

LEGISLATIVE COUNCIL BILLS COMMITTEE ON TUNG CHUNG CABLE CAR BILL

Information for the Bills Committee

INTRODUCTION

This paper sets out the Administration's response to the submissions by New Lantau Bus Co. (1973) Ltd. (NLB) and Mr Yeung Wai-sing to the Legislative Council Bills Committee on the Tung Chung Cable Car Bill (the Bills Committee).

BACKGROUND

2. On 29 March and 31 April 2003, the NLB and Mr Yeung Wai-sing submitted to the Bills Committee their views on the Tung Chung Cable Car Project (the Project) respectively. These two submissions deal with a number of issues. Our response to these issues is set out in the following paragraphs.

Fare Levels of the Tung Chung Cable Car System (the Cable Car System)

3. The Cable Car System is a tourism project not an essential public transport facility. The Government does not provide any guarantee on the level of return to the franchisee who has to bear the commercial risks arising from the investment in the Cable Car System. In determining its business strategy, including the fare structure, the franchisee will have to take into account competitions from other transport operators and other tourist attractions to ensure the competitiveness of the Cable Car System. We note Members' concern and will impress upon MTRCL the need to ensure that the fare structure takes into account the needs of different sectors of the market.

Impact on Other Transport Operators

4. As outlined in our paper responding to questions raised at the first meeting of the Bills Committee held on 17 March 2003, the development of the Cable Car System is expected to bring a substantial increase in the number of visitors to Ngong Ping. MTRCL estimated that the visitor numbers to Ngong Ping in 1999 was around 1.16 million; with the developments at Ngong Ping and the Cable Car System, the total number of visitors, local and overseas, to the area will reach 1.9 million and 2.5 million in 2006 and 2016 respectively. The Cable Car System is expected to have some impact on the market share of the Tung Chung – Ngong Ping service of the NLB. However, it is also envisaged that NLB buses will benefit from the additional visitors to Lantau induced by the Cable Car System and other developments at Ngong Ping.

5. MTRCL have indicated that they have entered into an agreement-in-principle with Kwoon Chung Bus Holdings Limited, which owns NLB, to serve as their operating partner for the Cable Car System. NLB can complement the operation of the Cable Car System by offering integrated transport and tourism promotion packages to South Lantau and a round-Lantau bus tour service.

6. Transport Department plans to commence a study later this year to assess the impact of various developments on Lantau including the Cable Car System on franchised bus services.

Protection of the Environment

7. The development of the Cable Car System is a designated project under the Environment Impact Assessment (EIA) Ordinance (Cap. 499). To take forward the Project, MTRCL is required to conduct an EIA study and complete all the relevant statutory procedures.

8. The franchisee will also have ongoing obligations under the Project Agreement to comply with all relevant legislation, including environmental legislation. Any substantial breach of the Project Agreement, including non-compliance with any relevant legislation, would attract a financial penalty.

9. The unique natural heritage of Lantau and Ngong Ping is what makes Lantau attractive. Indeed, in promoting the development of the Cable Car System and Ngong Ping, one of the important objectives is to preserve the natural heritage of the area to ensure the attractiveness of the Cable Car System to visitors, local and overseas.

Timely Completion of the Cable Car System

10. Both the Government and MTRCL share the common objective: to bring the Cable Car System into operation as soon as possible. We are working closely with MTRCL to take forward the statutory procedures necessary to implement the Project. The target completion of the Cable Car System is August 2005.

CONCLUSION

11. Members are invited to note the information presented in this paper.

Tourism Commission
Economic Development and Labour Bureau
6 May 2003