

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

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31 May 2013

Panel on Transport
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn : Ms Sophie Lau)

Dear Ms Lau,

**LegCo Panel on Transport
Meeting on 14 December 2012
Follow-up actions**

The LegCo Panel on Transport discussed the “Application for toll increase by Tate’s Cairn Tunnel Company Limited (“TCTC”)” at its meeting on 14 December 2012. The supplementary information on the amount of royalties paid to the Government by the TCTC in past years, as well as the calculation of the cumulative change in Composite Consumer Price Index since TCTC’s last toll increase in December 2010 to June 2013 is enclosed at **Annex**.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Gillian Lam', written over a large, stylized, light-colored scribble.

(Gillian Lam)
for Secretary for Transport and Housing

(a) Amount of royalties paid to the Government by the Tate's Cairn Tunnel Company Limited ("TCTC") in past years:

Year	Royalties for the year (HK\$'000)
1991/1992	2,851
1992/1993	3,631
1993/1994	5,162
1994/1995	4,532
1995/1996	6,029
1996/1997	13,534
1997/1998	14,093
1998/1999	13,389
1999/2000	15,075
2000/2001	16,533
2001/2002	16,346
2002/2003	15,709
2003/2004	15,451
2004/2005	15,159
2005/2006	16,715
2006/2007	16,785
2007/2008	17,205
2008/2009	17,256
2009/2010	18,220
2010/2011	19,210
2011/2012	20,423

(b) How TCTC derived the 11.3% cumulative change in Composite Consumer Price Index over a period of 2.5 years:

When the Administration submitted the discussion paper on the application for toll increases by TCTC in December 2012, the actual cumulative change in Composite Consumer Price Index (CCPI) from December 2010 (i.e. 102.9) to June 2012 (i.e. 110.6) is 7.5%, based on the information available from the Census and Statistics Department. According to the Government's Medium Range Forecast published in Appendix A to the 2012-13 Budget, the trend rate of increase for the underlying CCPI in 2013 was assumed to be 3.5%. Taking into account the above factors, we estimated that the cumulative change in CCPI since TCTC's last toll increase in December 2010 to June 2013 (i.e. about 2.5 years) was 11.3% (i.e. $107.5\% \times 103.5\% = 111.3\%$).

Subsequently, the Government has revised upwards the forecast of the increase in CCPI for 2013 to 4.5% from 3.5% as announced in the Government's Medium Range Forecast published in Appendix A to the 2013-14 Budget. Based on this revision, our latest estimation of the cumulative change in CCPI since the last toll increase in December 2010 to June 2013 (i.e. about 2.5 years) is 12.3% (i.e. $107.5\% \times 104.5\% = 112.3\%$).

Details of changes in CCPI are provided below:

Year	Month	CCPI	Change in CCPI since December 2010
2010	December	102.9 (Actual)	-
2012	June	110.6 (Actual)	+7.5% (Actual)
2013	June	114.5* (Forecast)	+11.3%* (Forecast)
2013	June	115.6# (Forecast)	+12.3%# (Forecast)

* Estimation in December 2012

Revised estimation in April 2013

The weighted average rate of toll increases of 11.1% represents the percentage increase in total toll revenue calculated based on the new tolls applied for by TCTC and the actual traffic of Tate's Cairn Tunnel.

Transport and Housing Bureau
May 2013