

立法會
Legislative Council

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by the Administration)

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**Subcommittee to Study Western Harbour Crossing Ordinance
(Replacement of Schedule 1) Notice 2006 and
Tai Lam Tunnel and Yuen Long Approach Road Ordinance
(Toll Increase) Notice 2006**

**Minutes of meeting on
Monday, 23 October 2006, at 4:30 pm
in the Chamber of the Legislative Council Building**

- Members present** : Hon Miriam LAU Kin-ye, GBS, JP (Chairman)
Hon LEE Cheuk-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon WONG Kwok-hing, MH
Hon CHEUNG Hok-ming, SBS, JP
- Members absent** : Hon Albert HO Chun-yan
Hon Abraham SHEK Lai-him, JP
Hon Ronny TONG Ka-wah, SC
- Public Officers
Attending** : Ms Annie CHOI
Deputy Secretary for the Environment, Transport and Works
- Mr Clement LAU
Principal Assistant Secretary for the Environment,
Transport and Works (Acting)
- Mr Y C LO
Principal Transport Officer
Environment, Transport and Works Bureau

Attendance by invitation : **Western Harbour Tunnel Company Limited**

Mr Kenneth PANG
General Manager

Mr Patrick HO
Finance Manager

Mr Philip TUNG
Commercial Manager

Route 3 (Country Park Section) Company Limited

Mr Vincent FONG
General Manager

Mr Kenneth TSE
Deputy General Manager

Ms Anita LEE
Communications & Commercial Manager

Clerk in attendance : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Ms Connie FUNG
Assistant Legal Adviser 3

Mr Paul WOO
Senior Council Secretary (1)3

Mr Noel SUNG
Senior Council Secretary (1)4

Action

I Election of Chairman

Ms Miriam LAU was elected Chairman of the Subcommittee.

Action

II Meeting with the Administration/tunnel companies

- (LC Paper No. CB(1)1963/05-06(01) - Information paper on "Western Harbour Crossing Tolls" for the Transport Panel
- LC Paper No. CB(1)2185/05-06(01) - Information paper on "Route 3 (Country Park Section) Tolls" for the Transport Panel
- LC Paper No. CB(1)87/06-07(01) - Company's background brief provided by Western Harbour Tunnel Company Limited
- LC Paper No. CB(1)87/06-07(02) - Letter and press release from Route 3 (CPS) Company Limited on Route 3 (Country Park Section) Tolls
- LC Paper No. CB(1)87/06-07(03) - Extract of the Western Harbour Crossing Ordinance (Cap. 436)
- LC Paper No. CB(1)87/06-07(04) - Extract of the Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474)
- LC Paper No. CB(1)87/06-07(05) - Marked-up copy of Schedule 1 to Cap. 436 as amended by L.N.181
- LC Paper No. CB(1)87/06-07(06) - Marked-up copy of Schedule 1 to Cap. 474 as amended by L.N. 186
- LC Paper No. CB(1)86/06-07 - Background Brief on the Recent Adjustment of the Statutory Toll Levels of the Western Harbour Crossing and the Tai Lam Tunnel and Yuen Long Approach Road prepared by the Secretariat
- LC Paper No. LS113/05-06 - Legal Service Division Report on L.N.181 and L.N.186)

2. The Subcommittee deliberated (index of proceedings attached at **Annex**).

3. A supplementary information paper on statutory toll adjustment prepared by Route 3 (Country Park Section) Company Limited was tabled at the meeting and circulated to members after the meeting vide LC Paper No. CB(1)160/06-07.

4. The Subcommittee noted that the new statutory tolls of Western Harbour Crossing (WHC) and the Tai Lam Tunnel and Yuen Long Approach Road (Route 3) were gazetted under the Western Harbour Crossing Ordinance (Replacement of Schedule 1) Notice 2006 (L.N. 181) and the Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Toll Increase) Notice 2006 (L.N. 186) on 28 July 2006 and 8 September 2006 respectively. L.N. 181 came into operation on 31 July 2006 whereas L.N. 186 on 17 September 2006. Section 52(3) of the Western Harbour Crossing Ordinance (Cap. 436) and Section 45(3) of the Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474) expressly provided that Section 34 of the

Action

Interpretation of General Clauses Ordinance (Cap. 1) should not apply in respect of such notices. Accordingly, the two legal notices were not required to be tabled before LegCo and therefore not subject to amendment by LegCo.

5. The Subcommittee was gravely concerned about the high tunnel tolls and congestion at Cross Harbour Tunnel and Tuen Mun Road, and urged the Administration to actively negotiate with the two tunnel companies on possible measures to reduce tunnel tolls, and enhance the utilization of Route 3 and WHC.

6. The Chairman said that the Subcommittee had completed its work and would report to the House Committee.

III Any other business

7. There being no other business, the meeting ended at 5:10 pm.

Council Business Division 1
Legislative Council Secretariat
28 November 2006

**Proceedings of the meeting of
the subcommittee to Study Western Harbour Crossing Ordinance
(Replacement of Schedule 1) Notice 2006 and Tai Lam Tunnel and
Yuen Long Approach Road Ordinance (Toll Increase) Notice 2006
on Monday, 23 October 2006, at 4:30 pm
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I – Election of Chairman</i>			
000000 – 000212	Ms Miriam LAU Mr Albert CHAN Mr WONG Kwok-hing	Election of Chairman	
<i>Agenda Item II – Meeting with the Administration/tunnel companies</i>			
000213 – 000337	Chairman Administration	Administration's briefing on the statutory toll increases by the Western Harbour Tunnel Company Limited (WHTCL) and the Route 3 (CPS) Company Limited (Route 3 Company)	
000338 – 000539	WHTCL	WHTCL's explanation that the statutory toll increase was based on the Company's 2002-2003 Net Revenue Statement (NRS). In 2002-2003, the Company's net revenue of \$325 million was lower than the Minimum Estimated Net Revenue (MENR) of \$794 million for that year specified in Schedule 5 to the Western Harbour Crossing Ordinance (Cap. 436). The actual toll levels would remain unchanged as concessionary tolls would continue to be offered to users	
000540 – 000716	Route 3 Company	Route 3 Company's explanation that at the end of July 2006, the Company had an accumulated loss of \$700 million, and an outstanding bank loan of \$1.9 billion. In 2001-2002, the Company's Actual Net Revenue (ANR) of \$238 million was lower than the MENR of \$264 million for that year specified in Schedule 4 to the Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474). The current statutory toll increase was based on the 2001-2002 NRS. Notwithstanding this, the actual toll levels remained unchanged through provision of various forms of concession. The income of the Company had been affected by the commissioning of West Rail, the economic stagnation, and the slow down of development in North West New Territories. Despite the toll concessions, the traffic volume of Route 3 only had a slight increase of 2.7% since 2000	

Time marker	Speaker	Subject(s)	Action required
000717 – 001418	Mr WONG Kwok-hing Chairman Administration	<p>Mr WONG Kwok-hing's concern about –</p> <p>(a) the long time taken to review the "Build, Operate and Transfer (BOT)" arrangement for building and management of tunnels, and lack of progress in respect of measures to improve the distribution of traffic among BOT tunnels; and</p> <p>(b) how the original MENR amounts in the Ordinances (i.e. Cap. 436 and 474) which were unrealistic were worked out</p> <p>The Chairman's view that the review mentioned in (a) above should be expedited with a view to improving the traffic situation upon the commissioning of Hong Kong – Shenzhen Western Corridor in July 2007</p> <p>The Administration's response that –</p> <p>(a) discussions had all along been made with tunnel companies on measures to improve the distribution of traffic among BOT tunnels. However, setting a deadline for the negotiation would reduce the Government's flexibility in getting a good deal, which in turn, might not be in the best interest of the general public. In the short term, tunnel companies were encouraged to offer concessionary tolls to motorists so as to boost utilization whilst achieving traffic diversion and increasing the revenue of the companies; and</p> <p>(b) the relevant Ordinances which set out the MENRs were passed by the Legislative Council. The MENRs were worked out years ago on the basis of the then traffic and economic projections. However, the actual traffic volume turned out to be different from the planning assumptions due to changes in the pace of development and other unforeseeable factors.</p>	

Time marker	Speaker	Subject(s)	Action required
001419 – 002839	Mr Albert CHAN Route 3 Company Administration WHTCL Chairman	<p>(a) Mr Albert CHAN Wai-yip's remark that he had raised objection to the Ordinances when they were enacted years ago. His concern that despite the economic crises over the years, WHTCL was able to make an accumulated profit of over \$2 billion in the past eight years. Yet the company still proposed to increase the statutory tolls which would seriously damage the image of the Company, although the actual tolls remained unchanged</p> <p>(b) WHTCL's response that the Company had outstanding loans amounting to \$4.8 billion, and over the years the shareholders had to inject an extra of about \$2.8 billion into the company. The Net Revenue of \$2 billion did not take into account depreciation and loan repayments</p> <p>(c) Mr Albert CHAN Wai-yip's opinion that if Route 3 Company could significantly reduce tunnel tolls to boost utilization, it would, in the long run, attract more motorists to use the tunnel and increase its revenue in the end</p> <p>(d) Route 3 Company's response that the Company adopted an open mind on ways to increase the overall revenue of the Company. The Company had indeed introduced different types of concessionary tolls to motorists, for example, a charge of \$10 for taxis without passengers during midnight, reduced tolls for empty trailers, freezing of tunnel tolls for certain types of goods vehicles since 2000, etc. The company had also launched a series of promotional campaigns in the past but these measures had not brought about improvement to the revenue situation. For example, the half price concession granted to Auto-toll users between March and May in 2004 resulted in a drop of 15% revenue whereas the extra free journey offered to drivers who had used the Route for ten times in 2002 led to a decrease in revenue</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(e) Mr Albert CHAN Wai-yip's suggestion that the Administration should consider allowing red minibuses to use Route 3 which would lead to increase in revenue, and alleviate the traffic at trunk roads like Castle Peak Road; and</p> <p>(f) The Administration's response that the public light bus policy was to convert red minibuses into green minibuses. At present, green minibuses routes, were allowed to use Route 3</p> <p>The Chairman's remark that the Administration and the tunnel companies should work hand in hand with a view to achieving a consensus view on measures to lower tunnel tolls and enhance utilization of WHC and Route 3 before the commissioning of Hong Kong-Shenzhen Western Corridor in mid-2007</p>	
002840 – 003531	Mr CHEUNG Hok-ming WHTCL Route 3 Company	<p>(a) Mr CHEUNG Hok-ming's concern about the criteria and timing for adjusting the actual tunnel tolls in future notwithstanding the fact that the actual toll levels would remain unchanged after the revision of the statutory toll levels</p> <p>(b) Mr CHEUNG Hok-ming's question on whether Route 3 Company had any plan to encourage more motorists to use the route after the commissioning of the Hong Kong-Shenzhen Western Corridor in July 2007</p> <p>(c) Mr CHEUNG Hok-ming's query about the need and justifications for revising the statutory toll levels, given that the tunnel companies would unlikely increase the tunnel tolls to such high levels</p> <p>(d) WHTCL's reply that it would take into consideration the economic situation and the Company's financial position in deciding whether the actual tolls should be increased. The Company would as far as practicable defer the implementation of toll increase. The revision of the statutory tolls was a legal right of the Company as provided for in the Ordinance; and</p>	

Time marker	Speaker	Subject(s)	Action required
		(e) Route 3 Company's response that the Company had to take into account a number of factors in revising the actual tolls, including the market situation, affordability of users, etc. The Company would discuss with the Government and the industries concerned on ways to enhance the utilization of Route 3, including appropriate toll concessions, additional traffic signs to enhance traffic flow and diversion, etc	
<i>Agenda Item III – Any other business</i>			
003532 – 003649	Chairman	The Subcommittee had completed its work and would report to the House Committee	

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28 November 2006