

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

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10 May 2018

Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Mr Raymond SZETO)
(By e-mail: rhyszeto@legco.gov.hk)

Dear Mr SZETO,

**Finance Committee of the Legislative Council
Meeting on 23 February 2018**

**Capital Works Reserve Fund
Head 708 – Capital Subventions and Major Systems and Equipment
Transport Department New Subhead “Replacement of Traffic Control and
Surveillance System in the Tsing Ma Control Area”**

Supplementary Information

At the meeting of the Finance Committee of the Legislative Council (“LegCo”) on 23 February 2018, Members requested the Government to provide supplementary information on the captioned proposal. Our reply is set out as follows.

(a) Monthly revenue and expenditure of Tsing Ma Bridge

The average monthly revenue and expenditure of the Lantau Link for 2016-17 were about \$49.8 million and \$25.4 million respectively. The revenue mainly included toll revenue of the Lantau Link and other

miscellaneous fees (such as administrative fees payable in case of evasion or underpayment of tolls); while the expenditure included fees paid to the management, operation and maintenance (“MOM”) contractor, operating and administrative expenditure as well as depreciation charges, etc.

(b) Recovery of expenditure on infrastructure of Tsing Ma Bridge

The initial capital expenditure of the Lantau Link is about \$10.8 billion. From 1997 to 2016-17, the total net operating revenue (excluding depreciation charges) is about \$4.1 billion.

(c) Principles of determining toll levels of Tsing Ma Bridge and allowed profitceiling for MOM contractors

Currently, tolls of Government tolled tunnels and roads (including the Lantau Link) are determined in line with the “cost-recovery” and “user-pays” principles. In reviewing the toll levels, the Government will take into account a series of factors, including costs of the provision of the relevant tunnels and roads, traffic management, toll levels of alternative routes, public affordability and acceptability, etc.

The Government reviews the toll levels of tolled tunnels and roads annually, taking into account the impact of tolls on traffic volume and the economic situation, as well as factors such as public affordability and acceptability. If it is considered a need of toll adjustment after a review, the Government will consult the LegCo Panel on Transport and implement the toll adjustment through legislative amendments. The tolls of the Lantau Link have never been adjusted since its commissioning in 1997.

The Transport Department (“TD”) awards the MOM contract for the Lantau Link through open tender. There is no ceiling or floor of the management fee stipulated in the tender document. The contract entered into by TD and the contractor (i.e. the successful tenderer) only reflects the result of the open tender.

(d) Heads and sub-heads relating to expenditure of Tsing Ma Bridge under the Government’s estimates of expenditure

Currently, pursuant to section 31(3)(a) of the Tsing Ma Control Area Ordinance (Cap. 498), the management fee payable by the Government to

the contractor under the MOM contract of the Tsing Ma Control Area is retained by the contractor from the toll revenue it collects on behalf of the Government. Therefore, the management fee for the Tsing Ma Control Area is not included in the Government's estimates of expenditure.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Adrian LAM', with a stylized flourish at the end.

(Adrian LAM)
for Secretary for Transport and Housing

c.c. Transport Department (Attn: Ms Stella LEE)