

**LEGISLATIVE COUNCIL BILLS COMMITTEE
ON TUNG CHUNG CABLE CAR BILL**

Information for the Bills Committee

INTRODUCTION

This paper contains information requested by the Legislative Council Bills Committee on the Tung Chung Cable Car Bill (the Bills Committee).

BACKGROUND

2. At the first meeting of the Bills Committee held on 17 March 2003, Members asked for information concerning the Tung Chung Cable Car Project (the Project) in respect of the following issues –

- (a) assessment of proposals for the Project and the selection of MTRCL as the successful proponent;
- (b) impact of the Cable Car System on other transport operators on Lantau;
- (c) land use planning matters; and
- (d) protection against contamination.

3. In April 2001, we invited detailed proposals for taking forward the Project in accordance with the agreed implementation framework through an open competitive exercise. Under the implementation framework for the Project, the Government provided the broad parameters within which the development of the Cable Car System was considered feasible. All proposals had to be based on the specified parameters. The successful proponent would be responsible for undertaking detailed design of the Cable Car System, including determining the final alignment of the System, and the choice of the System; carrying out requisite environmental and technical studies; and completing all the necessary statutory procedures as part of the franchise.

Assessment of Proposals

4. The criteria used to evaluate the proposals from project proponents were set out in the Project Brief.

5. The system used to assess the proposals gave equal emphasis to two groups of criteria, namely the technical aspects, and the financial and general aspects of proposals received. The technical aspects covered the following areas –

- (a) technical competence and expertise;
- (b) design of the Cable Car System;
- (c) implementation programme of the Project;
- (d) environmental and ecological consideration of the Project;
- (e) planning and transport considerations;
- (f) land consideration;
- (g) design philosophy for safety and rescue provisions of the Cable Car System; and
- (h) construction method and supervision.

The financial and general aspects covered the following areas –

- (a) ability to finance the Project;
- (b) reasonableness of assumptions underlying the financial projections and robustness of its financial viability;
- (c) royalty payment, if any;
- (d) Government support required, if any; and
- (e) tourism benefits.

6. The Government received three submissions upon close of submission in July 2001, and short-listed two proponents, including MTRCL, for further negotiations in January 2002. Based on the pre-determined assessment criteria, the Assessment Panel formed to assess the Final Proposals submitted by the two short-listed proponents concluded in May 2002 that while both proponents were financially capable of taking up the Project, the proposal from MTRCL had a significant advantage in a number of aspects.

7. MTRCL had shown more commitment to the Project by putting up a Final Proposal which addressed issues more comprehensively, and had put more thought to developing the Cable Car System as a tourist facility. The company also performed better in respect of proposed royalty payment, land requirements, safety and rescue provisions, the implementation programme, and environmental and ecological matters.

Impact on Other Transport Operators

8. Development of the Cable Car System is expected to bring a substantial increase in the number of visitors to Ngong Ping. MTRCL estimated that the visitor numbers to Ngong Ping in 1999 was around 1.16 million; with the developments at Ngong Ping and the Cable Car System, the total number of visitors, local and overseas, to the area will reach 1.9 million and 2.5 million in 2006 and 2016 respectively. The Cable Car System was expected to have some impact on the market share of the Tung Chung – Ngong Ping service of the New Lantau Bus Company (1973) Limited (NLB). However, it was also envisaged that NLB buses would benefit from the additional visitors to Lantau induced by the Cable Car System and other developments at Ngong Ping.

9. MTRCL have indicated that they have entered into an agreement-in-principle with Kwoon Chung Bus Holdings Limited, which owns NLB, to serve as their operating partner for the Cable Car System. NLB can complement the operation of the Cable Car System by offering integrated transport and tourism promotion packages to South Lantau and a round-Lantau bus tour service.

10. Transport Department plans to commence a study later this year to assess the impact of various developments on Lantau including the Cable Car System on franchised bus services.

11. According to the Transport Department's initial assessment, the impact of the Cable Car System on the taxi service on Lantau is not expected to be significant because Lantau taxis provides personal door-to-door service for passengers and its function is quite distinct from the Cable Car System. Whilst the Cable Car System may divert some

passengers from Lantau taxis on the route between Tung Chung and Ngong Ping, the Cable Car System is also expected to generate new transport demands which would also benefit the Lantau taxi trade.

Land Use Planning Framework

12. In accordance with the project implementation framework, Government will provide to the franchisee the land required for the terminals at Tung Chung and Ngong Ping, the intermediate station on the Airport Island, any angle stations which may be required and the pylons. The franchisee will be granted under the proposed enabling legislation the right to use, without land title, and let out the commercial space at the terminals. In return, the franchisee will be required to pay to the Government a lump sum at full market value for the commercial space upon signing of the Project Agreement.

13. The site for the Tung Chung Terminal will cater for the functional requirements of the Cable Car System and commercial developments of a commercial gross floor area (GFA) of up to 11,000 m² and a transport interchange. The terminal will be connected by a footbridge to the MTR Tung Chung Station.

14. The Ngong Ping Terminal is planned on a site to the northwest of the core area of Ngong Ping. The site for the terminal will cater for the functional requirements of the Cable Car System and a commercial GFA of 1,200 m².

15. Apart from the development of the Cable Car System, there is a need to renew and upgrade the facilities at Ngong Ping to further promote and sustain its attractiveness as one of our major tourist attractions, and to enhance its appeal to visitors. This view was shared by Members of the Legislative Council Panel on Economic Services who, when consulted in January 2001, expressed the view that there should be complementary development at Ngong Ping to tie in with the development of the Cable Car System. Accordingly, the Government will grant to MTRCL, by means of private treaty grant, the right to develop a themed tourist corridor, accommodating a total of around 6,000 m² of commercial GFA. The tourist corridor will provide

complementary facilities to meet the needs of visitors to Ngong Ping. The tourist corridor will be subject to various planning restrictions, such as development intensity, building height and the permissible uses in its different zones, to ensure that it is compatible with the heritage and setting of Ngong Ping.

16. The Government will also provide for the necessary infrastructure facilities such as a sewage treatment plant, a water supply system and a public transport interchange, which will serve both the local population and visitors to the area. We will also take forward a number of developments to complement the Cable Car development. These include –

- (a) bringing improvements to the core area of Ngong Ping, to form a “Piazza” of approximately 18,000m², linking the themed tourist corridor with the Statue of Buddha and Po Lin Monastery. The proposed piazza will also serve as a gathering ground for visitors and a focus for activities; and
- (b) bringing improvements to other existing public facilities, including access roads, a new refuse collection point and public toilets.

The implementation programme of the proposed complementary facilities at Ngong Ping is set out at Annex A.

17. The Planning Department is taking forward the necessary procedures to establish the land use planning framework for Ngong Ping and Tung Chung respectively to reflect the land uses described above. The relevant draft outline zoning plans will soon be submitted to the Executive Council for approval in accordance with the procedures established under the Town Planning Ordinance (Cap. 131). The process is proceeding in accordance with the master programme for the Project.

Protection Against Contamination

18. Contamination of the environment is regulated during the course of the construction, operation and maintenance of the Cable Car

System by the relevant environmental legislation. For example, the Waste Disposal Ordinance (Cap. 354) regulates the disposal of the mineral oils used as lubricants for engines. This is classified as chemical waste under the Ordinance. In particular, the Ordinance and the Waste Disposal (Chemical Waste)(General) Regulations control all aspects of chemical waste management including the packaging, labeling, storage, collection, transport, treatment and final disposal. A failure to comply with the relevant provisions would be subject to punishment under the legislation.

19. The franchisee will also have ongoing obligations under the Project Agreement to comply with all relevant legislation, including environmental legislation. Any substantial breach of the Project Agreement, including non-compliance with any relevant legislation, would attract a financial penalty.

20. In practice, under its current proposal, MTRCL proposes to lubricate the rope with an environmentally-friendly lubricant which is a bio-degradable product widely used by ropeways in Europe.

CONCLUSION

21. Members are invited to note the information presented in this paper.

Tourism Commission
Economic Development and Labour Bureau
28 March 2003

**Implementation Programme of
the Proposed Complementary Facilities at Ngong Ping**

Target completion dates	Facilities
April 2005	Ngong Ping Public Transport Interchange
July 2005	Ngong Ping Sewage Treatment Plant
	Provision of Water Supply to Ngong Ping
August 2005	Piazza and improvements to other existing public facilities, including access roads, a new refuse collection point and public toilets
<i>[August 2005]</i>	<i>Commissioning of Cable Car System and completion of Tourist Corridor by MTRCL</i>