

立法會 *Legislative Council*

LC Paper No. CB(4)325/18-19(01)

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Subcommittee on Three Regulations to Exempt the Toll for Franchised Buses Using Government Tunnels as well as the Tsing Ma and Tsing Sha Control Areas

Background brief

Purpose

This paper provides background information on the Administration's proposal to exempt the toll for franchised buses using government tunnels as well as the Tsing Ma and Tsing Sha Control Areas. It also summarizes the major views and concerns raised by members of the Panel on Transport on the related issues.

Background

2. The Administration is of the view that franchised buses, as mass carriers, assume a pivotal role in the public transport system and they should not be made to pay hefty tunnel tolls.¹ Owing to the rising operating costs of franchised buses, five out of six bus franchisees have already submitted fare increase applications to the Administration.² Furthermore, the routings of franchised buses are determined by the Government based on transport planning considerations. Against the above background, the Chief Executive ("CE") announced in her Policy Address 2018 to exempt or to pay the toll for franchised buses using tolled tunnels (including both Government and Build-Operate-Transfer ("BOT") ones) as well as Tsing Ma and Tsing Sha Control Areas with a view to relieving the fare increase pressure and benefiting the general public.

¹ On average, tunnel toll accounts for about 7% of the franchised bus operating cost.

² These five bus franchisees include Citybus Limited (Franchised for Hong Kong Island and cross-harbour bus network), New World First Bus Services Limited, Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited and New Lantao Bus Company (1973). According to the Administration in its paper submitted to the Panel on Transport in October 2018 (LC Paper No.: CB(4)17/18-19(01)), the Transport Department was processing the fare increase applications in accordance with established procedures.

3. Under the proposal, each franchised bus operator will set up its own dedicated fund account, known as the "Franchised Bus Toll Exemption Fund" ("the Fund") for keeping the toll saved. The toll saved under the Fund will be used for relieving the fare increase pressure of the corresponding bus franchisees in future. The Administration will also set a cap for each Fund. If individual franchised bus operators do not face the pressure for the fare increase in the coming few years, the toll savings exceeding the cap would be distributed to their passengers through fare concession. The Transport Department will enter into an agreement with each of the franchised bus operators to set up the Fund under the respective account of the concerned operator. Among others, necessary monitoring and auditing mechanism would be put in place.

4. The Administration will first amend the relevant regulations to exempt franchised buses from paying the toll of government tunnels as well as the Tsing Ma and Tsing Sha Control Areas. Regarding the two tunnels which are still operating under the BOT model (i.e. Western Harbour Crossing ("WHC") and Tai Lam Tunnel ("TLT")), the Administration proposes that, as the next step, the Government pay the toll on behalf of the franchised bus operators, and the franchised bus operators should then set aside such toll saving to their Funds. For WHC, the relevant arrangement forms part of the packaged deal alongside the proposal on rationalization of traffic distribution among the harbour-crossing tunnels and can take effect on 1 January 2020 if the deal materializes. Meanwhile, the Administration is exploring with the operator of TLT on the same arrangement for franchised buses using the tunnel (i.e. the Government pays the relevant toll).

Three regulations to exempt the toll for franchised buses using government tunnels as well as the Tsing Ma and Tsing Sha Control Areas

5. At the meeting of the Executive Council on 20 November 2018, the Council advised and CE ordered amendments be made under three regulations to exempt the toll for franchised buses using government tunnels as well as the Tsing Ma and Tsing Sha Control Areas. Details of these legislative amendments are set out in paragraphs 6 to 9 below.

Road Tunnels (Government) (Amendment) (No. 2) Regulation 2018 (L.N. 237)

6. A new regulation 12(4) is added to the Road Tunnels (Government) Regulations (Cap. 368 sub. leg. A) to provide that franchised buses are exempted from toll for using the tunnels to which Cap. 368 applies.

Tsing Ma Control Area (Tolls, Fees and Charges) (Amendment) Regulation 2018 (L.N. 238)

7. A new section 3(4A) is added to the Tsing Ma Control Area (Tolls, Fees and Charges) Regulation (Cap. 498 sub. leg. A) to provide that franchised buses are exempted from toll for using the Lantau Link as defined in section 2 of Cap. 498.

Tsing Sha Control Area (Tolls, Fees and Charges) (Amendment) Regulation 2018 (L.N. 239)

8. A new section 3(5) is added to the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation (Cap. 594 sub. leg. B) to provide that franchised buses are exempted from toll for using the toll area of the Tsing Sha Control Area.

9. L.N. 237 to L.N. 239³ will come into operation on 17 February 2019. According to the Administration, the revenue forgone by this toll exemption is about \$280 million per year based on 2017 figures.

Major views and concerns of members

10. At the meetings of the Panel on Transport held on 19 October and 16 November 2018, the Administration consulted members on the toll-waiving proposal together with other initiatives in the 2018 Policy Address.

11. While members in general welcomed the proposal, some members suggested that the Administration should include other public transport means such as non-franchised buses and mini-buses in the toll-waiving initiative. Besides, they opined that the toll waived for public transport vehicles should be handled separately, instead of bundling it together with the toll adjustment proposal which aimed to rationalize traffic distribution among the three road harbour crossings and three land tunnels between Kowloon and Sha Tin.

12. The Administration advised that the proposed waiver of toll payment by franchised buses aimed to encourage more efficient use of road space by mass carriers. In the long run, the Administration would map out the appropriate level of toll for all government tolled-tunnels and the two Control Areas.

³ These three Legal Notices exempt buses franchised under the Public Bus Services Ordinance (Cap. 230) from payment of tolls for using seven government tunnels, namely, Aberdeen Tunnel, Cross-Harbour Tunnel, Eastern Harbour Crossing, Lion Rock Tunnel, Shing Mun Tunnels, Tate's Cairn Tunnel and Tseung Kwan O Tunnel, as well as two government roads, namely, the Lantau Link and the toll area of the Tsing Sha Control Area.

13. For WHC, a member expressed concern that the government payment for revenue forgone by the Western Harbour Tunnel Company Limited in waiving tolls of franchised buses using WHC would not be subject to a cap, and enquired the projected subsidy paid by the Administration in this regard. In response, the Administration said that there was no need to cap the government payment under the proposal as the number of franchised bus routes using WHC as well as service frequencies were determined by the Government based on transport needs. It was estimated that the proposed payment over the proposed compensation period from 1 January 2020 to 1 August 2023 upon franchise expiry would be \$956 million.

Latest development

14. At the meeting of the House Committee on 7 December 2018, members agreed to form a Subcommittee to examine the above legislative amendments.

Relevant Papers

15. A list of relevant papers is in the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
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List of relevant papers

Date of meeting	Committee	Paper	LC Paper No.
19.10.2018	Panel on Transport	Administration's paper on transport-related policy initiatives in 2018 Policy Address	CB(4)19/18-19(01) https://www.legco.gov.hk/yr18-19/english/panels/tp/papers/tp20181019cb4-19-1-e.pdf
16.11.2018		Administration's paper on rationalization of traffic distribution among six tunnels	CB(4)17/18-19(01) https://www.legco.gov.hk/yr18-19/english/panels/tp/papers/tpcb4-17-1-e.pdf
--	--	Legislative Council Brief	THB(T)CR 1/4651/2018 https://www.legco.gov.hk/yr18-19/english/subleg/brief/2018ln237-239_brf.pdf
7.12.2018	House Committee	Legal Service Division Report	LS24/18-19 https://www.legco.gov.hk/yr18-19/english/hc/papers/hc20181207ls-24-e.pdf