

政府總部
運輸及房屋局
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Transport and
Housing Bureau
Government Secretariat
Transport Branch
Murray Building, Garden Road,
Hong Kong

本局檔號 Our Ref. THB(T)CR 1/4661/00
來函檔號 Your Ref.

4 May 2009

Ms Joanne MAK
Clerk to Transport Panel
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Fax No. : 2869 6794)

Dear Ms MAK,

Hong Kong – Zhuhai – Macao Bridge

During the discussion of the captioned at the Transport Panel on 24 April 2009, Members requested the Administration to provide supplementary information on the Traffic Flow Forecast of the Hong Kong-Zhuhai-Macao Bridge and the Latest Situation and Timetable for Certain Developments on North-west Lantau.

2. I set out the information required at the paper attached. Grateful if you would circulate this letter to Members of the Panel and the Public Works Subcommittee for their information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Fletch Chan'.

(Fletch Chan)
for Secretary for Transport and Housing

c.c. HyD (Attn.: Mr. WAI Chi-sing)
FSTB (Attn. : Ms. Sandra LAM)

**Note on Traffic Flow Forecast of the Hong Kong-Zhuhai-Macao Bridge and
the Latest Situation and Timetable
for Certain Developments on North-west Lantau**

Introduction

This note informs Members of the Traffic Flow Forecast of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the Latest Situation and Timetable for Certain Developments on North-west Lantau.

Background

2. On 24 April 2009, we proposed to the Legislative Council Panel on Transport (the Panel):
 - (a) to seek funding approval of \$9,046.5 million in money-of-the-day (MOD) prices for funding the HKSAR's share of the cost for the detailed design and construction of the HZMB Main Bridge; and
 - (b) to seek funding approval of \$621.9 million in MOD prices for the detailed design and site investigation for the Hong Kong Boundary Crossing Facilities.

3. The Panel supported the two funding applications. At the same time, the Panel requested the Administration to provide supplementary information on the traffic flow forecast of the HZMB and the latest situation and timetable for certain developments on North-west Lantau, namely the Logistics Park (LLP) and Tung Chung New Town.

Traffic Flow Forecast

Projection of Traffic Flow and Toll Levels

4. As pointed out in the paper [LC Paper No. CB(1)1520/07-08(01)] for the Panel meeting on 16 May 2008, the traffic flow projection for the HZMB will vary according to the different assumptions adopted with regard to the quota system for cross-boundary vehicles and the toll levels. It is estimated in the

project feasibility study (FS) report that the daily traffic flow of the HZMB will range from 9,200 to 14,000 (with a median of 11,600) in 2016 and increase to the range between 35,700 and 49,200 (with a median of 42,450) in 2035. As highlighted in the paper, such estimates are in fact highly conservative as it was assumed that the quota system for cross-boundary private cars would remain unchanged, and that private investment would be invited via tenders to implement the HZMB Main Bridge project under a Build, Operate and Transfer (BOT) franchise, with contributions from the three governments to bridge the funding gap.

5. The Administration informed the Panel at its meeting on 19 December 2008 that the FS report had explored various toll options for the HZMB. One of the options was that the toll level for private cars would be set between RMB ¥100 and RMB ¥200 and the toll level for trucks be set between RMB ¥200 and RMB ¥300. Such toll levels were set according to the above highly conservative traffic projection and had room for downward adjustment.

Boosting Patronage of HZMB

6. To encourage the use of the HZMB for maximizing economic and transport benefits, the three governments agreed in August 2008 to take up the responsibility for the construction of the HZMB Main Bridge, instead of seeking private investment to implement the project under a BOT franchise. The total contributions from the three governments will be RMB ¥15.73 billion, which is about 42% of the project cost of the Main Bridge. The remaining 58% will be financed by bank loans. As there is no need to take into account the expected returns of private investors, the three governments will have better control over the toll levels. It is consensus of the three governments that the toll levels should be set as low as possible provided that the toll revenue is sufficient to cover bank loan repayment and the daily operation costs of the HZMB. Separately, the Administration has been considering means to broaden the availability and flexibility of cross-boundary travel for private cars. As the Administration briefed the Panel on 23 January 2009, the Administration planned to introduce ad hoc quotas for cross-boundary private cars in a gradual and controlled manner to allow more private cars to make cross-boundary trips. Moreover, the Administration considered that with the favourable terms offered by the lead bank, there is room for downward adjustment of the HZMB toll levels.

7. In short, major features of the loan terms are as follows:
- (a) the lead bank has undertaken to form a syndicate underwriting a loan of RMB ¥22 billion;
 - (b) the interest rate can be chosen as fixed interest rate or floating interest rate at the level of the base rate published by the People's Bank of China with 10% discount, i.e. the best lending rate offered in the market;
 - (c) the loan period is 35 years, including the project construction period, and loan repayment will commence upon commissioning of the HZMB;
 - (d) in case of any subsequent changes in the project cost, the total amount of the loan can be increased and the repayment period extended to a certain extent; and
 - (e) subject to the approval of the relevant Mainland authorities, the lead bank has undertaken that banks of Hong Kong and Macao will have equal opportunities as Mainland banks to participate in the syndicate if non-RMB denominated loans are required for the project. Selection of syndicate members will be conducted in a fair and open manner. When arranging RMB loans, banks of Hong Kong and Macao in the Mainland can compete with Mainland banks on an equal footing.

The financing proposal of the lead bank is considered highly favourable. Moreover, the interest rate offered is the best lending rate as permitted in the Mainland market.

Latest Estimate of Traffic Flow and Toll Levels

8. In view of the above and having taking account into the financing arrangements, the latest estimate of the Administration is that the toll levels of the HZMB may be considered to be set at the lower end of the range of toll levels stated in paragraph 5 above, i.e. the toll levels may be considered to be set around RMB ¥100 for private cars and RMB ¥ 200 for trucks.

9. In terms of vehicle flow, the latest rough estimate of the Administration, having taking into account of inducing further traffic flow as a result of lowering toll levels, is that the daily total vehicle flow in the short run (i.e. in 2016) can be increased by about 40% from about 11,600 to 16,550, and in the long run (i.e. in 2035) by about 35% from about 42,450 to 57,300.

10. The exact toll levels will be decided by the three governments nearer the time of the commissioning of the HZMB having regard to more accurate estimates of operating cost, traffic volume, the economic situation at the time and other relevant factors. The three governments will consider a basket of factors and set the toll levels as low as possible to encourage vehicle flow provided that the toll revenue is sufficient to cover loan repayment and the daily operation costs of the HZMB.

11. As regards the development plan of the North-west Lantau, the present situation is as follows.

Logistics Park

12. The LLP is one of the projects covered under the Lantau Concept Plan. Its purpose is to provide a designated facility for the provision of one-stop integrated logistics services. The project would involve developing a logistics park in Siu Ho Wan in Lantau. An initial reclamation of 72 hectares of land will be required.

13. A detailed feasibility study on the LLP was commissioned by the Civil Engineering and Development Department in 2005. The study has been practically completed and the Government is considering the report prepared by the consultant based on preliminary planning parameters.

14. In view of the uncertain global economic situation, the Government has to take into account Hong Kong's and the global economic trend and outlook in deciding on the way forward of the LLP including the scale and timing of the proposed development. This is to make sure that public resources investing in the development of the logistics sector are used in a cost-effective way.

Tung Chung New Town

15. While the existing and committed developments are mainly in Tung Chung central, the new town extension would have to be on Tung Chung east and west, where reclamation will be required to take forward the extension proposal.

16. According to the Revised Concept Plan for Lantau promulgated by the Government in 2007, Tung Chung is to remain a comprehensively planned new town for an ultimate population of 220,000 with adequate community facilities and regional facilities, with the latter intended to serve the whole of Lantau. The committed developments include the Swimming Pool Complex in Area 2, Tung Chung (location being South of Ngong Ping 360 Cable Car terminus). The project is expected to be completed towards end 2010. Besides, phase one of the North Lantau Hospital located in the west end of Tung Chung Area 25 (near Yat Tung Estate) is expected to be completed in 2012. It will provide in-patient services, ambulatory care services, community care services, etc.

17. Besides, based on the Revised Concept Plan for Lantau, the Government is proceeding by phases with the feasibility study of proposed development in the different planning zones, including the new town extension to the west by reclamation. Taking into consideration the schemes of the nearby Hong Kong Link Road of the HZMB and Hong Kong Boundary Crossing Facilities, the study will look into the extent and land uses of the westerly extension of the new town.

Transport and Housing Bureau
4 May 2009