

For Discussion
22 April 2005

Legislative Council Panel on Transport

Return Toll Charge for Taxi Passengers Using Harbour Crossings

PURPOSE

This paper seeks Members' comments on the proposal to adjust the return toll charge for taxi passengers using harbour crossings following the increase in the tolls for Eastern Harbour Crossing ("EHC").

BACKGROUND

Eastern Harbour Crossing Toll Increase Arbitration

2. In September 2002, New Hong Kong Tunnel Company Limited ("NHKTC"), the franchisee of EHC, submitted an application for increase in tolls and was rejected by CE in Council in July 2003. In August 2003, NHKTC commenced arbitration against the Government's decision. The arbitrators issued an award in January 2005 determining that the EHC toll for private cars and taxis should be increased from \$15 to \$25 with corresponding increases for other vehicles. After several rounds of discussion between the Government and NHKTC, NHKTC agreed to defer the toll increase from 3 April 2005, as it initially planned, to 1 May 2005. In respect of the toll increase for empty taxis, NHKTC has also agreed to defer its effective date to 1 July 2005.

Existing Taxi Charging Policy

3. At present, a taxi passenger using the Cross-Harbour Tunnel ("CHT"), the EHC or the Western Harbour Crossing ("WHC") is required, on top of the

meter fare, to pay an additional fare comprising -

- (a) the tunnel toll (i.e. \$10 via the CHT, \$15 via the EHC and \$35 via the WHC) which reimburses the taxi driver for the toll charge paid by him during the hiring; and
- (b) a return toll, applicable to a hiring that does not begin from a cross-harbour taxi stand, to cover the tunnel toll for bringing the taxi back to the operating base in the event that the driver fails to obtain a hire on the return journey.

4. The current tunnel toll and return toll charge for taxi passengers using the three harbour crossings are set out in the table below -

Harbour Crossings	CHT	EHC	WHC
Tunnel Toll for Taxis	\$10	\$15	\$35
Return Toll Charge for Taxi Passengers	\$10	\$15	\$15
Total	\$20	\$30	\$50

The existing return toll is pitched at a level to provide taxi drivers who carry passengers across the harbour via EHC and WHC two alternative cross-harbour routes, namely CHT and EHC, without having to pay out of pocket in case they cannot obtain a hire on the return journey.

PROPOSAL BY THE TAXI TRADE

5. In view of the increase in the EHC toll for taxis from \$15 to \$25, the taxi trade has proposed a corresponding increase of the return toll charge for taxi passengers using the EHC and WHC. This is to bring the return toll charge in

line with the new EHC toll so as to maintain the current arrangement of allowing taxi drivers who carry passengers via EHC and WHC to have two routes to cross the harbour to return to their operating base, if they cannot secure a hire on their return journey.

OPTIONS CONSIDERED AND ASSESSMENT

6. A total of three options, including the taxi trade's proposal, have been considered. The three options are -

- Option A: maintaining the current charging arrangement by raising the return toll charge for EHC and WHC from \$15 to \$25 (i.e. the taxi trade's proposal);
- Option B: status quo, with no increase in the return toll charge for all the three harbour crossings; and
- Option C: increase the return toll charge from \$15 to \$25 for EHC only but not CHT and WHC.

Details of the options are at **Annex A**. Having taken into account the interests of the taxi trade and the passengers, as well as the impact on traffic conditions, we recommend Option A. Our assessments on the relative merits are set out below.

(A) Impact on the Taxi Trade

7. The level of the return toll charge directly affects about 50,000 taxi trips which cross the harbour daily. The taxi trade has unanimously supported Option A, as it will continue to provide taxi drivers who carry passengers across the harbour via EHC and WHC with two alternative routes to return to their operating base. The taxi trade considers it important to adhere to the existing arrangement in determining the level of the return toll charge so that they will not be worse off when empty taxis are required to pay the increased EHC toll on

1 July 2005.

8. Although it could be argued that Option B would avoid an increase in taxi fare, thus prevent a decrease in business for the taxi trade, the taxi trade finds this option unacceptable. They have expressed the view that the expected loss of passengers arising from fare increase would be limited and they would prefer to minimise the expected loss due to out-of-pocket payment for tunnel tolls for their return journeys. The taxi trade also objects to Option C. This is because if Option C is adopted, taxi drivers who carry passengers via WHC will only receive \$15 for the return toll charge, which is not enough to cover their return journey via EHC after EHC's toll has increased from \$15 to \$25. Their choice of tunnels to return to their operating base will be restricted to CHT only, the traffic of which is more congested.

(B) Impact on the Passengers

9. Noting the nature of the taxi service, passengers choosing cross-harbour taxi service usually value convenience and journey time of the trip more than the level of tunnel toll and return toll charges. It is envisaged that taxi passengers would understand the reasons for adopting Option A, which is to provide taxi drivers who carry passengers across the harbour via EHC and WHC with two alternative routes for returning to their operating base without having to pay out-of-pocket and not to aggravate the traffic congestion at CHT. Moreover, taxi passengers have the choice to hire taxis from cross-harbour taxi stands where no return toll charge applies. Currently, there are 24 cross-harbour taxi stands in the territories. The Transport Department will continue to examine the feasibility of providing more cross-harbour taxi stands at suitable locations taking into account the passenger demand, the availability of road space, traffic conditions, accessibility to the harbour crossings and the views of the public and the taxi trade.

(C) Impact on Traffic Conditions

10. With the increase in the EHC tunnel toll for taxis, it is envisaged that

initially more taxi passengers would choose CHT for their cross-harbour journeys but many would later adjust to use the EHC and WHC again when they have adapted to the new tunnel toll. Whilst the taxi drivers have to follow the passengers' choice of tunnels during hire, they have a choice when they return to their operating base with empty cars. Option A will achieve better traffic distribution for empty taxis as taxi drivers would have a choice to return to their operating base via EHC or CHT. Currently, 27% of CHT's daily traffic is attributed to taxis, making taxis the second largest group of user for CHT after private cars. The distribution of cross-harbour traffic is at **Annex B**. If Options B or C is adopted, more empty taxis would be attracted to use CHT and the already very heavy traffic flow of CHT would be aggravated. The extent of increase of CHT traffic will depend on a combination of factors including the traffic condition of CHT, business environment of the taxi trade, and the toll differential of the three harbour crossings. From a traffic management viewpoint, Option A is more preferable given its effect on spreading the cross-harbour taxi traffic among the three existing cross-harbour tunnels.

RECOMMENDATION

11. After considering the above factors and balancing the interests of the public and the taxi trade, it is recommended that the return tunnel toll payable by taxi passengers for crossing the harbour via the EHC or the WHC, on a journey which does not begin from a cross-harbour taxi stand, should be revised from \$15 to \$25. At present, taxi fare, including the return tunnel toll charge for crossing the harbour, is specified in Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations ("the Regulations"). We propose to recommend CE in Council to amend the Regulations to reflect the above changes. It is proposed that the new return toll charge should take effect on 1 July 2005, which is the date starting from which empty taxis will be charged \$25 for using EHC.

12. In addition, we propose to take this opportunity to remove the provisions that specify the additional fare payable by a taxi passenger who crosses the harbour via a vehicular ferry service during a taxi hiring by amending the Regulations. This is because the only vehicular ferry service from North

Point to Kowloon City had ceased operation in 1998 due to persistent loss and there is currently no vehicular ferry service that carries taxis across the harbour.

ADVICE SOUGHT

13. Members' comment on the recommendation above is sought.

Environment, Transport and Works Bureau
April 2005

**The Three Options for the
Additional Fare for Taxi Passengers using the three Harbour Crossings**

Option	Cross Harbour Tunnel			Eastern Harbour Crossing			Western Harbour Crossing		
	Tunnel Toll	Return Toll	Total	Tunnel Toll	Return Toll	Total	Tunnel Toll	Return Toll	Total
A (Taxi trade's proposal)	\$10	\$10	\$20	\$25	\$25	\$50	\$35	\$25	\$60
B (Status quo)	\$10	\$10	\$20	\$25	\$15	\$40	\$35	\$15	\$50
C (Increase for EHC only)	\$10	\$10	\$20	\$25	\$25	\$50	\$35	\$15	\$50
Current Charges	\$10	\$10	\$20	\$15	\$15	\$30	\$35	\$15	\$50

Average Daily Distribution of Cross-harbour Traffic by Transport Modes in 2004 (trips)

Vehicle Type	Cross Harbour Tunnel		Eastern Harbour Crossing		Western Harbour Crossing		Total Cross Harbour Daily Traffic	
Private cars	45,338	37.3%	41,157	56.0%	21,436	54.7%	107,931	46.1%
Taxis	32,577	26.8%	10,318	14.0%	6,438	16.4%	49,333	21.1%
Light Goods Vehicles	21,064	17.3%	11,873	16.2%	3,436	8.8%	36,373	15.5%
Double Deck Buses	6,274	5.2%	2,407	3.3%	3,146	8.0%	11,827	5.0%
Motorcycles	5,186	4.3%	2,954	4.0%	443	1.1%	8,583	3.7%
Single Deck Buses	3,807	3.1%	579	0.8%	1,142	2.9%	5,528	2.4%
Medium Goods Vehicles	3,461	2.8%	2,756	3.8%	637	1.6%	6,854	2.9%
Light Buses	3,165	2.6%	1,114	1.5%	2,450	6.3%	6,729	2.9%
Heavy Goods Vehicles	799	0.7%	319	0.4%	60	0.2%	1,178	0.5%
Total Daily Traffic	121,671	100.0%	73,477	100.0%	39,188	100.0%	234,336	100.0%