

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 2002/03 Net Revenue Statement (NRS) and took effect on 19 August 2007. A summary of the historical changes in Route 3's toll levels is at **Annex A**.

4. The franchisee of Route 3 submitted its 2003/04 NRS in August 2004. 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 \$361 million was lower than the minimum estimated net revenue of \$648 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. As of 31 July 2008, the company suffered a cumulated loss of over \$300 million, and an outstanding bank and shareholder loan of about \$4.5 billion. The franchisee has complied with the requirements under Cap. 474 to effect the next toll increase on 28 December 2008. While the franchisee will continue to offer concessions for all types of vehicles, the actual tolls will be increased starting from the same date. The existing tolls and new tolls of Route 3 with effect from 28 December 2008 are at **Annex B**.

Transport and Housing Bureau
December 2008

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		19 Aug 2007	
	Statutory	Conces-sionary	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	\$35	\$18
Private car and Taxi	\$15	\$15	\$15	\$15	\$15	\$15	\$20	\$20	\$20	\$20	\$25	\$22	\$30	\$25	\$35	\$25	\$40	\$28
Light bus	\$30	\$30	\$30	\$30	\$30	\$30	\$45	\$45	\$45	\$45	\$60	\$60	\$75	\$75	\$90	\$75	\$105	\$90
Light goods vehicle	\$30	\$30	\$30	\$30	\$30	\$23	\$45	\$25	\$45	\$25	\$60	\$25	\$75	\$28	\$90	\$28	\$105	\$30
Medium goods vehicle	\$40	\$40	\$40	\$30	\$40	\$30	\$55	\$35	\$55	\$35	\$70	\$35	\$85	\$35	\$100	\$35	\$115	\$35
Heavy goods vehicle	\$60	\$60	\$60	\$30	\$60	\$30	\$75	\$35	\$75	\$40	\$90	\$40	\$105	\$40	\$120	\$40	\$135	\$40
Single-decked bus	\$30	\$30	\$30	\$30	\$30	\$30	\$45	\$45	\$45	\$45	\$60	\$60	\$75	\$75	\$90	\$75	\$105	\$90
Double-decked bus	\$45	\$45	\$45	\$45	\$45	\$45	\$60	\$60	\$60	\$60	\$75	\$75	\$90	\$90	\$105	\$90	\$120	\$105
Extra axle	\$20	\$20	\$20	\$0	\$20	\$0	\$25	\$0	\$25	\$0	\$30	\$0	\$35	\$0	\$40	\$0	\$45	\$0

Annex B

Existing and New Tolls of Route 3

	Existing Tolls		New Tolls		Actual Increase
	Statutory	Concessionary	Statutory	Concessionary	
Motorcycle	\$35	\$18	\$40	\$20	\$2
Private car and taxi	\$40	\$28	\$45	\$30	\$2
Light bus	\$105	\$90	\$120	\$100	\$10
Light goods vehicle	\$105	\$30	\$120	\$32	\$2
Medium goods vehicle	\$115	\$35	\$130	\$40	\$5
Heavy goods vehicle	\$135	\$40	\$150	\$45	\$5
Single-decked bus	\$105	\$90	\$120	\$100	\$10
Double-decked bus	\$120	\$105	\$135	\$120	\$15
Extra axle	\$45	\$0	\$50	\$0	\$0