

Implications of the Implementation of the Proposal

FINANCIAL AND CIVIL SERVICE IMPLICATIONS

The reduction in commercial developments at the Tung Chung and Ngong Ping Terminals will result in a reduction in revenue to Government in respect of the land premium payable by the Franchisee. It is, however, not possible to provide a reasonable estimate of the extent of the revenue foregone in this case. There would be revenue in the event of the disposal of the site not required for the terminal building at Tung Chung. In addition, the Government may have to bear the funding of the reprovisioning of coach parking spaces at this site and temporary facilities, if any, in future should we dispose that site to the public or change its use. Current estimate of the construction cost of the coach parking inside a building above ground is about \$8.3 m.

2. For the Tourist Corridor, MTRCL will pay the land premium to the Government upfront at full market value for the PTG. By agreeing to co-terminate the PTG with the franchise, the Government also agrees to compensate MTRCL for the buildings erected on the site in the event that the franchise is revoked. The land resumption and clearance cost for the development of the Tourist Corridor is estimated to be around \$200,000. This would be charged to Head 91 Subhead 221 Item 888 “Government land clearance – exgratia allowance”.

3. There are no civil service implications arising from the proposal.

ECONOMIC IMPLICATIONS

4. MTRCL now estimates that implementation of the Project, with the revised scheme, and the Tourist Corridor will create 500 jobs at the construction stage and 250 jobs for the operation and maintenance of the System and ancillary retail/commercial outlets.

5. The tourist corridor is an important complementary tourism facility to ensure the viability of the Project and will contribute to enhancing the attractiveness of Ngong Ping as a major tourist attraction of Hong Kong. Yet in its nature as a linked project, it is difficult to quantify the direct economic benefits to be accorded by

the Tourist Corridor alone.

ENVIRONMENTAL IMPLICATIONS

6. MTRCL has already gone through the statutory environmental impact assessment (EIA) process for the Project. The EIA report was approved by the Director of Environmental Protection with conditions in June 2003 under the EIA Ordinance.

SUSTAINABILITY IMPLICATION

7. The Project and the Tourist Corridor together do not have major sustainability implications but would help enhance tourist attractions of Hong Kong and boost our tourism industry.

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