

立法會
Legislative Council

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Legislative Council
Panel on Economic Services

Minutes of special meeting held on
Wednesday, 3 July 2002, at 10:45 am
in the Chamber of the Legislative Council Building

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, JP
Hon LAU Chin-shek, JP
Hon CHOY So-yuk
Hon Henry WU King-cheong, BBS, JP
- Members absent** : Dr Hon LUI Ming-wah, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Dr Hon Philip WONG Yu-hong
Hon Miriam LAU Kin-ye, JP
- Non-Panel member attending** : Hon Albert CHAN Wai-yip

Public officers : Agenda item I

Economic Development and Labour Bureau

Mrs Rebecca LAI
Commissioner for Tourism

Mrs Erika HUI
Assistant Commissioner for Tourism

Department of Justice

Mr Raymond CHAN
Senior Assistant Law Officer (Civil Law)

Territory Development Department

Mr John BINKS
Chief Engineer, Territory Development Department

Planning Department

Ms Phyllis LI
District Planning Officer (Sai Kung and Islands)

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

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

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The Chairman advised that the special meeting was convened at the request of the Administration to enable them to brief members on the latest positions in respect of the Tung Chung Cable Car Project and the development of the former Marine Police Headquarters into a heritage tourism facility, before briefing the media.

I Tung Chung Cable Car Project

(Legislative Council Brief : ESB CR 6/2091/98 (02) Pt.24)

2. At the invitation of the Chairman, the Commissioner for Tourism (C for

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Tourism) introduced the Legislative Council Brief on Tung Chung Cable Car Project, which was tabled at the meeting. In gist, the MTR Corporation Limited (MTRCL) was selected as the successful proponent to take forward the project in accordance with an agreed framework which involved the grant of a 30-year franchise for the finance, design, construction, operation and maintenance of the cable car system. With a number of initiatives identified to accelerate the implementation programme for the project, MTRCL had confirmed its full support for and confidence in advancing the original target completion date of March 2006 to August 2005. The Administration also considered it appropriate to grant MTRCL the development rights for the complementary tourist facilities at the "Tourist Corridor" at Ngong Ping. The cable car project would create some 300 jobs during the construction stage and another 300 or so jobs when the project came into operation. She further explained that the Government would enter into a provisional agreement with MTRCL and grant the franchise to it upon completion of the necessary statutory procedures.

3. Mr Fred LI appreciated the Administration's effort in briefing the Panel before making public announcements on the successful proponent for the cable car project. However, he was gravely concerned about the favourable terms granted to MTRCL. On one hand, MTRCL was granted with a 30-year franchise for the cable car system together with the right to develop and operate tourist facilities at Ngong Ping complementary to the cable car system, including the development of a "Tourist Corridor", accommodating a total of around 6000m² where commercial activities would concentrate. On the other hand, MTRCL was not required to bear the costs for other supporting facilities, which amounted to some \$76 million and would be absorbed by the Government. As there were precedent cases where private developers were required to provide supporting facilities at no costs to the Government, he queried the rationale for deviating from the usual practice and offering MTRCL such favourable terms.

4. C for Tourism clarified that the commercial viability of the cable car based on a patronage supported by the current facilities at Ngong Ping was only marginal. It was therefore important to enhance the attractiveness of the area, thus improving the visitor numbers. She added that the commercial viability of the proposed "Tourist Corridor" on its own was marginal, rendering uncertain the option of an open bidding for the development rights. It was also important to dovetail the development of the cable car system and the tourist corridor to ensure that complementary facilities were developed in time to cater for the needs of visitors to the area. She assured members that full market premium for the land designated as commercial GFA would be charged. Apart from minimizing the interface problem between the cable car system and the commercial facilities, the proposed approach would create commercial incentive for MTRCL to bring in the complementary facilities as early as possible.

5. Mr LAU Chin-shek was concerned that if the cable car system was operating at a loss in the end, it would have impact on the credit rating of the company and impose a pressure for fare increase on other railway lines. C for Tourism clarified

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that there would have to be proper financial and risk assessments by MTRCL before the company made a decision to commit on new investments. In the case of the Project, she believed that the development of the cable car system might have a positive impact on the Tung Chung line. The financial assessment also took into account extra MTR fare revenue from increased patronage induced by the cable car system.

6. In response to the Chairman's question about details of the operator selection exercise, C for Tourism said that the Administration received three proposals upon close of submission. It short-listed two proponents, including MTRCL, for further negotiation. Based on pre-determined assessment criteria, MTRCL's proposal was selected. Upon Mr Henry WU's enquiry, C for Tourism confirmed that MTRCL had committed to invest some \$750 million for the cable car project and the development of the "Tourist Corridor".

7. Mr Howard YOUNG welcomed the idea of developing Ngong Ping as one of the major tourist attractions. He also supported the early completion of the cable car project to tie in with the opening of the Hong Kong Disneyland.

8. Regarding the cooperation between MTRCL and Kwoon Chung Bus Holdings Limited, and the alliance with Skyrail-ITM of Australia as set out in paragraph 8 of the paper, Mr Howard YOUNG opined that in order to ensure fair competition, business partners should be selected through public tender. Mr Albert CHAN also pointed out that as the existing bus services operated by Kwoon Chung Bus Holdings Limited relied heavily on the revenue generated by the route to Po Lin Monastery, the cooperation plan between the bus company and MTRCL might affect the cross subsidy to other local routes which, in turn, might lead to an increase in bus fares. C for Tourism clarified that the cooperation between MTRCL and Kwoon Chung Bus Holdings Limited did not involve any capital or revenue sharing. It aimed at enhancing the coordination between the two modes of transport services in the areas.

9. Mr Howard YOUNG sought clarification on whether there were guidelines stipulating the nature of business allowed for in the "Tourist Corridor" so as to enhance its attractiveness.

10. C for Tourism replied that the theme of the "Tourist Corridor" would focus on the natural landscape and heritage of the area. A "theme village" integrated with complementary facilities would be provided at Ngong Ping. She said that the draft Ngong Ping Outline Zoning Plan would be gazetted for public inspection and the final plan would have to be approved by the Town Planning Board before implementation.

11. In response to Mr Albert CHAN's enquiry, the District Planning Officer (Sai Kung and Islands) confirmed that the terminus of the cable car system in Tung Chung would be located close to the existing Tung Chung MTR station.

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12. Mr Albert CHAN said he supported the project in principle. In view of Po Lin Monastery's reported resistance against the development of a hotel next to it, Mr CHAN enquired whether the Administration had consulted Po Lin Monastery on the development of the "theme village". He was worried that the business of the small traditional stalls next to Po Lin Monastery would be seriously affected upon the opening of the "Tourist Corridor". On the environmental front, Mr CHAN was gravely concerned about the impact on Tai O residents of the outfall of the proposed sewage treatment plant. He also sought information on the preservation of trees at Ngong Ping. Miss CHOY So-yuk also sought information on whether green groups and local residents had been consulted on the development of the cable car project.

13. C for Tourism confirmed that there had been discussions with Po Lin Monastery on a number of occasions. There had also been consultation with green groups, the District Council and local organizations on the project. The draft Ngong Ping Outline Zoning Plan was going through a public consultation process.

14. As the meeting was convened at short notice, most members were not able to attend the full meeting due to prior engagement. The Chairman suggested and members agreed to continue discussion with the Administration on the item at the forthcoming meeting to be held on 22 July 2002.

(Post meeting note : As the Secretary for Economic Development and Labour would be away on overseas duty from 20 to 25 July 2002, the Chairman had agreed to defer the next meeting to 29 July 2002.)

II Former Marine Police Headquarters
(Legislative Council Brief : ESB CR 22/24/17)

15. Members agreed to defer the discussion of the item to the next Panel meeting.

III Any other business

16. There being no other business, the meeting ended at 11:20 am.