

The Government of the Hong Kong Special Administrative Region

政府總部
環境運輸及工務局

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Environment, Transport
and Works Bureau
Government Secretariat

Murray Building, Garden Road,
Hong Kong

22 January 2008

Hon Miriam Lau, GBS, JP
Chairman of Subcommittee on
Tsing Sha Control Area (Tolls, Fees and Charges) Regulation
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Chairman,

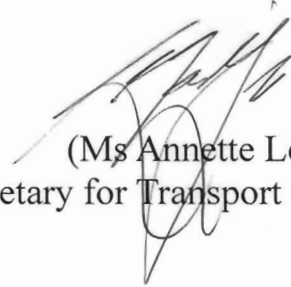
**Subcommittee on
Tsing Sha Control Area
(Tolls, Fees and Charges) Regulation**

We note that there is rising public concern about the upward trend in the cost of living, including transportation cost. In view of this, the Administration considers that it should in areas within its control help alleviate the pressure of transportation cost on the public. We have therefore decided to move a motion to amend the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation, thereby replacing the differential toll regime of \$12 with the revised flat rate of \$8 for all vehicle types using the Tsing Sha Control Area (TSCA), by way of a LegCo resolution on 30 January 2008.

An advance copy of the Legislative Council Brief, and the wordings of the motion that we intend to move, are at Annexes A and B for your reference.

I wish to express my appreciation to you and Members of the Sub-Committee on the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation for the efforts in scrutinizing the Regulation. I also look forward to your support for our amendment motion.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Annette Lee', written in a cursive style.

(Ms Annette Lee)
for Secretary for Transport and Housing

LEGISLATIVE COUNCIL BRIEF

Tsing Sha Control Area Ordinance
(Chapter 594)

TSING SHA CONTROL AREA (TOLLS, FEES AND CHARGES) REGULATION

INTRODUCTION

At the meeting of the Executive Council on 22 January 2008, the Council ADVISED and the Chief Executive ORDER that the revised tolls for the Tsing Sha Control Area (TSCA), at **Annex A**, should be adopted to replace the originally proposed tolls which are set out at **Annex B**.

BACKGROUND

2. Route 8 is a strategic road linking Sha Tin and North Lantau. The section linking Tsing Yi and North Lantau came into operation in 1997. The remaining section of Route 8 between Tsing Yi and Sha Tin is under construction. The section between Sha Tin and Cheung Sha Wan is scheduled to open in March 2008, followed by the Nam Wan Tunnel and viaducts at Tsing Yi in late 2008 and the Stonecutters Bridge in mid-2009. For effective and efficient traffic control and incident management, the section of Route 8 between Tsing Yi and Sha Tin will form one single control area – TSCA. The management, operation and maintenance of the TSCA will be outsourced to an operator through open tender. This is similar to the arrangement for the TMCA. The ownership of the TSCA will remain with the Government as in the case of the TMCA.

3. The section of TSCA between Shatin and Cheung Sha Wan will be tolled. In drawing up a proposed level of \$12 for private car (with corresponding levels for other vehicles) for the tolled section, we have considered all relevant factors, including the user-pays principle, strategic location of TSCA and tolls of alternative routes, public acceptability and affordability, and the transport objectives including estimated traffic flow. We briefed the LegCo Panel on Transport on the proposed tolls, fees and charges on 9 July 2007. Members did not raise objection to our proposal at the time.

4. The Tsing Sha Control Area (Tolls, Fees and Charges) Regulation (the Regulation) was made by Chief Executive in Council (L.N. 237 of 2007) on 11 December 2007 and tabled at the Legislative Council (LegCo) on 9 January 2008. A subcommittee was formed by the LegCo House Committee to study the Regulation and a meeting was held on 11 January 2008. While there was general support on the Regulation including the toll regime, there was a specific view that the differential toll regime of \$12 was too high.

JUSTIFICATIONS

5. We observe that there has been rising public concern about the upward trend in the cost of living, including transportation cost. The community has increasingly called for the Administration to help contain the increase of those fees and charges, particularly those within its control.

6. In view of the above, we therefore propose to lower the tolls for TSCA to a flat rate of \$8 for all vehicle types.

IMPLICATIONS OF THE REVISED TOLL REGIME

Traffic Flow

7. The proposed toll level would attract more vehicles to use TSCA. However, the impact on the diversion effect to ease the traffic of alternative routes (including Lion Rock Tunnel, Tate's Cairn Tunnel, Shing Mun Tunnels and Tai Po Road) is expected to be marginal.

Public Acceptability and Affordability

8. We believe that by making reference to the toll regime of Lion Rock Tunnel, instead of Tate's Cairn Tunnel as originally proposed, the revised flat toll regime of \$8 would better meet the concern of LegCo and the public for rising transportation costs.

Toll Revenue

9. Upon commissioning of the tolled section, the estimated toll revenue in 2008/09 will be around \$78 million for the revised \$8 flat toll regime, as compared with \$121 million for the original \$12 differential toll regime.

The User-pays Principle

10. It is the Government's established policy that charges of Government utilities should in general be set at a level sufficient to recover the full cost for the provision of services, including the cost of the capital¹ employed. Under the original differential toll regime of \$12, the estimated average return on Average Net Fixed Assets (ANFA) will be -1.5% in the first 10 years after the commissioning of TSCA, reaching -0.2% for the first 20 years, and will meet the target return in 56 years' time. The payback period is estimated to be 34 years. Under the proposed revised flat toll regime of \$8, the average return on ANFA will be -2.8% in the first 10 years after the commissioning, reaching -2.4% for the first 20 years, and will meet the target return in 80 years' time². The payback period is estimated to be 53 years.

11. We recognise that the flat toll structure does not fully reflect the user-pays principle, which takes into account the degree of road space taken up, plus wear and tear caused, by different types of vehicles.

TIMETABLE

12. The Administration will move a motion to amend Schedule 1 to the Regulation, thereby replacing the differential toll regime of \$12 with the revised flat rate of \$8 for all vehicle types using TSCA, by way of a LegCo resolution on 30 January 2008.

PUBLICITY

13. We will issue a press release on 22 January 2008. A spokesman will be available to answer media enquires. We will also give a notice of the Administration's intention to move the motion to amend the Regulation at the LegCo meeting on 30 January 2008 to the LegCo Secretariat by 23 January 2008.

¹ The Government's cost of capital for tolled roads including TSCA is 8.4%, which is expressed as a return on Average Net Fixed Assets (ANFA), the latter being adopted as the capital incurred by Government.

² On the assumption that the inflation rates adopted in the original proposal remain unchanged.

ENQUIRIES

14. Any enquiries concerning this brief can be directed to Miss Rosanna Law, Principal Assistant Secretary for Transport and Housing, at 2189 2182.

Transport and Housing Bureau
January 2008

Proposed Revised Flat Toll Regime of \$8 to be Prescribed in Schedule 1 to the Tsing Sha Control Area (Tolls Fees and Charges) Regulation

Category	Description of vehicles	Toll or description of tolls payable
1.	(a) Motor cycle	\$8
	(b) Motor tricycle	\$8
2.	(a) Private car	\$8
	(b) Electrically powered passenger vehicle	\$8
	(c) Taxi	\$8
3.	(a) Public light bus	\$8
	(b) Private light bus	\$8
4.	(a) Light goods vehicle	\$8
	(b) Special purpose vehicle of a permitted gross vehicle weight not exceeding 5.5 t	\$8
5.	(a) Medium goods vehicle	\$8
	(b) Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 5.5 t but not exceeding 24 t	\$8
6.	(a) Heavy goods vehicle	\$8
	(b) Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 24 t	\$8
7.	(a) Public bus (single-decked)	\$8
	(b) Private bus (single-decked)	\$8
8.	(a) Public bus (double-decked)	\$8
	(b) Private bus (double-decked)	\$8
9.	Articulated vehicle	\$8
10.	Vehicle towing another vehicle	\$16
11.	Vehicle (other than articulated vehicle) towing a trailer	\$16

Annex B

**Originally Proposed Differential Toll Regime of \$12 Prescribed in Schedule 1 to the
Tsing Sha Control Area (Tolls, Fees and Charges) Regulation**

Category	Description of vehicles	Toll or description of tolls payable
1.	(a) Motor cycle	\$10
	(b) Motor tricycle	\$10
2.	(a) Private car	\$12
	(b) Electrically powered passenger vehicle	\$12
	(c) Taxi	\$12
3.	(a) Public light bus	\$18
	(b) Private light bus	\$18
4.	(a) Light goods vehicle	\$12
	(b) Special purpose vehicle of a permitted gross vehicle weight not exceeding 5.5 t	\$12
5.	(a) Medium goods vehicle	\$18
	(b) Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 5.5 t but not exceeding 24 t	\$18
6.	(a) Heavy goods vehicle	\$24
	(b) Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 24 t	\$24
7.	(a) Public bus (single-decked)	\$24
	(b) Private bus (single-decked)	\$24
8.	(a) Public bus (double-decked)	\$30
	(b) Private bus (double-decked)	\$30
9.	Articulated vehicle	\$24
10.	Vehicle towing another vehicle	The sum of the tolls applicable to the 2 vehicles involved
11.	Vehicle (other than articulated vehicle) towing a trailer	The toll applicable to the vehicle plus \$12 for the trailer

INTERPRETATION AND GENERAL CLAUSES
ORDINANCE

RESOLUTION OF THE LEGISLATIVE COUNCIL

TSING SHA CONTROL AREA (TOLLS, FEES AND
CHARGES) REGULATION

Resolution made and passed by the Legislative Council under section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) on 30 January 2008.

RESOLVED that the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation, published in the Gazette as Legal Notice No. 237 of 2007 and laid on the table of the Legislative Council on 9 January 2008, be amended –

- (a) in section 4(3), in the English text, by repealing “demand of him” and substituting “demand on him”;
- (b) by repealing Schedule 1 and substituting –

“SCHEDULE 1 [s. 3]

TOLLS

Category	Description of vehicles	Toll or description of tolls payable
1.	(a) Motor cycle	\$8
	(b) Motor tricycle	\$8
2.	(a) Private car	\$8
	(b) Electrically powered passenger vehicle	\$8

	(c)	Taxi	\$8
3.	(a)	Public light bus	\$8
	(b)	Private light bus	\$8
4.	(a)	Light goods vehicle	\$8
	(b)	Special purpose vehicle of a permitted gross vehicle weight not exceeding 5.5 t	\$8
5.	(a)	Medium goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 5.5 t but not exceeding 24 t	\$8
6.	(a)	Heavy goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 24 t	\$8
7.	(a)	Public bus (single-decked)	\$8
	(b)	Private bus (single-decked)	\$8

8.	(a)	Public bus (double-decked)	\$8
	(b)	Private bus (double-decked)	\$8
9.		Articulated vehicle	\$8
10.		Vehicle towing another vehicle	\$16
11.		Vehicle (other than articulated vehicle) towing a trailer	\$16”.

Clerk to the Legislative Council

January 2008

INTERPRETATION AND GENERAL CLAUSES
ORDINANCE

RESOLUTION

(Under section 34(2) of the Interpretation and General Clauses Ordinance
(Cap. 1))

TSING SHA CONTROL AREA (TOLLS, FEES AND
CHARGES) REGULATION

RESOLVED that the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation, published in the Gazette as Legal Notice No. 237 of 2007 and laid on the table of the Legislative Council on 9 January 2008, be amended –

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TOLLS

Category	Description of vehicles	Toll or description of tolls payable
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1.	(a)	Motor cycle	\$8
	(b)	Motor tricycle	\$8
2.	(a)	Private car	\$8
	(b)	Electrically powered passenger vehicle	\$8
	(c)	Taxi	\$8
3.	(a)	Public light bus	\$8
	(b)	Private light bus	\$8
4.	(a)	Light goods vehicle	\$8
	(b)	Special purpose vehicle of a permitted gross vehicle weight not exceeding 5.5 t	\$8
5.	(a)	Medium goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 5.5 t but not exceeding 24 t	\$8
6.	(a)	Heavy goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight	\$8

exceeding 24 t

7.	(a)	Public bus (single-decked)	\$8
	(b)	Private bus (single-decked)	\$8
8.	(a)	Public bus (double-decked)	\$8
	(b)	Private bus (double-decked)	\$8
9.		Articulated vehicle	\$8
10.		Vehicle towing another vehicle	\$16
11.		Vehicle (other than articulated vehicle) towing a trailer	\$16".