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Paper for the House Committee meeting on 8 November 2013

**Report of the Bills Committee on
Peak Tramway (Amendment) Bill 2013**

Purpose

This paper reports on the deliberations of the Bills Committee on Peak Tramway (Amendment) Bill 2013 ("the Bills Committee").

Background

2. The peak tramway is run and operated by the Peak Tramways Company Limited ("the PTC") on strength of an operating right granted by the Chief Executive in Council under the Peak Tramway Ordinance (Cap. 265) ("the PTO"). In the 1980s, the PTC 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 PTC to modernize the peak tramway system. At the same time, the fares of the peak tramway were de-regulated.

3. Pursuant to a request made by the PTC in accordance with the PTO in late 2002, the Chief Executive in Council granted in 2003 an extension of the PTC's right to run and operate the peak tramway for a period of 10 years from 1 January 2004 to 31 December 2013.

4. In late 2012, the PTC approached the Government for an extension of its right to run and operate the peak tramway beyond end-2013. During the discussion between the Government and the PTC on this request, it had come to the Government's attention that the relevant provisions in the PTO which were intended to be relied on for further extension were one-off provisions applicable only to the last extension granted in 2003. The PTO has to be amended to enable the Chief Executive in Council to have the power to grant the operating right of the peak tramway again.

The Bill

5. Against the above background, the Administration proposes to amend the PTO to empower the Chief Executive in Council to grant to the PTC the right to run and operate the peak tramway for an interim period of two years, commencing on 1 January 2014.

The Bills Committee

6. At the House Committee meeting on 11 October 2013, members agreed to form a Bills Committee to scrutinize the Bill. The membership list of the Bills Committee is in the **Appendix**. Under the chairmanship of Hon Jeffrey LAM Kin-fung, the Bills Committee has held one meeting with the Administration.

Deliberations of the Bills Committee

7. The Bills Committee notes that the introduction of the Bill is the first stage of a two-stage legislative amendment exercise and is to provide for a one-off operating right of two years to the PTC on a term to be agreed between the Government and the PTC, i.e. the PTC's payment of a premium to the Government. This is an interim measure to ensure that there should be no disruption to the peak tramway service because of the legal problem, and to give time for the Government to work with the PTC to resolve all the issues related to the long-term arrangements for the peak tramway operation. The Bills Committee is generally in support of the Bill and urges the operator to continue to maintain and improve the performance and operation of the peak tramway in the interim period.

8. The Bills Committee also notices that in the second stage of the legislative amendment exercise, the Administration would study and decide the long-term arrangements for the peak tramway operation, including assessing the merits and feasibility of the PTC's proposed upgrading plan¹ for peak tramway system and services, and how the

¹ Based on preliminary information provided by the PTC, the plan comprises road, civil engineering, drainage and other works and requires heavy investment. Its key features include –

- (a) replacement of tramcars with new ones that can increase carrying capacity by over 60%;
- (b) substantial improvement of the two termini to expand the holding capacity and improve the waiting environment;
- (c) installation of an upgraded haulage system to operate the enlarged tramcars whilst maintaining safety and reliability; and
- (d) replacement of all track rails and structural improvement of track foundation and tramway bridges.

operating right should be granted, extended and, where necessary, ended for the long term having regard to the upgrading plan (if it is considered meritorious and feasible in the end). The Administration will prepare another bill on the long-term arrangements for timely introduction into the Legislative Council so that they could be ready for implementation before the end of the interim period on 31 December 2015.

9. As there are a number of complex issues to be resolved for the long-term arrangements for the peak tramway operation, the Bills Committee is concerned whether all the issues can be resolved in a timely manner during the two-year interim period. The Administration has advised that it would make every effort to complete the second stage of the legislative amendment exercise within the two-year interim period.

10. In the course of deliberation, the Bills Committee has expressed concerns on the significant increase in tourists and the demand for the peak tramway service. It urges the operator to explore measures to improve the queuing environment for passengers and reduce waiting time. The Administration takes note of the concerns of the Bills Committee and advises that it will in due course examine the PTC's upgrading plan for the peak tramway system and services for improvements in the long run. In the meantime, the PTC has already implemented various measures to improve the queuing environment and reduce waiting time, such as arranging separate queues for passengers holding different kinds of tickets to get aboard and allowing pre-booked tickets.

11. The Bills Committee has some concerns that in the midst of uncertainty over the next two years, the PTC may take a passive approach in provision of service and seeks information on the PTC's maintenance/improvement plans for the next two years (subject to it being granted the operating right for the two-year period). The Administration gives such information as understood from the PTC and gives supplementary information after the meeting. In gist, planned measures to maintain the safe operation of the peak tramway include the replacement of direct current motors and haulage ropes, upgrade of the haulage drum, repair of the tramcar body and roof, strengthening of the track and foundation, etc. Further, the PTC plans to enhance its services by implementing various measures which include upgrading the ticketing system and installation of display boards for hearing impaired passengers. It is estimated by the PTC that these measures require an investment of over \$75 million in 2014 and 2015.

12. The Bills Committee has enquired about the details pertaining to complaints made against the PTC. The Administration advises that there

are less than two complaints from the public against the peak tramway service each year on average. Nor does the Travel Industry Council of Hong Kong receive major complaints against the peak tramway service.

13. Hon YIU Si-wing considers that as the peak tramway system has evolved from a form of public transport to a tourism facility, the Administration should take the opportunity to explore whether the policy responsibility for overseeing its operation should be changed from the Transport and Housing Bureau to the Commerce and Economic Development Bureau so as to facilitate its strategic development, as well as for better promotion and coordination of tourism facilities. The Administration takes note of the views of Mr YIU.

Committee Stage amendments

14. The Bills Committee and the Administration will not propose any Committee Stage amendments to the Bill.

Resumption of Second Reading debate

15. The Bills Committee supports the resumption of the Second Reading debate on the Bill at the Council meeting on 20 November 2013.

Advice Sought

16. Members are invited to note the deliberations of the Bills Committee.

Council Business Division 1
Legislative Council Secretariat
7 November 2013

Bills Committee on Peak Tramway (Amendment) Bill 2013

Membership list

Chairman Hon Jeffrey LAM Kin-fung, GBS, JP

Members Hon CHAN Kam-lam, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Ronny TONG Ka-wah, SC
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Dr Hon Kenneth CHAN Ka-lok
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Hon TANG Ka-piu

(Total : 10 Members)

Clerk Ms Sophie LAU

Legal Adviser Miss Evelyn LEE