

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. In 1995, Route 3 (CPS) Company Limited was granted a 30-year franchise to construct and operate the Tai Lam Tunnel and Yuen Long Approach Road under the Build-Operate-Transfer mode. The relevant franchise will expire in May 2025.

3. The Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474) provides for a specified toll adjustment mechanism in respect of Route 3 (Country Park Section). Under the Ordinance, the franchisee may effect toll increases on certain specified dates (1 January of 2003, 2010 and 2017). However, if the franchisee's actual net revenue in any year that is not a year ending immediately before the specified dates falls short of the minimum estimated net revenue for that year as specified in Schedule 4 to Cap. 474, the franchisee may advance the toll increase. The maximum levels of increase in respect of different categories of vehicles are specified in Schedule 2 to Cap. 474.

4. Since the operation of Route 3 in May 1998, the franchisee's net revenue has consistently fallen short of the specified levels. Hence, under the law, the franchisee would have been entitled to advance all three rounds of toll increase by now. To date, the franchisee has raised its statutory tolls twice – the first one made in April 2000 on the basis of the 1998/99 Net Revenue Statement, and the second one on the basis of its 1999/2000 Net Revenue Statement. For the second toll increase, the new statutory tolls were gazetted on 16 March 2001. While the tolls were to take effect on 1 April 2001, the Company offered concessionary tolls for certain types of vehicles from the same date.

5. The franchisee of Route 3 submitted its 2000/01 Net Revenue Statement in August 2001. The Net Revenue Statement showed that the franchisee's net revenue of \$55 million was lower than the minimum net revenue of \$149 million for that year specified in Schedule 4 to Cap. 474. In other words, under Cap. 474, the franchisee was entitled to advance the toll increase to 1 January 2002. Nevertheless, considering the economic conditions at that time, the franchisee agreed to defer the toll increase.

Present Position

6. Recently, the franchisee has informed us that while it has tried various means to attract motorists to use Route 3, the toll revenue has continued to fall short of what is needed to put the Company in a healthy financial position. The franchisee has therefore decided not to defer the toll increase and to bring it into effect on 19 June 2005. Nevertheless, the franchisee has also decided to retain the existing concessionary tolls for motorcycles, medium and heavy goods vehicles and vehicles with additional axles. It will continue to offer concessions to private cars, taxis and light goods vehicles. The existing tolls and new tolls of Route 3 with effect from 19 June 2005 are at the **Annex**.

7. The franchisee has complied with the requirements under Cap. 474 to effect the proposed toll increase. We have nevertheless brought to the franchisee's attention that the general state of Hong Kong's economy has just shown signs of recovery, and that the public mood remains firmly against any toll increase. We have also urged the franchisee to have due regard to the wider public interest in devising its tolling strategy. We estimate that the traffic impact of the toll increase should be minimal as the magnitude of the increase is insignificant.

Environment, Transport and Works Bureau
June 2005

Annex

Existing and New Tolls of Route 3

	Existing Tolls		New Tolls		Actual Increase
	Statutory	Concessionary	Statutory	Concessionary	
Motorcycles	\$20	\$17	\$25	\$17	\$0
Private cars and Taxi	\$25	\$22	\$30	\$25	\$3
Public and private light buses	\$60	-	\$75	-	\$15
Light goods vehicles	\$60	\$25	\$75	\$28	\$3
Medium goods vehicles	\$70	\$35	\$85	\$35	\$0
Heavy goods vehicles	\$90	\$40	\$105	\$40	\$0
Public and private single-decked buses	\$60	-	\$75	-	\$15
Public and private double-decked buses	\$75	-	\$90	-	\$15
Each additional axle in excess of two	\$30	\$0	\$35	\$0	\$0