

Second Reading Speech

(Translation)

Bill : Tung Chung Cable Car Bill

Second Reading on : 12 February 2003

Bureau Secretary : Mr Stephen Ip, Secretary for Economic
Development and Labour

Speech:

Madam President,

I move that the Tung Chung Cable Car Bill be read the second time.

In April 2001, the Government invited private sector proposals for a 30-year franchise in respect of the finance, design, construction, operation and maintenance of the Tung Chung Cable Car System linking Tung Chung and Ngong Ping on Lantau. We went through a process of detailed assessment based on pre-determined assessment criteria, and decided to award the franchise to the MTR Corporation Limited (“MTRCL”).

The Government entered into a Provisional Agreement with MTRCL in July last year. This enables MTRCL to commence work on the Project before the grant of the franchise, including developing a sufficient design for the System and its ancillary developments, carrying out requisite environmental and technical studies, and completing the necessary statutory procedures. In parallel, the Government has started drafting work on the enabling legislation to provide for the legal framework for the franchise, and preparation of the relevant Project Agreement.

In drafting the Bill, we have adopted the principle that provisions which must have statutory backing will be set out in the Bill. Matters

which can be dealt with through contractual means will be addressed in the Project Agreement. The operation, maintenance and safety standards of the System will be regulated by the Aerial Ropeways (Safety) Ordinance, as in the case of the aerial ropeway system in Ocean Park.

Key Provisions of the Bill

(a) The Franchise

The Bill provides for the grant of a 30-year franchise to MTRCL or its wholly owned subsidiary (referred to as “the Company” hereafter) for the design, construction, operation and maintenance of the Cable Car System, including a right for the Company to determine and collect fares for use by the public of the cable car service, and the obligation of the Company to pay to the Government a royalty; the consequences in case of a failure by the Company to comply with any requirement of the legislation or a breach of the Project Agreement; and provisions for arbitration in the event of disputes.

Part 7 of the Bill provides a mechanism to deal with default on the part of the Company, and the consequences of revocation or termination of the franchise. On termination or expiry of the franchise, the Company will have to vest assets in respect of the System in the Government. The Government will pay to the Company the equivalent of the residual value of such assets after deducting all sums payable by the Company to the Government.

(b) Use and Occupation of Land

Under **Part 3** of the Bill, the Company shall have statutory rights to use the land comprising the Cable Car System Area. The Bill also provides for the Company to use and grant licences for the use of the commercial gross floor area, and with a right to demand and collect licence fees and operate vehicle parking facilities at the Tung Chung Terminal and the Ngong Ping Terminal. The Company shall also have wayleaves and other related rights over unleased land that are necessary to render the franchise effective.

(c) Easements and Rights over Land

To facilitate the development of the Cable Car System, **Part 4** of the Bill provides for the creation of statutory easements, with a mechanism for payment of compensation to the owners of the leased land affected by the easements, to enable the Company to place, operate and maintain the aerial ropeway over the leased land. It also provides for entry on land by the Company in an emergency in connection with the System, with consequential arrangements for compensation to the owners of the leased land affected.

Promoting Tourism Development in Hong Kong

Madam President, the development of the Tung Chung Cable Car System is one of the major tourism development initiatives for Lantau launched by the Government. We need to legislate to enable the grant of the franchise as soon as possible to implement the project. I hope the bill could be enacted within the current legislative session, so that the Cable Car System could be completed in 2005 as scheduled. The completion of the System will complement other major tourism attractions in Lantau which will also be completed in 2005, including the Hong Kong Disneyland, in promoting the further development of Lantau as a major tourism node in Hong Kong.

Madam President, I commend the Bill to this Council.

Economic Development and Labour Bureau
8 February 2003