

For Discussion  
On 25 June 2018

## **Legislative Council Panel on Economic Development Operating Right of the Peak Tramway Commencing 1 January 2026**

### **Purpose**

This paper seeks Members' views on the upgrading plan of the Peak Tramways Company Limited ("PTC") in support of its application for the second ten-year operating right of the peak tramway (i.e. 2026 – 2035) under section 2B of the Peak Tramway Ordinance (Cap. 265) ("PTO"). Subject to the Chief Executive in Council ("CE-in-C")'s decision on the granting of the second ten-year operating right to PTC of the peak tramway, there is a need to amend two pieces of subsidiary legislation under the PTO and this paper also seeks Members' views on the proposed amendments.

### **Background**

2. Under the Peak Tramway (Amendment) Bill 2015 passed by the Legislative Council ("LegCo") on 28 October 2015, the CE-in-C may grant future operating right of peak tramway commencing on or after 1 January 2016 to a suitable operator in any manner that the CE-in-C thinks fit. Each operating right should not exceed ten years. The operating right is subject to terms agreed between the Government and the operator. It may be extended for a further period of not exceeding ten years if the operator can satisfy the CE-in-C that it is committed to and is capable of implementing an upgrading plan for modernizing and improving the tramway and ancillary, equipment and facilities, which will be conducive to maintaining the peak tramway as an important tourism and recreational facility. This means the total period of an operating right under the PTO could be up to 20 years, through a "ten-plus-ten year" arrangement.

3. In December 2015, the CE-in-C approved under section 2B(1) of the PTO the grant of the first ten-year operating right of peak tramway to PTC, commencing on 1 January 2016. The Government had discussed in that context with PTC issues relating to its plan to replace and upgrade the tramway system. At that time, PTC had already indicated to

the Government its intention to undertake an upgrading plan by replacing and enhancing the existing system with a new one, at an estimated cost of some \$650 million. As set out in the LegCo Brief “Operating Right of the Peak Tramway Commencing 1 January 2016” (TC CR T3/22/22/9) of 2 December 2015, without pre-empting any decisions that the CE-in-C might make in future, the Government had conveyed to PTC that –

- (a) the basis on which the sum of consideration chargeable for the new operating right would basically apply to the second ten-year operating right, barring any material difference in business performance and prospects of the operation of peak tramway. If the upgrading plan would materialise in the end and the second ten-year operating right would be granted to PTC, the sum of consideration chargeable for the first and second ten-year operating rights had already taken into account PTC’s upgrading plan which would cover use of additional government land (see (b) below), on top of the government land on which the track and the four intermediate stations lie;
- (b) any reasonable request put forth by PTC for “direct grant” of additional government land for the purpose of the upgrading plan would be considered in the context of maintaining the peak tramway as an important tourism and recreational facility, as well as land and other relevant policies, land availability and proven genuine need. Such additional government land would be granted to PTC without additional charge through an appropriate instrument; and
- (c) the land lease of the terminus site of the Peak, expiring in 2031, would be extended on basically the existing terms by four years to end-2035, so that the expiry of the lease can be co-terminus with the end date of the second ten-year operating period. As advised by Lands Department, land premium for this extension, as per the prevailing land policy, will be determined nearer the time and would reflect the then market value.

Against the above background, PTC formally submitted an application for a ten-year extension of its operating right (i.e. the second ten-year operating right from 2026 to 2035) together with an upgrading plan in support of its application in accordance with the PTO subsequently.

**PTC's upgrading plan in support of its application for an extension of the operating right**

4. Under the upgrading plan, PTC proposes to replace and enhance the existing peak tramway system in the following ways in order to provide a better service for the passengers, including –

- (a) increasing the tramcar capacity by over 75% from 120 passengers to 210 passengers, with installation of an upgraded haulage system to operate the enlarged tramcars to maintain safety and reliability;
- (b) expansion and redevelopment of the Lower Terminus at Garden Road and the Peak Tower terminus to cope with the need of longer tramcars, to expand the holding capacity and improve the waiting environment. Specifically, PTC plans to provide covered, temperature-controlled queuing and waiting area for about 1,300 passengers at the Lower Terminus by relocating the boarding and alighting platforms some 70 meters uphill and creating an extended Lower Terminus extending down to St. John's Building;
- (c) renovation of the Upper Terminus platform areas, including widening the boarding platform, increasing the number of turnstiles and points-of-sale and providing a larger waiting area prior to ticketing; and
- (d) undertaking consequential works arising from increased tram size, including replacement of all track rails and structural improvement of track foundation and tramway bridges.

These measures would address the key concern of Members on the queuing and waiting arrangements at the terminus of the Peak Tramway as gathered from the previous consultation with the Panel on Economic Development on 23 March 2015.

*Phased approach*

5. Subject to the CE-in-C's approval for its application for the second ten-year operating right, PTC aims to commence the upgrading works in late 2018, for completion in 2021, while maintaining intact the Peak Tram service as far as possible. The first phase of construction includes the facelift of part of the Tramway Path and the building of the

platform between Tramway Path and the tramway itself, with the new alighting platform adjoining Tramway Path used as the temporary boarding platform. The works (including demolition of existing cable store, site formation and new platform construction works) will be carried out from early 2019. During this period, the Peak Tram will continue its normal operation. After completion of the new alighting platform (temporary boarding platform), there will be a short period of service suspension for around 2 months for construction of a temporary alighting platform, and modification of the existing Peak Tram system for operation of the temporary platform. This temporary platform will be in operation for around 12 to 15 months. After completion of the temporary platform and arrangements, the Peak Tram service will resume and maintain its normal operation while the remaining parts of the Lower Terminus including ticket hall, waiting area, and the existing terminus in St. John's Building will undergo construction/renovation. The second period of service suspension is expected to last for around 5 months, when the existing tramcars, systems and haulage equipment are replaced with new ones.

#### *Temporary service plan*

6. There is a need for PTC to put in place a temporary service plan for the operation of the temporary platform arrangements so as to vacate the area for the construction of the new Lower Terminus. PTC's temporary arrangements maintain all existing thoroughfares and access points and aim to maintain the current frequency and capacity of the peak tram service. PTC has been in dialogue with relevant parties to minimize any impact of its temporary service plan. PTC will also keep the stakeholders informed in advance of the two planned temporary suspension periods of the peak tram service according to the established mechanism and maintain liaison with other road-based public transport operators to ensure provision of alternative public transport services as in similar planned suspensions in 2017 and 2018.

#### **PTC's application of the second ten-year operating right**

7. PTC's application for the second ten-year operating right will be submitted to the CE-in-C for consideration. Under section 2B(5) and (6) of the PTO, to grant the second ten-year operating right (i.e. from 2026 to 2035), the CE-in-C must be satisfied by evidence submitted by PTC that it is committed to and is capable of implementing a plan for modernizing

and improving the tramway and ancillary equipment and facilities; and the implementation of the plan will be conducive to maintaining the tramway as an important tourism and recreation facility. As aforementioned, the second ten-year operating right will be subject to terms agreed between the Government and the operator.

*Additional land request for the upgrading plan*

8. In submitting its application for the second ten-year operating right, PTC has requested for additional Government land for implementing the upgrading plan. According to PTC, additional land is required to build a new lower terminus platform. The additional land requested by PTC for the expanded Lower Terminus involves two areas of unused government land adjacent to either side of the tramway area, between Tramway Path and the Helena May, which is about 227m<sup>2</sup> in size. In addition, PTC has also requested for a third area of unused government land, about 152 m<sup>2</sup> in size, for the passing loop extension to cater for the relocated passing point and operation of larger tramcars. PTC's additional land request is about 379m<sup>2</sup> in total (the "additional land request"). A plan showing the additional land requested by PTC is at the **Annex**.

9. Without prejudice to the CE-in-C's decision on its application and subject to further verification of the land area involved, we are in discussion with PTC on its additional land request and will submit it together with the application for the consideration of the CE-in-C in the context of maintaining the peak tramway as an important tourism and recreational facility, as well as land and other relevant policies, land availability and proven genuine need. In considering an appropriate instrument for granting such additional government land, we will ensure that public safety will be adequately safeguarded and, in particular, any building works to be conducted on such land will be subject to the proper scrutiny of the Building Authority under the Buildings Ordinance ("BO") (Cap. 123).

*The legislative amendments consequential to the upgrading plan*

10. In respect of PTC's upgrading plan, should it be approved by the CE-in-C eventually, amendments are needed to two pieces of subsidiary legislation, which are primarily technical in nature. Firstly, in relation to the increase in the tramcar capacity from 120 passengers to 210

passengers, there is a need to revise the maximum number of passengers of a tramcar from 120 to 210 under Regulation 21 of the Peak Tramway (Safety) Regulations (Cap. 265A). Secondly, under PTC's upgrading plan, a portion of the new Lower Terminus will fall within the existing tramway area, which is unleased government land, and thus will not be subject to the scrutiny of the Building Authority by virtue of section 41 of the BO. Given the substantial building works involved in the construction of the new Lower Terminus, it is proposed to de-designate the portion of the existing tramway area on which the new Lower Terminus will situate from the Plan as defined under section 3(3) of the PTO and to grant this portion of land (together with the rest of the additional land) to PTC by way of a proper land instrument so that the building works of the whole new Lower Terminus would be subject to proper statutory scrutiny under the Buildings Ordinance by the Building Authority.

11. Subject to the decision of CE-in-C on the application and the upgrading plan, we aim to table the above two pieces of amendment regulation at the LegCo for negative vetting in the fourth quarter of 2018.

### **Land lease of the terminus site of the Peak**

12. As reported in the aforementioned LegCo Brief of 2 December 2015, subject to the CE-in-C's decision on the granting of the second ten-year operating right, the land lease of the terminus site of the Peak (RBL1104), expiring in 2031, would be extended to end 2035 so that the expiry of the lease can be co-terminus with the end date of the second ten-year operating period and would be granted basically on the existing terms of the land lease RBL 1104. It was also made clear in the above LegCo Brief that the land premium for the extension will be determined nearer the time before expiry of the existing lease so as to reflect the then market value as per the prevailing land policy. This remains to be the Government's position.

### **Public Consultation**

13. PTC has consulted stakeholders who might have concern on the proposed works of upgrading plan and those who would be directly affected by the construction works or the operation of the peak tramway following the upgrading plan, including users in the neighbourhood such as the World Wide Fund for Nature Hong Kong, the Helena May, the St. Joseph's College, the Leisure and Cultural Services Department, the

Branksome Crest, etc. All of them have expressed no objection to the proposed works.

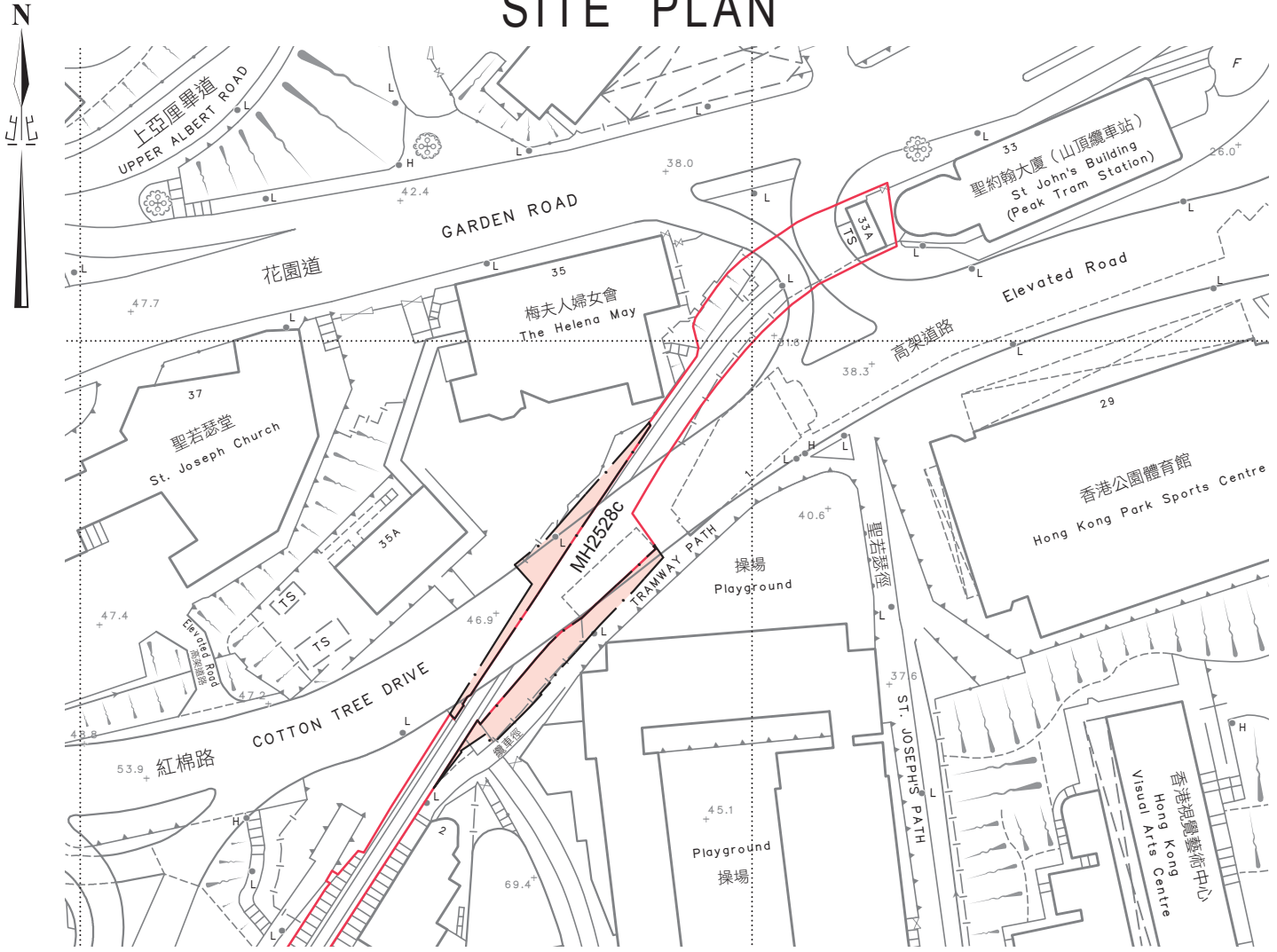
14. On 12 April 2018, we, together with PTC, consulted the Central and Western District Council (C&WDC) Transport and Traffic Committee (TTC) on PTC's upgrading plan. C&WDC TTC was generally supportive of the upgrading plan.

**Advice sought**

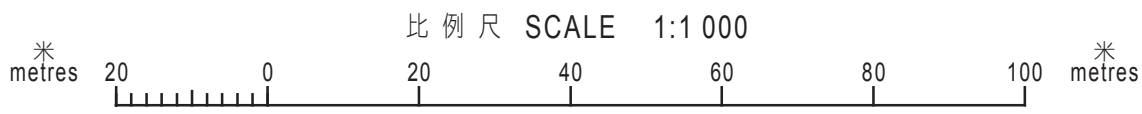
15. Members' views are sought on PTC's upgrading plan and the legislative amendment proposals as set out in paragraphs 4 to 12 above.

Commerce and Economic Development Bureau  
June 2018

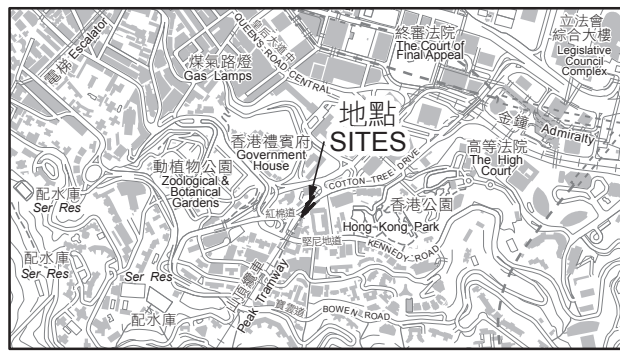
# 位置圖 SITE PLAN



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COLOURED PINK AREA 227 SQUARE METRES (ABOUT)



## 位置 LOCATION



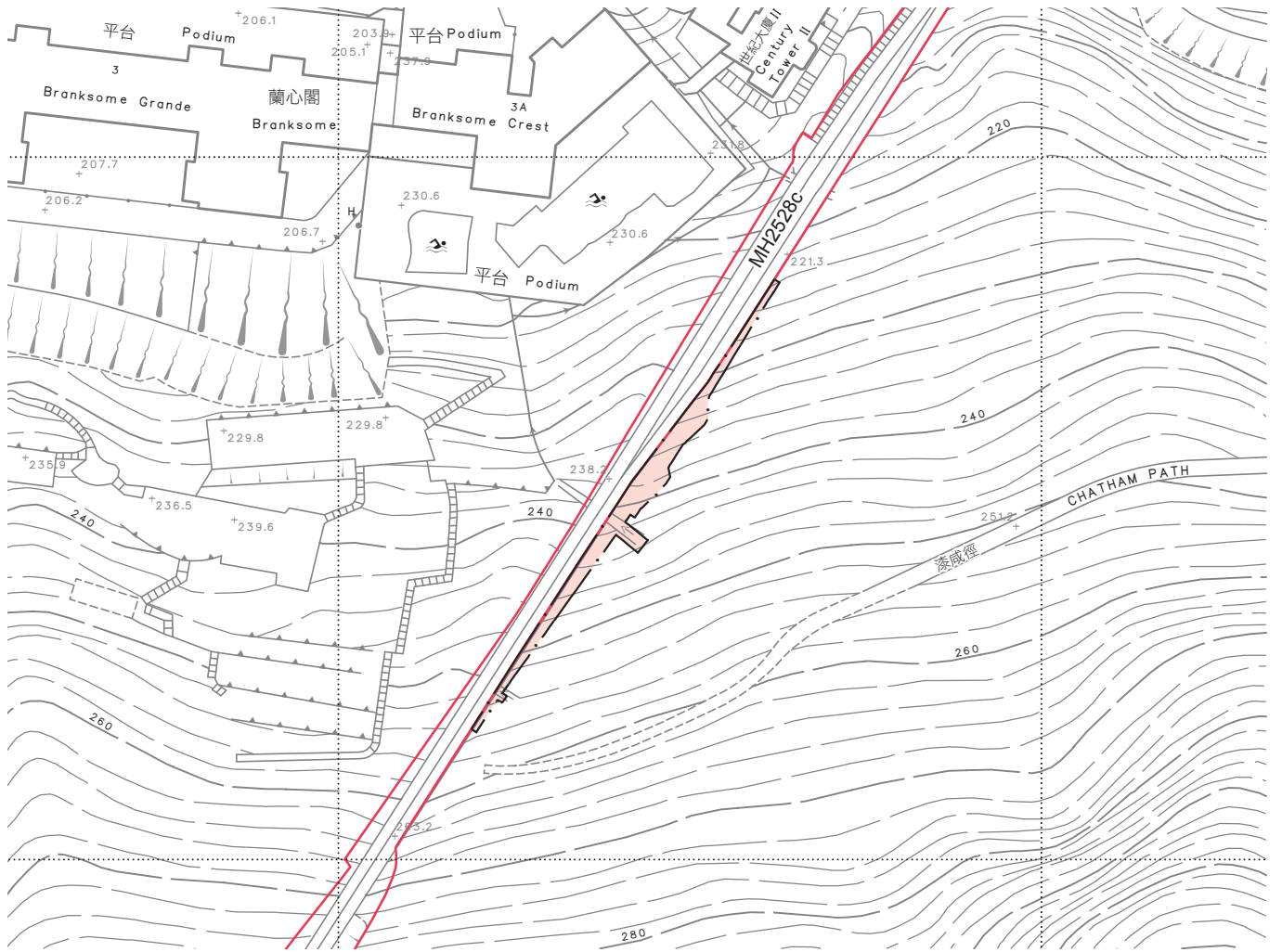
比例 SCALE 1:20 000

只作識別用 FOR IDENTIFICATION PURPOSES ONLY  
地政總署 港島西及南區地政處  
District Lands Office, Hong Kong West and South Lands Department  
圖則由港島測量處繪製  
Plan Prepared by District Survey Office, Hong Kong  
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檔案編號 File No.	DLO/HW L/M 632/DMS/82, DSO/HK 13/106 Pt.2
測量圖編號 Survey Sheet No.	11-SW-13B
發展藍圖編號 Layout Plan No.	--
參考圖編號 Reference Plan.	LG-01-01_30/5/2018 (AGC DESIGN LTD)
圖則編號 PLAN No.	HKM10269-X (PLAN 1 OF 2)



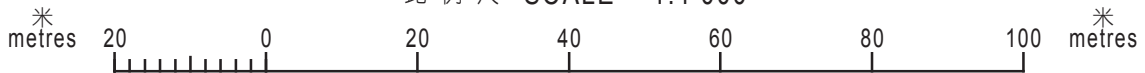
# 位置圖 SITE PLAN



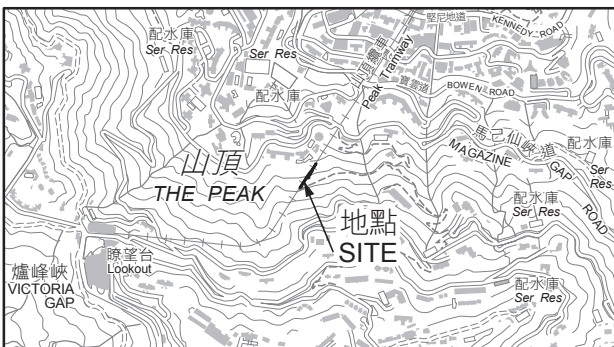
以粉紅色標示的面積約為152平方米

COLOURED PINK AREA 152 SQUARE METRES (ABOUT)

比例尺 SCALE 1:1 000



## 位置 LOCATION



比例 SCALE 1:20 000

只作識別用 FOR IDENTIFICATION PURPOSES ONLY

地政總署 港島西及南區地政處  
District Lands Office, Hong Kong West and South  
Lands Department

圖則由港島測量處繪製

Plan Prepared by District Survey Office, Hong Kong

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測量圖編號 Survey Sheet No. 11-SW-13D

發展藍圖編號 Layout Plan No. --

參考圖編號 Reference Plan. LG-03-01 30/5/2018  
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圖則編號 PLAN No. HKM10269-X (PLAN 2 OF 2)

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