet community expectations

## Progress Made

In 1998, we opened the new airport with much better and expanded facilities. Initially operating with one runway, the new airport put its second runway into full use in August 1999 after a period of partial operation. Airlines' demand for runway slots is at present fully met. We have conducted negotiations on four air services agreements and five air services arrangements with new aviation partners so far in 1999. We have also reviewed air services arrangements with 16 existing aviation partners.

On sea transport infrastructure, we concluded and signed the land grant for the development of Container Terminal 9 with the developers. We re-organised the former Port Development Board into the new Port and Maritime Board and expanded its terms of reference to include advising Government on promoting Hong Kong as an international shipping centre. The new Board has quickly gone into action and made recommendations for joint action between Government and the private sector to enhance the competitiveness of the Hong Kong shipping industry. These recommendations are being actively pursued by Government and the industry.

Postal services were generally effective. Over 98% of local letters were delivered by the next day. Majority of the performance pledges by the Hongkong Post were achieved. Performance targets for some services were improved. Based on an independent public perception survey, 95% and 97% of customers in the general public and business areas respectively were satisfied with services provided.

We have also maintained a high level of accuracy in weather forecasting for the general public (75% accuracy as measured by public surveys) and the aviation and shipping communities (90% accuracy as measured by survey of these communities).

# KEY RESULT AREAS (KRAs)

To ensure that this Policy Objective can be achieved, we must deliver results in a number of key areas, that is, we must –

<b>1</b>	<b>Identify demand for facilities and services</b>	<b>Page 3</b>
<b>2</b>	<b>Establish and maintain policy and regulatory framework</b>	<b>Page 8</b>
<b>3</b>	<b>Ensure provision of the necessary infrastructure</b>	<b>Page 11</b>
<b>4</b>	<b>Promote Hong Kong as a centre for aviation and shipping</b>	<b>Page 15</b>
<b>5</b>	<b>Promote safety and efficiency in air and sea transport</b>	<b>Page 20</b>
<b>6</b>	<b>Progressively improve the quality of postal and weather information services</b>	<b>Page 28</b>

# 1

## Identify demand for facilities and services

It is essential that we have a clear picture of current and future needs in order to ensure the effectiveness of Hong Kong's air and sea transport network, facilities and services. To this end, we would closely liaise with the Airport Authority on regular review of air traffic forecasts to identify demand. We would also undertake a Port Cargo Forecast exercise on a regular basis in close consultation with the industry to have an accurate and reliable estimate of the demand for future port facilities.

We carry out studies and consumer consultation to assess the demand for postal facilities and services. In this regard, Hongkong Post engages professional consultants to carry out market research and customer surveys in regular reviews of individual postal services and products. It has established a Customer Liaison Group to solicit customers' opinions and suggestions.

In addition we aim to provide the public with meteorological services and information in the interests of public safety and economic development and to meet the expectations of the public. Advance warnings of rainstorms and tropical cyclones enable the public to take precautions and transport and utility operators to make contingency plans and adjust services as necessary before hazardous conditions develop.

In all these areas we work in partnership not only with other policy bureaux and government departments, but also with public and private sector organisations to assess current and future demand.

### Progress Made

The indicators used to measure progress in this area were the conduct of studies according to plan, the effectiveness in monitoring weather conditions and issuing timely warnings, and the effectiveness in supplying specialised meteorological services to meet the operational needs of the commercial and industrial sectors.

On air transport infrastructure, the Airport Authority started an air traffic forecast study in August 1999 as planned to provide an updated picture on Hong Kong's need for the relevant facilities and services.

On sea transport infrastructure, the port back-up facilities and land requirements study is making good progress and will be completed shortly. The study has been expanded to include a review of the capacity of the existing container terminal facilities. This is important to our planning for the requirement of future terminal facilities. The review on typhoon shelter provision has been completed and demand for future typhoon facilities has been established for up to 2005.

In respect of postal services, studies relating to information technology strategy and further enhancement in mechanised letter sorting were completed as planned.

As regards weather information services, we have maintained a 75% accuracy level of weather forecasts as measured by public survey. We have also improved services through issuing weather forecasts for up to four days ahead and issuing advance alerts of the Amber rainstorm signal and tropical cyclone signal number 8.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

<b>Initiative *</b>	<b>Target #</b>	<b>Present Position +</b>
To conduct an air traffic forecast study <i>(Airport Authority (AA))</i>	To start the study in 1999 <i>(1998)</i>	The study started in August 1999. <i>(Action Completed)</i>
To conduct a study of Port Back-up Facilities and Land Requirements <i>(Port and Maritime Board)</i>	To complete the study in early 1999 <i>(1998)</i>	Study commenced in July 1998 and is scheduled for completion before end 1999. The scope of the study has been expanded to review the capacity of existing terminals. <i>(Action in Progress: Behind Schedule)</i>
To review the programme for typhoon shelter provision <i>(Marine Department (MD))</i>	To complete the review by end 1998 <i>(1998)</i>	The review was completed in October 1998. <i>(Action Completed)</i>

\* the bracketed information denotes the agency with lead responsibility for the initiative

# the bracketed information denotes the year in which the target was set

+ the bracketed information denotes the status of the target

Initiative	Target	Present Position
<p>To formulate a five-year Information Technology (IT) Strategy in the Hongkong Post to assess IT opportunities in the areas of productivity management, marketing and sales, counter automation, human resources management etc.</p> <p><i>(Hongkong Post (HKP))</i></p>	<p>To produce an outline of the strategy by March 1999</p> <p><i>(1998)</i></p>	<p>An outline of the IT Strategy was produced in March 1999.</p> <p><i>(Action Completed)</i></p>
<p>To study the further enhancement of the Mechanised Letter Sorting System (including upgrading of the Optical Character Reader function and restructuring of the address database)</p> <p><i>(HKP)</i></p>	<p>To complete the studies by May 1999</p> <p><i>(1998)</i></p>	<p>The studies were completed in May 1999.</p> <p><i>(Action Completed)</i></p>
<p>To enhance the range of weather forecasts and warnings of hazardous weather</p> <p><i>(Hong Kong Observatory (HKO))</i></p>	<p>In 1999,</p> <ul style="list-style-type: none"> <li>● to issue weather forecasts up to four days ahead</li> <li>● forecasts to maintain an accuracy of at least 75% as measured by public surveys</li> <li>● to issue an advance alert one hour before Amber rainstorm signals</li> <li>● to issue an advance alert two hours before hoisting of tropical cyclone signal number 8</li> </ul> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> <li>● HKO started to issue weather forecasts for up to four days ahead in January 1999.</li> <li>● Accuracy level maintained in latest surveys.</li> <li>● New procedures introduced for 1999 rainy season.</li> <li>● Procedures in place in 1999.</li> </ul> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
To commission consultancy studies for the development of sites at Tseung Kwan O Area 131 and Northshore Lantau in late 1996 in order to satisfy the demand for mid-stream sites <i>(Civil Engineering Department)</i>	To complete the study on Northshore Lantau by early 2000 <i>(1996)</i>	A study for Tseung Kwan O Area 131 has been completed. The study on Northshore Lantau has been overtaken by events due to alternative land use being planned for Northshore Lantau. <i>(Action Completed)</i>
To conduct detailed feasibility studies on the development of Container Terminals 12 and 13 at a cost of \$200 million in 1996-1997 <i>(Economic Services Bureau)</i>	To complete the feasibility studies five years before beginning of construction programme <i>(1995)</i>	Overtaken by events due to alternative land use being planned for Northshore Lantau. <i>(Action Completed)</i>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Conduct of studies according to plan	To complete studies (including those on air traffic forecast, new post office box service and cut-off time for acceptance of postage prepaid items) and start the Port Cargo Forecast study in 1999-2000
Number of initiatives to improve weather/meteorological services provided	To launch three initiatives to improve access to and public understanding of weather/meteorological services in 2000

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To conduct an air traffic forecast study (AA)	To complete the study by early 2000
To study the case for introduction of a new post office box service at selected post offices to enable customers physically without a post office box to receive and collect mail items (HKP)	To complete the study around late 1999
To review the cut-off time for acceptance of postage prepaid items at selected major post offices (HKP)	To complete the review around early 2000
To conduct an update Port Cargo Forecast Study (Port and Maritime Board)	To start the study in 2000
To set up an information centre at a HKO office in Kowloon for access by the general public, particularly students (HKO)	To bring the information centre into operation around mid-2000
To provide a computer server for easier access by government bureaux and departments to weather information required in making decisions which may affect public safety (HKO)	To commence operation of the new server around mid-2000
To place HKO publications and educational material on meteorology, geophysics and related subjects on HKO's Internet home page to promote public understanding of these subjects (HKO)	To complete the placing of the additional information on the HKO Internet home page in stages around the end of 2000

A policy and regulatory framework for air and sea transport that is up-to-date and suits Hong Kong's circumstances is vital to our success as a transport hub of Asia.

To maintain Hong Kong as a centre of international and regional aviation, we have enacted legislation and introduced administrative arrangements which reflect international standards in civil aviation, including applicable requirements and recommended practices of the International Civil Aviation Organisation. Subject to authorisation from the Central People's Government, we will negotiate and conclude more air services agreements with new aviation partners to provide a framework for development of air links. We also keep track of international developments in air services.

To maintain Hong Kong as a safe port and an international shipping centre, we must have rules which ensure high standards of safety and best practice in the international shipping industry. Shipping conventions drawn up by the International Maritime Organisation and applied to Hong Kong as a major shipping centre are duly enacted in local legislation.

The local introduction of the International Safety Management Code for Shipping is in line with the requirements of the International Maritime Organisation.

## Progress Made

The indicators used to measure progress in this area were the extent to which our policy and regulatory framework was able to meet the changing needs and international standards and requirements, the introduction of legislation and establishment of effective support to regulatory functions against plan.

On air transport infrastructure, the adaptation of five civil aviation-related ordinances and their subsidiary legislation was completed in mid-1999. Having obtained authorisation by the Central People's Government, we have conducted negotiations on air services agreements with four new aviation partners so far in 1999. We have also been discussing with the Central People's Government with a view to working out the arrangements for air services with other parts of the Mainland.

As regards sea transport infrastructure, our main priority was to introduce the Merchant Shipping (Local Vessels) Bill in the 1998-1999 legislative session. The Bill was passed by the Legislative Council on 7 July 1999 and has now become law. This is a very important piece of legislation bringing the provisions previously scattered among different ordinances into a single piece of coherent law for improving the regulation of local vessels. We have also succeeded in achieving the target regarding Port State Control ship inspections, contributing towards improving international maritime safety.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To negotiate more air services agreements subject to authorisation by the Central People's Government</p> <p><i>(Economic Services Bureau (ESB))</i></p>	<p>To conduct negotiations on at least five new agreements in 1999 in response to market demand</p> <p><i>(1998)</i></p>	<p>Negotiations on four new air services agreements have been conducted so far in 1999.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To complete drafting of the Merchant Shipping (Local Vessels) Bill which aims to enhance standards in safety of navigation, vessel construction as well as crew qualifications</p> <p><i>(ESB/Marine Department (MD))</i></p>	<p>To introduce the Merchant Shipping (Local Vessels) Bill in the 1998-1999 legislative session</p> <p><i>(1998 and 1995)</i></p>	<p>The Bill was enacted by the Legislative Council on 7 July 1999.</p> <p><i>(Action Completed)</i></p>
<p>To enhance the Port State Control implementation in accordance with the Tokyo Memorandum of Understanding by stopping sub-standard ships using the port of Hong Kong</p> <p><i>(MD)</i></p>	<p>To increase the number of ship inspections by 15% to 915 in 1999</p> <p><i>(1998)</i></p>	<p>9% of the anticipated yearly total number of foreign ships visiting Hong Kong was inspected in the first two quarters of 1999. We will achieve 15% by the end of the year.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To develop a computer system to speed up the port formality process for river trade cargo vessels</p> <p><i>(MD)</i></p>	<p>To start the computerised port formality procedure in end 1998</p> <p><i>(1998)</i></p>	<p>The computerised port formality procedures for river trade cargo vessels had been established since 1 September 1998.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
To work out arrangements with the Central People's Government for air services with other parts of the Mainland in accordance with the Basic Law <i>(ESB)</i>	To work out a framework and detailed arrangements for air services with other parts of the Mainland in 1999 <i>(1997)</i>	We are discussing with the Central People's Government with a view to working out the framework and detailed arrangements. <i>(Action in Progress: On Schedule)</i>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicator –

Indicator	1999 Target
The extent to which our policy and regulatory framework is able to meet changing needs and international standards and requirements	To prepare or amend around eight ordinances/regulations in 2000-2001 to meet changing needs and international standards/requirements

We will undertake the following initiative to deliver results in this area –

Initiative	1999 Target
To negotiate more air services agreements subject to authorisation by the Central People's Government in order to expand Hong Kong's air services network <i>(ESB)</i>	To conduct negotiations on at least five new agreements in 2000 in response to market demand

# 3

## Ensure provision of the necessary infrastructure

Timely provision of the necessary infrastructure in line with users' demand is important for maintaining Hong Kong's position as an aviation and shipping centre to support continued economic development. The new airport provides increased capacity and ample potential for expansion to meet increase in demand in future. The Airport Authority (AA) will keep under regular review the need for additional facilities.

Regarding sea transport infrastructure, the planning and development of port facilities needs to be supported by sufficient roads, dredged channels and typhoon shelters. The Port Development Strategy Review sets out the programme for port facilities and supporting infrastructure based on the Port Cargo Forecasts. The Third Port Development Strategy Review was completed in July 1998.

### Progress Made

The indicators used to measure progress in this area were the adequacy of the capacity and facilities of the Hong Kong International Airport and the completion of projects against plan to meet marine service shortfall.

On air transport infrastructure, the AA opened the second runway for partial operation in May 1999 and for full operational use in August 1999. With more capacity and operational flexibility, our airport is able to fully meet current demand for runway slots.

In respect of sea transport infrastructure, our task was to improve facilities in the Public Cargo Working Areas. The first phase of this management reform exercise has been successfully implemented and a more business friendly environment is now provided to and welcomed by the operators.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
To review the need for additional aircraft parking facilities at the new Hong Kong International Airport <i>(Airport Authority (AA))</i>	To complete a review of the need for additional aircraft parking stands in 1999 <i>(1998)</i>	The review is underway and is scheduled to be completed before end-1999. <i>(Action in Progress: On Schedule)</i>

Initiative	Target	Present Position
<p>To improve facilities in the Public Cargo Working Areas so as to enhance the productivity, create and maintain a business friendly environment for the industry</p> <p><i>(Marine Department (MD))</i></p>	<p>To complete a review of the land side reform in 1998</p> <p><i>(1998)</i></p>	<p>The review was completed and new measures implemented.</p> <p><i>(Action Completed)</i></p>
<p>To build a typhoon shelter at Peng Chau</p> <p><i>(MD)</i></p>	<p>To seek funds for Environmental Impact Assessment (EIA) study by mid-1999</p> <p><i>(1998)</i></p>	<p>Priority is now given to building a typhoon shelter at Siu Lam. The project has been downgraded to Category C by the Civil Engineering Department and is now under review in view of public objections.</p> <p><i>(Action in Progress: Under Review)</i></p>
<p>To build a typhoon shelter at Siu Lam, Tuen Mun</p> <p><i>(MD)</i></p>	<p>To seek funds for EIA study in 1999</p> <p><i>(1998)</i></p>	<p>Public consultation is in progress. Funds will be sought in late 1999.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>The AA will increase the capacity of the new airport at Chek Lap Kok by constructing the second runway</p> <p><i>(AA)</i></p>	<p>To complete the construction of the second runway by late 1998</p> <p><i>(1996)</i></p>	<p>The completion certificate for the second runway was awarded in November 1998. The runway started operation in May 1999 and came into full operational use in August 1999.</p> <p><i>(Action Completed)</i></p>
<p>To continue the search for land for cargo back-up services to support the operation of the port, including 6.7 hectares on Stonecutters Island</p> <p><i>(Economic Services Bureau (ESB)/MD)</i></p>	<p>To review demand for mid-stream facilities by end 1999</p> <p><i>(1995)</i></p>	<p>The Stonecutters mid-stream site was leased to operators in February 1998. Further searches for additional mid-stream sites are subject to a review of demand.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
To complete the land grant for Container Terminal No. 9 (CT9) and hand over the site to the developer for construction of the terminal <i>(ESB)</i>	To complete the land grant for CT9 by end 1997 <i>(1997)</i>	Land grant negotiation with developers has been completed. Execution of the land grant and handing over of the site took place in December 1998. <i>(Action Completed)</i>
To dredge the Rambler Channel in 1997-1998 to enable new types of large container vessel to enter our port <i>(ESB/MD)</i>	To complete the works by end 1998 <i>(1996)</i>	Dredging works have been incorporated into the CT9 land grant and will be carried out by the developers as contingent work. <i>(Action Completed)</i>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
The adequacy of the capacity and the facilities of the Hong Kong International Airport	To increase progressively the number of runway slots in the next few years
The planning of typhoon shelter projects to meet future demand	To review the timing for Peng Chau and Siu Lam Typhoon Shelters around end of 1999

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To enhance dual runway mode of operation to increase capacity <i>(Civil Aviation Department (CAD))</i>	To achieve a declared runway capacity of 40 movements per hour by end 1999 and to progressively increase it to 50 movements per hour by 2001
To conduct a study on the provision of helipad facilities at Chek Lap Kok <i>(AA/CAD)</i>	To complete the study in 2000

# 4

## Promote Hong Kong as a centre for aviation and shipping

Hong Kong's status as a centre for aviation and shipping is a key element of our success as an international trade, finance, business and tourist centre. To maintain our position, it is important that we have a safe and efficient airport and port.

Hong Kong is a centre of international and regional aviation. We have direct air links with over 120 destinations in more than 40 countries served by over 60 international airlines.

We will continue to maintain our high standard of civil aviation management to ensure air safety. We will also continue to explore expansion of air services links to meet market demand.

Hong Kong is a major international port and shipping centre with over 6 000 companies employing some 55 000 people. In 1998, 41 690 ocean-going vessels and 190 000 river trade vessels visited Hong Kong. In the same year, Hong Kong handled 14.6 million twenty-foot equivalent units of containers. Promotion of Hong Kong is a key component to retaining our attraction to new shipping businesses.

We have re-organised the Port Development Board into a new Port and Maritime Board to provide a focal point to develop and implement initiatives to promote Hong Kong as an international shipping centre.

### Progress Made

The indicators used to measure progress in this area were the safety and efficiency of the Hong Kong International Airport (HKIA) against international standards and recommended practices, the number of air services links, the volume of traffic handled by our airport and port, the size of Hong Kong registered ships, the percentage of world tonnage of ships controlled by companies based in Hong Kong, the number of shipping companies established in Hong Kong, and the contribution of the shipping and related sectors to Hong Kong's GDP.

Hong Kong continues to be an international and regional centre for civil aviation. In 1998, the HKIA handled a total of 27.2 million passengers and 1.63 million tonnes of cargo. The HKIA also has high service standards. In an independent survey in mid-1999, over 90% of the respondents were satisfied with its services and facilities. To support and further promote Hong Kong's development as an international and regional aviation centre, we have negotiated air services arrangements with five new aviation partners and reviewed air services arrangements with 16 existing partners so far in 1999.

On sea transport infrastructure, our top priority was to launch a series of activities to enhance Hong Kong’s position as a major international shipping centre. We have succeeded in increasing the attractiveness and tonnage of the Hong Kong Shipping Register. We have launched a series of overseas promotional activities which have aroused much overseas interests in Hong Kong. We are working with the Hong Kong Shipowners Association to develop a hull insurance and other shipping related business in Hong Kong and good progress has been made.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To negotiate air services arrangements with new aviation partners and review arrangements with existing aviation partners to meet changing market demand</p> <p><i>(Economic Services Bureau (ESB))</i></p>	<p>To negotiate air services arrangements with at least five new aviation partners in 1999. In addition, to review with airlines and/or existing aviation partners at least ten arrangements with the latter</p> <p><i>(1998)</i></p>	<p>We have so far negotiated air services arrangements with five new aviation partners in 1999. In addition, we have so far reviewed arrangements with 16 existing aviation partners in 1999.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To enhance the position of Hong Kong as a major international shipping centre</p> <p><i>(Marine Department (MD))</i></p>	<ul style="list-style-type: none"> <li>● To make direct marketing calls to local and overseas shipping companies to promote the services of the Hong Kong Shipping Register</li> </ul>	<ul style="list-style-type: none"> <li>● This is now a regular annual feature. Altogether 23 promotional visits in Hong Kong and two visits in the United Kingdom were carried out in the year 1998. This was followed up by more than 40 promotional visits in Hong Kong by the Director of Marine in early 1999. Other overseas promotional activities are being planned for this year.</li> </ul>

Initiative	Target	Present Position
	<ul style="list-style-type: none"> <li>● To strengthen the status of Hong Kong in the world maritime scene by promoting a hull insurance market in Hong Kong by about 2000</li> <li>● To strengthen shipping links with the Mainland by harmonising the shipping standards and formalities, consultation and contact with Mainland Authorities by 2000 (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● This matter is under study by the Finance Insurance and Management Sub-Committee of the Port and Maritime Board and a recommendation will be made later this year.</li> <li>● A Memorandum of Understanding (MOU) on safety standards of high speed craft operating between the HKSAR and Pearl River Delta ports was signed by the MD and the Maritime Safety Administration (MSA) of the Mainland on 13 November 1998. The MOU took effect on 1 May 1999.</li> <li>● A MOU on Port and Light Dues is being discussed with the Mainland Authorities.</li> <li>● Regular bi-annual meetings are being set up between MD and MSA to discuss maritime safety related issues such as safety standards of coastal ships, third party insurance, traffic separation schemes near Hong Kong waters, search and rescue, certification of seafarer and high speed craft operation. (Action in Progress: On Schedule)</li> </ul>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Number of passengers handled by the Hong Kong International Airport (HKIA) in 1999	To achieve long-term growth in passenger traffic in HKIA
Cargo tonnage handled by HKIA in 1999	To achieve long term growth in cargo traffic at HKIA
Twenty-foot equivalent units handled by the Hong Kong container port	To achieve long term growth in containers handled in the port
Number of destinations linked to Hong Kong with air services in 1999-2000	To achieve long-term expansion of Hong Kong's aviation network
Number of airlines operating scheduled air services to and from Hong Kong in 1999-2000	To achieve long-term expansion of Hong Kong's aviation network
Tonnage of the Hong Kong Shipping Register	To build up the size of the Register

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To invite private sector participation in developing a marine terminal at the airport to facilitate shipment of air cargo to and from the Pearl River Delta <i>(Airport Authority (AA))</i>	To invite tender around end 1999
To offer land at the airport to facilitate the development of logistic management centre by investors <i>(AA)</i>	To tender sites in 2000

Initiative	1999 Target
<p>To negotiate or review air services arrangements with aviation partners with a view to progressively liberalising Hong Kong's air services and meeting changing market demand</p> <p><i>(ESB)</i></p>	<p>To negotiate or review at least 15 air services arrangements with aviation partners and/or airlines in 2000</p>
<p>To identify measures to improve the competitiveness of the Hong Kong Container Port</p> <p><i>(Port and Maritime Board)</i></p>	<p>To produce recommendations in 2000</p>

# 5

## Promote safety and efficiency in air and sea transport

The importance of aviation safety cannot be overstated. We have put in place an effective system of monitoring Hong Kong-registered aircraft, its aircraft operators and maintenance organisations to ensure compliance with relevant international standards and practices. In addition, we have efficient air traffic control services and have established effective communications with Mainland Authorities on air traffic control matters, including exchange programmes for air traffic controllers of the two places to facilitate sharing of operational experience. We also provide efficient meteorological services to aviation and shipping.

We will provide Hong Kong with safe and efficient management of shipping services thereby reducing accidents and protecting the environment. This can only be achieved through the provision of an efficient vessel traffic control system, dissemination of safe practices to seafarers on how to use the system and regulatory control.

We will also provide civil aviation and shipping with meteorological services in compliance with international safety requirements.

### Progress Made

The indicators used to measure progress in this area were the extent to which aviation safety in Hong Kong complied with international standards, the percentage improvement in safety compliance against level of shipping activities, the annual increase in vessel calls and the accuracy and comprehensiveness of meteorological information provided.

Hong Kong-registered aircraft continue to achieve a good safety standard in aviation. The initiatives put forward in 1998 for enhancing flight safety and efficiency are all making satisfactory progress. In 1998, there was no reportable accident of any Hong Kong-registered aircraft that involved death or serious personal injury.

On sea transport infrastructure, in 1998 we said we would undertake a series of projects to enhance the safety and efficiency of our port operation. These include providing additional marine traffic control stations and replace and upgrade the equipment of the existing vessel traffic services system, conduct a study on the safe operation of mid-stream cargo handling, and increase the number of inspection of cargo handling and ship repair activities. These activities have either been completed or are in progress. A delay to the planning of the local marine traffic control station on Green Island is due to the need to redesign the station to protect the habitat of some rare birds.

As regards weather information services, we have maintained a weather forecast accuracy rate of at least 90% as measured by survey of both the aviation and shipping

communities. We have extended the meteorological facilities at the airport on schedule and provided weather documentation for aircraft and windshear and turbulence warnings during aircraft landing and take-off.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To convert the current ground-based air traffic control and communications system to satellite-based communications, navigation and surveillance/air traffic management (CNS/ATM) systems to enhance flight safety and efficiency</p> <p><i>(Civil Aviation Department (CAD))</i></p>	<p>To start studies in 1999 with a view to phased implementation of the new systems from 2003</p> <p><i>(1998)</i></p>	<p>Funding for the study and trial of the satellite-based CNS/ATM systems has been approved. Studies on the project have started.</p> <p><i>(Action Completed)</i></p>
<p>To provide additional training to air traffic control staff, including that in respect of new air traffic control equipment, to cater for anticipated increase in traffic at the new Hong Kong International Airport</p> <p><i>(CAD)</i></p>	<p>To provide 17 additional training courses to 180 staff each year starting from 1999-2000</p> <p><i>(1998)</i></p>	<p>Three instructor posts will be created by end 1999 with a view to providing the additional training courses from 1999-2000.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To establish a marine traffic control station on Green Island (Marine Department (MD))</p>	<ul style="list-style-type: none"> <li>● To secure funding for setting up the station by early 1999 (1998 and 1997)</li> <li>● To build the station and install the associated equipment by late 2000 (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● Submission of Public Works Sub-Committee paper will be deferred to around late 2000 due to redesign of the station resulting from conservation constraints. Delay arises because the original site for the station is ruled out due to presence of a nesting pair of rare White Bellied Sea Eagles. <i>(Action in Progress: Behind Schedule)</i></li> <li>● Subject to funding approval in around late 2000 civil works will start in early 2001 for completion around 2002. <i>(Action in Progress: Under Review)</i></li> </ul>
<p>To replace the ageing equipment in the existing Vessel Traffic Services (VTS) system and upgrade the system with advance equipment and technology (MD)</p>	<ul style="list-style-type: none"> <li>● To complete the consultancy study on the need to replace and upgrade the existing VTS system and to identify replacement and upgrading requirements by early 1999 (1998 and 1997)</li> <li>● To secure funding for the replacement and upgrading by late 1999 and complete project by late 2001 (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● The consultancy study report on the detailed replacement and upgrading requirements was completed in mid-1999.</li> <li>● Finance Committee approved funding for the replacement and upgrading on 11 June 1999. <i>(Action Completed)</i></li> </ul>
<p>To establish a local marine traffic control station near Container Terminal No. 8 (MD)</p>	<ul style="list-style-type: none"> <li>● To build the station and install the necessary equipment by mid-1999</li> <li>● To commission a patrol launch for the station by end 1999 (1998)</li> </ul>	<ul style="list-style-type: none"> <li>● The construction of the station was completed in July 1999. Installation of equipment is in train. <i>(Action in Progress: Behind Schedule)</i></li> <li>● Arrangements are being made to commission the patrol launch by late 1999. <i>(Action in Progress: On Schedule)</i></li> </ul>

Initiative	Target	Present Position
<p>To improve inspection procedures for new ferry vessels, miscellaneous craft, dangerous goods carrying vessels and excursion vessels (MD)</p>	<p>To be able to inspect 100% of new vessels for the issue of certificates of inspection or survey without delay during 1999 (1998)</p>	<p>The target was achieved in the first two quarters of 1999. No difficulty anticipated to achieve the target for the whole of 1999. <i>(Action in Progress: On Schedule)</i></p>
<p>To improve safety of cargo handling and ship repair through monitoring of marine construction projects (MD)</p>	<p>To increase the number of total inspections by 2% to 7 650 in 1999 (1998)</p>	<p>The target was achieved in the first two quarters of 1999. No difficulty to achieve the target for the whole of 1999. <i>(Action in Progress: On Schedule)</i></p>
<p>To conduct a consultancy study on mid-stream cargo handling operations to ensure that they are carried out safely (MD)</p>	<p>To complete the study in September 1999 (1998)</p>	<p>The consultancy study commenced in March 1999 and was completed in September 1999. <i>(Action Completed)</i></p>
<p>To provide permanent facilities to Government Dockyard on Stonecutters Island and to complete remaining improvement works (MD)</p>	<ul style="list-style-type: none"> <li>● To complete all project works by end-1999</li> <li>● To achieve final acceptance and completion of all outstanding issues and warranty defects by end 2000</li> </ul> <p>(1998)</p>	<p>Project works to be completed around end-1999 and final acceptance and completion of all outstanding issues to be achieved around end-2000. <i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To prepare and issue improved weather forecasts and warnings of hazardous weather to shipping and aviation <i>(Hong Kong Observatory (HKO))</i></p>	<ul style="list-style-type: none"> <li>● Forecasts to maintain an accuracy of at least 90% as measured by survey of both aviation and shipping communities</li> <li>● All departing flights to receive flight documentation in compliance with the International Civil Aviation Organisation specifications two to three hours before flight time</li> <li>● Minute by minute warnings of windshear and turbulence for aircraft landing and take-off to be provided <i>(1998)</i></li> </ul>	<ul style="list-style-type: none"> <li>● Accuracy maintained in the latest annual surveys conducted in 1999.</li> <li>● Implemented since February 1999.</li> <li>● Implemented since March 1999. <i>(Action Completed)</i></li> </ul>
<p>To extend facilities at the Airport Meteorological Office to cover the second runway and to serve the back-up air traffic control centre <i>(HKO)</i></p>	<p>To establish the extension of facilities in end-1999 <i>(1998)</i></p>	<p>Facilities for second runway operational. Extensions to serve the back-up air traffic control centre in progress and on schedule. <i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To establish an Automatic Dependent Surveillance System within the CAD using satellites and datalink to improve monitoring of aircraft movements outside radar coverage. This will help enhance flight safety and cope with increase in air traffic</p> <p>(CAD)</p>	<p>To complete and upgrade the Automatic Dependent Surveillance System for trial use in 1998</p> <p>(1997)</p>	<p>In the light of new development in the CNS/ATM project, CAD has reviewed the trial programme for the Automatic Dependent Surveillance System and decided that upgrading and further trial of this system should be carried out as part of the CNS/ATM project.</p> <p>(Action Completed)</p>
<p>To examine in 1997-1998 the marine and environmental impact of using the Tonggu Channel as an alternative route for vessels using the congested Ma Wan Channel</p> <p>(MD)</p>	<p>To complete the consultancy study on the marine and environmental impact of using the Tonggu Channel as an alternative route for vessels using the congested Ma Wan Channel by end 1998</p> <p>(1996)</p>	<p>The final report of the consultancy study was produced in August 1999.</p> <p>(Action Completed)</p>
<p>To invest \$80 million over the next three years (1995-1997) to upgrade the MD's vessel tracking system</p> <p>(MD)</p>	<p>To complete upgrading of the vessel tracking system by end 1998</p> <p>(1994)</p>	<p>Civil works for the radar station on Ping Chau were completed on 11 May 1998. Installation of equipment on Ping Chau, Tai Mo Shan and Vessel Traffic Centre was carried out. Training for operation and maintenance of new equipment was carried out in August 1998. Commissioning of system equipment took place in September 1998. The launch was delivered in October 1998. Extension of vessel traffic services to Mirs Bay was implemented in October 1998.</p> <p>(Action Completed)</p>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Five-yearly average number of fatal accidents worldwide by Hong Kong-registered aircraft on scheduled service per million aircraft-kilometres and as a percentage of the global average compiled by the International Civil Aviation Organisation	To maintain a good safety record of Hong Kong-registered aircraft
The annual number of vessel calls	To achieve long term growth in vessel calls at the port
Number of initiatives to improve weather information services provided	The commencement in 2000 of at least one initiative to improve capability
Accuracy of meteorological information provided	To maintain an accuracy of around 90% for aviation and shipping, as measured by survey of those communities

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To convert the current ground-based air traffic control and communications system to satellite-based CNS/ATM systems to enhance flight safety and efficiency (CAD)	To commence trial in 2000
To acquire equipment to detect low level windshear and turbulence around the Hong Kong International Airport under fine weather conditions (HKO)	To install the equipment in 2002

Initiative	1999 Target
<p>To review the performance of the windshear and turbulence detection system for the Hong Kong International Airport with a view to improving its detection and warning capability</p> <p><i>(HKO)</i></p>	<p>To complete the review in 2001</p>
<p>To implement a new Flag State Quality Control system</p> <p><i>(MD)</i></p>	<p>To maintain the detention rate of Hong Kong registered ships under Port State Control below the world average</p>
<p>To prepare regulation for the implementation of third party insurance to local vessels in Hong Kong</p> <p><i>(MD)</i></p>	<p>To complete drafting of the regulation in 2000</p>

# 6

## Progressively improve the quality of postal and weather information services

Reliable, efficient and cost effective postal services are an important factor in Hong Kong's development as a leading business centre. We will improve the quality of postal services as appropriate to meet the needs of Hong Kong and our international postal obligations.

We will upgrade the quality of our weather information services in line with advances in technology and in response to public requirements.

### Progress Made

The indicators used to measure progress in this area were the number of quality improvement initiatives for postal services implemented on time and within budget and the extent to which we keep weather information services up to international standards.

On postal services, we have started the programme of renovating more than 100 post offices, provided late evening collection of mail, extended opening hours of two major post offices and the facilities of mail rooms at major commercial buildings, provided posting boxes at more Mass Transit Railway Stations and launched the "Hongkong Post-Care from the Heart" programme. The project of extending the computerised mail tracking and tracing system to the processing of registered mail, parcels and mail bags is in progress and expected to be completed by December 1999.

As regards weather information services, we have progressed on schedule towards installing a ground reception system for receiving data from a next-generation geostationary meteorological satellite system. A high speed computer for high resolution weather prediction was installed on schedule in July 1999.

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiatives	Targets	Present Position
To start a five-year programme of renovating more than 100 post offices <i>(Hongkong Post (HKP))</i>	To start the renovation programme in 1998-1999 <i>(1998)</i>	The renovation programme started in July 1998. <i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To provide late evening collection of mail in street posting boxes in major commercial and industrial areas (HKP)</p>	<p>To provide such service in 12 major commercial and industrial areas by October 1998 (1998)</p>	<p>Late evening collection of mail in the 12 areas started in October 1998. (Action Completed)</p>
<p>To extend the acceptance hours for privately franked mail at selected major post offices (HKP)</p>	<p>To extend the acceptance hours from 6pm to 8pm at two post offices by October 1998 (1998)</p>	<p>The acceptance hours at the General Post Office and the Tsim Sha Tsui Post Office have been extended from 6pm to 8pm since August 1998. (Action Completed)</p>
<p>To extend the facilities of mail rooms at major commercial buildings to accept franked meter items and Speedpost items (HKP)</p>	<p>To extend the facilities to 26 commercial buildings by December 1998 (1998)</p>	<p>Mail rooms at 26 commercial buildings started to accept franked meter items and Speedpost items on 31 December 1998. (Action Completed)</p>
<p>To extend the opening hours of selected major post offices (HKP)</p>	<p>To extend the opening hours of two post offices from 2pm to 6pm on Saturdays by October 1998 (1998)</p>	<p>The opening hours of the General Post Office and the Tsim Sha Tsui Post Office on Saturdays have been extended from 2pm to 6pm since 26 September 1998. (Action Completed)</p>
<p>To provide posting boxes at more Mass Transit Railway stations (HKP)</p>	<p>To provide 29 boxes at 29 additional stations by March 1999 (1998)</p>	<p>The 29 additional posting boxes have been provided since December 1998. (Action Completed)</p>
<p>To launch the “Hongkong Post – Care from the Heart” programme (HKP)</p>	<p>To complete classroom training and field coaching programme for about 3 500 staff by January 1999 (1998)</p>	<p>The classroom training and field coaching programme for about 3 500 staff was completed in November 1998. (Action Completed)</p>

Initiative	Target	Present Position
<p>To extend the computerised mail tracking and tracing system to the processing of registered mail, parcels and mail bags (HKP)</p>	<p>To complete the project by December 1999 (1998)</p>	<p>The project is in progress and expected to be completed by December 1999. <i>(Action in Progress: On Schedule)</i></p>
<p>To install a next-generation geostationary meteorological satellite system (Hong Kong Observatory (HKO))</p>	<p>To install the system in 2000 (1998)</p>	<p>The project is going to tender with a view to installation of the ground reception system and commencement of satellite data reception by the end of 2000. <i>(Action in Progress: On Schedule)</i></p>
<p>To improve the productivity of the HKP through increased mechanisation of postal processing, including installation of two additional machines for letter piling and stamp cancelling and enhancement of the Mechanised Letter Sorting System (HKP)</p>	<p>To complete the further mechanisation by the end of 1998 (1997)</p>	<p>The installation of two additional machines for letter piling and stamp cancelling was completed in December 1998. The enhancement of the Mechanised Letter Sorting System was completed in March 1999 instead of in 1998 because it took longer than expected to agree the terms of the contract with the supplier. <i>(Action Completed)</i></p>
<p>The HKO to install a high resolution numerical weather prediction system (HKO)</p>	<p>To install the system by 1999 (1997)</p>	<p>The hardware was installed in July 1999 and software will be set up by December 1999. <i>(Action in Progress: On Schedule)</i></p>

## Looking Forward

In the next 12 months, we will assess our performance in respect of this KRA against the following indicators –

Indicator	1999 Target
Implementation of quality improvement initiatives for postal services against plan	To implement three initiatives (including reciprocal money remittance services with other postal administration and two extended services in some areas) in late 1999/early 2000
Number of initiatives undertaken to improve weather information services	To implement two initiatives to improve the range of weather information available to the public

We will undertake the following initiatives to deliver results in this area –

Initiative	1999 Target
To provide reciprocal money remittance services with the China Post and the Philippine Post (HKP)	To introduce these services in late 1999
To extend bulk mail acceptance facility to more post offices (HKP)	To complete the extension programme by early 2000
To provide Sunday opening arrangement for the Airport Post Office (HKP)	To implement the improved service around late 1999
To provide additional regional weather information on the HKO Internet home page (HKO)	To complete the placing of the additional weather information on the home page around mid-2000
To extend the current four-day weather forecast to a five-day forecast (HKO)	To commence issuing five-day weather forecasts around mid-2000