

For consideration
On 26 February 2001

**Legislative Council Panel on Economic Services
Meeting on 26 February 2001**

Tung Chung Cable Car Project

PURPOSE

This paper sets out the Government's proposal for the development of a cable car system on Lantau Island.

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 by commercial interests. The Government subsequently tasked the Mass Transit Railway Corporation to undertake a feasibility study (the Study) on the development of the proposal.

The Study

3. The Study concluded that the Project is feasible in both financial and technical terms and will bring about social-economic benefits to the Hong Kong economy, including inducing additional tourist visitation to attractions on Lantau Island, serving as another tourist attraction to enhance visitors' experience in Hong Kong, etc.

Proposed alignment in the Study

4. The Study recommended that the alignment should start with the Tung Chung Terminal at the Tung Chung Town Centre, with the cableway extending towards an intermediate station on the south shore of the Airport Island, and then turning up to the Ngong Ping Terminal at the Ngong Ping plateau. The proposed alignment is shown at Annex. The location of the Tung Chung Terminal at Tung Chung Town Centre is essential for ensuring adequate public transport links for cable car riders to the system. The intermediate station on the Airport Island, apart from serving as a turning station, is expected to capture the interest of the transit passengers in taking a short trip to Ngong Ping while they stay in Hong Kong. The proposed location of Ngong Ping Terminal has the advantages of being close to the Giant Buddha, a tourism spot.

Revised alignment

5. After the release of the Study report, the Airport Authority expressed concern about the location of the proposed intermediate station, although they supported the development of the intermediate station. The proximity of the proposed location to the fuel tank farm might pose a safety issue and preclude future expansion of the fuel tank farm. To address the problem, the Government conducted in December 2000 a desk top study to identify other possible alternative locations of the intermediate station. The aim is to identify new alignment options.

6. The desk top study has worked on the basis of a set of assessment criteria. These criteria include, amongst others, aspects like ecological and environmental impacts, technical and safety considerations, land use compatibility, etc. An alternative alignment, shown as “Preliminary Preferred Alignment” (PPA) at the Annex, has been established. Within known constraints in respect of environmental and safety issues, there will be flexibility for making

adjustments to the PPA to establish the final alignment after further detailed assessment and studies.

Proposed framework for bidding

7. We intend to select through competitive bidding a suitable commercial entity to implement the Project on a Build-Operate-Transfer (BOT) model. The basic parameters for bidding are as follows -
 - (a) a franchise will be granted for the finance, design, construction and operation of the cable car system. The franchise will include the right to collect fare for riding on the cable car over the franchise period;
 - (b) Government will provide the land required for the cable car system, including the terminal and the intermediate stations, pylons, and aerial ropeway, etc.; and
 - (c) a new enabling legislation and a project agreement will be prepared to provide a legal framework for the granting of the franchise and the construction, operation and maintenance of the cable car system; the successful bidder will need to complete detailed assessment and detailed design for the system, and go through all the necessary statutory procedures before the franchise will take effect.

8. Submissions will be assessed on the basis of –
 - (a) detailed technical/engineering plans covering implementation programme, system design, safety and rescue provisions, and environmental, ecological, planning, land and transport considerations, etc., and
 - (b) detailed business plans, including projected passenger

throughput, revenue forecast, financing plan, as well as proposals regarding the form and size of royalty payment for the franchise and any commercial concessions that may be granted.

9. The successful bidder will be required to carry out detailed studies to determine the system and terminal design, land use requirements, etc., and to determine the final alignment. The successful bidder will also take forward necessary statutory procedures required for the development of the system including carrying out environmental impact assessment, and making submissions to relevant statutory authorities such as the Town Planning Board, the Advisory Council on the Environment, and the Country and Marine Parks Board.

CONSULTATION

10. Since a major part of the alignment straddles the country park, we are conducting a preliminary round of consultation with parties concerned on the PPA to ensure that the proposed alignment is generally acceptable to the local community and from the perspective of environmental concern. We have consulted the Country and Marine Parks Board and the Islands District Council on the PPA, and will soon consult the Advisory Council on the Environment before firming up details for bringing forward the Project.

WAY FORWARD

11. We plan to invite detailed proposals from bidders in the second quarter of 2001. Our target is to identify a successful bidder by the end of 2001 and to have the cable car system commence operation by early 2006.

12. The successful bidder will take necessary steps to satisfy

statutory requirements under different legislation such as the Town Planning Ordinance, the Environmental Impact Assessment Ordinance and the Country Parks Ordinance. It may be necessary to revise or propose alternatives to the PPA in the process of taking forward these procedures.

ADVICE SOUGHT

13. Members are invited to express views on the proposal for the development of the cable car project as set out in this paper.

Tourism Commission
Economic Services Bureau
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