

LEGISLATIVE COUNCIL PANEL ON TRANSPORT

Route 3 (Country Park Section) Toll Increase

Introduction

This paper informs Members of the impending toll increase of the Route 3 (Country Park Section) (Route 3).

Background

2. The Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474) provides for a specified toll adjustment mechanism in respect of Route 3. Under the Ordinance, the franchisee may effect anticipated toll increases on certain specified dates (1 January of 2003, 2010 and 2017). However, if the franchisee's actual net revenue falls short of the minimum estimated net revenue for that year as specified in Schedule 4 to Cap. 474, the franchisee may advance an anticipated toll increase or create an additional toll increase if all the anticipated toll increases have been effected. The maximum levels of increase in respect of different categories of vehicles are specified in Schedule 2 to Cap. 474.

3. Since the operation of Route 3 in May 1998, the franchisee's net revenue has consistently fallen short of the specified levels. The last toll increase of Route 3 was made on the basis of its 2001/02 Net Revenue Statement (NRS) and took effect on 17 September 2006. However, the franchisee offered concessionary tolls for all vehicles from the same date so that the June 2005 toll levels were maintained. A summary of the historical changes in Route 3's toll levels is at **Annex A**.

4. The franchisee of Route 3 submitted its 2002/03 NRS in August 2003. As required under the specified toll adjustment mechanism, we carefully examined the NRS of Route 3 and noted that the franchisee's net revenue of \$286 million was lower than the minimum estimated net revenue of \$479 million for that year specified in Schedule 4 to the Ordinance. We have however urged the franchisee to have due regard to public affordability and acceptability in devising its tolling strategy, and the franchisee has until recently withheld effecting the statutory toll increase.

Present Position

5. Recently, the franchisee has informed us that while it has tried various means to attract motorists to use Route 3, the toll revenue continued to fall short of what is needed to put the Company in a healthy financial position. The franchisee has decided to effect the toll increase on 19 August 2007. The franchisee has also decided to reduce the concession for certain types of vehicles starting from the same date. The existing tolls and new tolls of Route 3 with effect from 19 August 2007 are at **Annex B**.

6. The franchisee has complied with the requirements under Cap. 474 to effect the toll increase. We have nevertheless drawn to the attention of the franchisee that while Hong Kong's economy has improved in general, the franchisee should have due regard to public affordability and acceptability in devising its tolling strategy. We note the franchisee's decision to maintain the actual tolls for medium and heavy goods vehicles, and to continue to offer concessions to other types of vehicles.

Transport and Housing Bureau
August 2007

Annex A**Toll History of Route 3**

	25 May 1998		11 Aug 1998		27 Oct 1998		1 Apr 2000		18 Sep 2000		1 Apr 2001		19 Jun 2005		17 Sep 2006	
	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary	Statutory	Conces-sionary
Motorcycle	\$10	\$10	\$10	\$10	\$10	\$10	\$15	\$15	\$15	\$15	\$20	\$17	\$25	\$17	\$30	\$17
Private car and Taxi	\$15	\$15	\$15	\$15	\$15	\$15	\$20	\$20	\$20	\$20	\$25	\$22	\$30	\$25	\$35	\$25
Light bus	\$30	\$30	\$30	\$30	\$30	\$30	\$45	\$45	\$45	\$45	\$60	\$60	\$75	\$75	\$90	\$75
Light goods vehicle	\$30	\$30	\$30	\$30	\$30	\$23	\$45	\$25	\$45	\$25	\$60	\$25	\$75	\$28	\$90	\$28
Medium goods vehicle	\$40	\$40	\$40	\$30	\$40	\$30	\$55	\$35	\$55	\$35	\$70	\$35	\$85	\$35	\$100	\$35
Heavy goods vehicle	\$60	\$60	\$60	\$30	\$60	\$30	\$75	\$35	\$75	\$40	\$90	\$40	\$105	\$40	\$120	\$40
Single-decked bus	\$30	\$30	\$30	\$30	\$30	\$30	\$45	\$45	\$45	\$45	\$60	\$60	\$75	\$75	\$90	\$75
Double-decked bus	\$45	\$45	\$45	\$45	\$45	\$45	\$60	\$60	\$60	\$60	\$75	\$75	\$90	\$90	\$105	\$90
Extra axle	\$20	\$20	\$20	\$0	\$20	\$0	\$25	\$0	\$25	\$0	\$30	\$0	\$35	\$0	\$40	\$0

Annex B

Existing and New Tolls of Route 3

	Existing Tolls		New Tolls		Actual Increase
	Statutory	Concessionary	Statutory	Concessionary	
Motorcycle	\$30	\$17	\$35	\$18	\$1
Private car and taxi	\$35	\$25	\$40	\$28	\$3
Light bus	\$90	\$75	\$105	\$90	\$15
Light goods vehicle	\$90	\$28	\$105	\$30	\$2
Medium goods vehicle	\$100	\$35	\$115	\$35	\$0
Heavy goods vehicle	\$120	\$40	\$135	\$40	\$0
Single-decked bus	\$90	\$75	\$105	\$90	\$15
Double-decked bus	\$105	\$90	\$120	\$105	\$15
Extra axle	\$40	\$0	\$45	\$0	\$0