

Legislative Council Panel on Transport

**Application from the Peak Tramways Company Limited
for Extension of the Period to run and operate the Peak Tramway**

INTRODUCTION

The existing period for which the Peak Tramways Company Limited (“the Company”) was granted the right to run and operate the peak tramway will expire on 31 December 2003. The Company has requested to extend the period of its operating right for 10 years. This paper sets out our assessment on the proposed extension. Members’ views are welcome.

BACKGROUND

2. The peak tramway is essentially a tourist and recreational facility. When the operating right of the Company was last examined by the Executive Council in 1980’s, the Company was granted an operating right from 1 January 1984 for 10 years plus an extension of 10 years subject to payment of a premium of \$2.79 million and commitment from the Company to modernize the peak tramway system. At the same time, the fares of the peak tramway were de-regulated.

3. Section 2A(5) of the Peak Tramway Ordinance, Cap.265 (“the Ordinance”) stipulates that the Company may request an extension of its operating right not less than one year before the expiry of any further period (i.e. 1 January 1994 - 31 December 2003) for which the right is granted. Section 2A(6) of the Ordinance stipulates that the Chief Executive in Council may, pursuant to a request submitted under section 2A(5), grant an extension for a further period not exceeding 10 years on such terms as may be agreed between the Company and the Government. In accordance with section 2A(5) of the Ordinance, the Company has requested an extension of its operating right.

ASSESSMENT OF THE APPLICATION

4. The Government has carefully examined the past performance of the Company in terms of safety and service aspects. Our assessments are summarized below.

Safety aspect

5. There are provisions in the Ordinance and its subsidiary legislation governing the safe operation of the peak tramway, which cover the following major aspects -

- (a) design and construction of the peak tramway (including tramcars);
- (b) motive powers, machinery and apparatus used on or for the peak tramway;
- (c) closure of peak tramway for safety reasons or repairs; and
- (d) appointment of relevant officers for the overall safety of the peak tramway such as engineering superintendent, inspectors and duty technicians.

6. The Company has carried out inspection and maintenance works in compliance with the relevant legal requirements. The Company has also carried out a number of major preventive or improvement measures to enhance the safety of the peak tramway. These measures include replacement of main motor generator, replacement of haulage rope and brake cylinders as well as renewal of track anchorage.

7. During the past 10 years, there was no major incident involving the operation of the peak tramway. There were some occasional suspensions of its service, which were mainly due to the Company's pre-publicized maintenance works, inclement weather (e.g. hoisting of typhoon signal no. 8) or minor equipment faults. Moreover, swift actions were taken by the Company to rectify the minor equipment faults.

Service aspect

8. The peak tramway under the operation of the Company has remained a major tourist attraction in Hong Kong. Its average daily patronage increased by 12% from about 9,100 in 1998 to about 10,200 in 2002. The outbreak of Severe Acute Respiratory Syndrome (“SARS”) in March 2003 caused a substantial drop of patronage during the most critical weeks, but the Company maintained the normal service timetable throughout the SARS period for the convenience of passengers. The patronage level of the Company has picked up recently and was about 9,400 passengers daily in the third quarter of 2003.

9. The Transport Complaints Unit received only three complaints on peak tramway in the past 10 years. These complaints concerned mainly queuing arrangements and were minor in nature. The Company has taken improvement measures as appropriate in response to the complaints.

Improvements to be made by the Company

10. The Company indicated that it has plans to further improve its operation and passenger facilities, such as improvement to the physical environment of intermediate stations, replacement of tramcar windows and floorings, and carrying out feasibility studies for upgrading the peak tramway signaling system and improving the stability and conditions of certain sections of the tramway track.

OVERALL ASSESSMENT ON THE PROPOSED EXTENSION

11. In the light of the assessments above, we consider that the Company has provided stable and satisfactory service in terms of safety and service aspects. It has provided one of the major local tourist attractions in Hong Kong. Moreover, it has indicated plans to further improve its operation and passenger facilities. We intend to recommend the Chief Executive in Council to approve the Company’s request for a 10-year extension of its right to run and operate the peak tramway in accordance with

Section 2A(6) of the Ordinance subject to the payment of a lump sum full market premium by the Company to the Government for the land occupied for the operation of the peak tramway.

Environment, Transport and Works Bureau
October 2003