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Panel on Economic Services

Background Brief on Ngong Ping 360

Purpose

This paper sets out the background to the development of the Tung Chung Cable Car system ("the Cable Car System"), and the themed cultural village and associated attractions and facilities in Ngong Ping (now collectively known as "Ngong Ping 360"). The paper also summarizes members' deliberations in the past over the related issues.

Background

2. In 1998, the Financial Secretary announced Government's decision to proceed with the construction of a cable car project ("the Project") linking Tung Chung and Ngong Ping on Lantau Island as a tourist attraction. Under the framework approved for implementing the Project, the Government proposed to grant a 30-year franchise for the financing, design, construction, operation and maintenance of the Cable Car System on a Build-Operate-Transfer basis. The Government also provided the land required for the Cable Car System.

Provisional Agreement with MTR Corporation Limited

3. In July 2002, the Government entered into a Provisional Agreement with the MTR Corporation Limited ("MTRCL"), under which MTRCL would commence preparatory work on the Project before the grant of the franchise. The Government, on the other hand, would seek the enactment of the enabling legislation for the franchise and would work with MTRCL to prepare a Project Agreement to provide a legal framework for the granting of the franchise and the construction, operation and maintenance of the Cable Car System.

Tung Chung Cable Car Bill

- 4. On 12 February 2003, the Administration introduced the Tung Chung Cable Car Bill ("the Bill") into the Legislative Council. The Bill sought to provide the legal framework for the grant of a franchise for the operation of the Cable Car System.
- 5. A Bills Committee was formed to study the Bill. In the course of deliberation, the Bills Committee had examined, inter alia, the following issues:
 - (a) franchise for the financing, design, construction, operation and maintenance of the Cable Car System and the mechanism for resolving disputes between the Government and the franchisee;
 - (b) easements and miscellaneous land matters;
 - (c) royalty payments by the franchisee to the Government;
 - (d) financial penalties on the franchisee in the event of persistent failure to comply with the statutory requirements and substantial breaches of the Project Agreement;
 - (e) power conferred on the franchisee to make bylaws and prosecute offences under the bylaws made under the Bill;
 - (f) operation and safety standards of the Cable Car System;
 - (g) environmental implications of the Cable Car System;
 - (h) impacts of the Cable Car System on public transport operators;
 - (i) justifications for granting the development rights of both the Cable Car System and the themed cultural village and associated attractions and facilities in Ngong Ping to the same proponent; and
 - (j) local views on the proposed implementation of the Cable Car System, in particular, Po Lin Monastery, and whether Po Lin Monastery would continue to open its facilities, including the Statue of Buddha to the public upon commencement of the Cable Car System.
- 6. On 28 May 2003, the Council passed the Tung Chung Cable Car Bill.

Project Agreement with MTR Corporation Limited

- 7. In November 2003, the Government entered into a Project Agreement with MTRCL for a franchise of 30 years based on a Build-Operate-Transfer model for the finance, design, construction, operation and maintenance of the Cable Car System linking Tung Chung and Ngong Ping on the Lantau Island. The Government also granted the MTRCL a 30-year land lease for the development of complementary tourist facilities in the form of a themed village leading from the Ngong Ping Terminal of the Cable Car System to the core area of Ngong Ping.
- 8. MTRCL appointed the Skyrail-ITM (Hong Kong) Limited (Skyrail) to operate and manage the whole Project. According to the Administration, Skyrail has experience in operating the Rainforest Cableway in Cairns, Australia, which is considered one of the best ecotourism projects in the world.
- 9. Skyrail launched a marketing campaign for the Project in April 2005. It announced the new name of the Project as the "Ngong Ping 360", meaning the panoramic views of the North Lantau Country Park, Tung Chung Bay, the Hong Kong International Airport and the Giant Statue of Buddha at Ngong Ping that visitors would enjoy from the Cable Car System. The new name of the Cable Car System is "Ngong Ping Skyrail", while that of the themed village is the "Ngong Ping Village".

Tung Chung Cable Car Bylaw

- 10. In June 2005, the Secretary for the Economic Development and Labour ("the Secretary") gave notice to move a motion at the Legislative Council meeting of 29 June 2005. The motion sought the Legislative Council to approve the Tung Chung Cable Car Bylaw ("the Bylaw") made by MTRCL under section 22 of the Tung Chung Cable Car Ordinance (Cap. 577).
- 11. MTRCL proposed to make the Bylaw to achieve the following purposes:
 - (a) provide safety precautions to passengers on the Cable Car System and people in the Cable Car System area;
 - (b) avoid causing any inconvenience or nuisance to other passengers by authorizing MTRCL to manage certain conduct of passengers on the Cable Car System;
 - (c) provide a system for the effective management of the Cable Car System such as the ticketing arrangement and the handling of property found on

- the Cable Car System and in the Cable Car System area; and
- (d) provide for proper traffic management in the Cable Car System area such as dealing with vehicles left there and regulating the conduct of drivers and vehicles in the Cable Car System area.
- 12. A Subcommittee was formed to examine the Bylaw. In the course of deliberation, the Subcommittee had examined, inter alia, the following issues:
 - (a) mechanism for notifying the general public and the travel and tourism trades of any fare adjustments by the operator;
 - (b) refund policy of the operator;
 - (c) conduct of persons on the Cable Car System or in the Cable Car System area:
 - (d) enforcement of the Bylaw; and
 - (e) impact of the Cable Car System on existing public transport services and tourism development in other parts of Lantau.
- 13. The Council passed the resolution moved by the Secretary on 2 November 2005.

Latest development

14. The Administration and the operator of Ngong Ping 360 will brief the Panel on Economic Services at its meeting on 24 April 2006 on the preparatory work for the commencement of the project in mid 2006. The Environmental Affairs Panel will also discuss with the Environmental Protection Department measures to reduce the environmental impacts of the Tung Chung Cable Car Project on the ecology of Ngong Ping at its meeting on 24 April 2006.

Council Business Division 1
Legislative Council Secretariat
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