

For information**LEGISLATIVE COUNCIL PANEL ON TRANSPORT****Tai Lam Tunnel and Yuen Long Approach Road Tolls****Introduction**

This paper informs Members that the new concessionary tolls of the Tai Lam Tunnel and Yuen Long Approach Road (known as “Route 3”) will take effect on 22 February 2015.

Background

2. The Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474) (“the Ordinance”) stipulates the toll adjustment mechanism in respect of Route 3, under which the franchisee may effect toll increases on three specified dates (1 January of 2003, 2010 and 2017) (known as “anticipated toll increases”), on the condition that the Actual Net Revenue of the franchisee for the year immediately preceding the year in which a specified date occurs is less than the Maximum Estimated Net Revenue for that year stipulated in Schedule 4 to the Ordinance. In addition, if the Actual Net Revenue of the franchisee for any year is less than the Minimum Estimated Net Revenue for that year as stipulated in Schedule 4 to the Ordinance, the franchisee may advance an anticipated toll increase, and implement an additional toll increase (known as “additional toll increase”) if all the anticipated toll increases have been effected. Regardless of whether it is an anticipated toll increase or additional toll

increase, the magnitude of each toll increase must not exceed that stipulated in Schedule 2 to the Ordinance for various categories of vehicles. Tolls adjusted according to the mechanism stipulated in the Ordinance are called “statutory tolls”, which do not require the Government’s approval.

3. The Ordinance also provides for the establishment of the Tai Lam Tunnel and Yuen Long Approach Road Toll Stability Fund (“Fund”), and for the payment of a specified sum by the franchisee into the Fund when the net revenue of the franchisee for any year exceeds the Maximum Estimated Net Revenue for that year as specified in Schedule 4 to the Ordinance. The objective of establishing the Fund is to obviate the need for, or defer, any statutory toll increase as payment can be made from the Fund to the franchisee when there is money in the Fund.

4. Since the commencement of operation of Route 3 in 1998, the franchisee’s net revenue has consistently fallen short of the level of the Minimum Estimated Net Revenue stipulated in Schedule 4 to the Ordinance. There is therefore no balance in the Fund. By 19 June 2005, the franchisee has effected all the anticipated toll increases and subsequently has had nine additional toll increases. The last additional toll increase effected by the franchisee to increase the statutory tolls was made on the basis that its 2009/10 Actual Net Revenue was less than the Minimum Estimated Net Revenue of that year specified in Schedule 4 to the Ordinance. The increase in statutory tolls took effect on 1 August 2014.

5. The franchisee has been offering concessions to all categories of vehicles so that actual tolls (or concessionary tolls) are lower than the statutory toll levels. The current actual tolls are maintained at the levels effected since 1 January 2013. A summary of the historical changes in

Route 3's toll levels is at **Annex A**.

Latest Position

6. The franchisee has recently informed the Government that it must improve its revenue position to repay an outstanding loan of around \$2.4 billion and maintain business stability. The franchisee has therefore decided to reduce the concessions to certain types of vehicles, namely private cars, electrically powered passenger vehicles, taxis, light, medium and heavy goods vehicles, single-decked and double-decked buses with effect from 22 February 2015. Concessionary tolls of motorcycles, motor tricycles, private and public light buses, and extra axle in excess of two for goods vehicles remain the same. The existing and new concessionary tolls of Route 3 are at **Annex B**.

7. Although the franchisee has made the toll adjustments within the levels allowed in the Ordinance and does not require the Government's approval, we have all along and will continue to urge the franchisee to pay due regard to public affordability and acceptability as well as the wider public interest in devising its tolling strategy.

**Transport and Housing Bureau
February 2015**

History of Toll Changes of Route 3 (page 1 of 3)

| | 25 May 1998 | | 11 August 1998 | | 27 October 1998 | | 1 April 2000 | | 18 September 2000 | | 1 April 2001 | |
|--|-------------|--------|----------------|--------------------|-----------------|--------------------|--------------|--------------------|-------------------|--------------------|--------------|--------------------|
| | Statutory | Actual | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary |
| Motorcycles and motor tricycles | \$10 | \$10 | \$10 | \$10 | \$10 | \$10 | \$15 | \$15 | \$15 | \$15 | \$20 | \$17 |
| Private cars, electrically powered passenger vehicles and taxis | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 | \$20 | \$20 | \$20 | \$20 | \$25 | \$22 |
| Public and private light buses | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$45 | \$45 | \$45 | \$45 | \$60 | \$60 |
| Light goods vehicles | \$30 | \$30 | \$30 | \$30 | \$30 | \$23 | \$45 | \$25 | \$45 | \$25 | \$60 | \$25 |
| Medium goods vehicles | \$40 | \$40 | \$40 | \$30 | \$40 | \$30 | \$55 | \$35 | \$55 | \$35 | \$70 | \$35 |
| Heavy goods vehicles | \$60 | \$60 | \$60 | \$30 | \$60 | \$30 | \$75 | \$35 | \$75 | \$40 | \$90 | \$40 |
| Single-decked buses | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 | \$45 | \$45 | \$45 | \$45 | \$60 | \$60 |
| Double-decked buses | \$45 | \$45 | \$45 | \$45 | \$45 | \$45 | \$60 | \$60 | \$60 | \$60 | \$75 | \$75 |
| Additional axle in excess of two for goods vehicles | \$20 | \$20 | \$20 | \$0 | \$20 | \$0 | \$25 | \$0 | \$25 | \$0 | \$30 | \$0 |

History of Toll Changes of Route 3 (page 2 of 3)

| | 19 June 2005 | | 17 September 2006 | | 19 August 2007 | | 28 December 2008 | | 1 August 2009 | | 4 September 2010 | |
|--|--------------|--------------------|-------------------|--------------------|----------------|--------------------|------------------|--------------------|---------------|--------------------|------------------|--------------------|
| | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary |
| Motorcycles and motor tricycles | \$25 | \$17 | \$30 | \$17 | \$35 | \$18 | \$40 | \$20 | \$45 | \$20 | \$50 | \$20 |
| Private cars, electrically powered passenger vehicles and taxis | \$30 | \$25 | \$35 | \$25 | \$40 | \$28 | \$45 | \$30 | \$50 | \$30 | \$55 | \$30 |
| Public and private light buses | \$75 | \$75 | \$90 | \$75 | \$105 | \$90 | \$120 | \$100 | \$135 | \$100 | \$150 | \$100 |
| Light goods vehicles | \$75 | \$28 | \$90 | \$28 | \$105 | \$30 | \$120 | \$32 | \$135 | \$32 | \$150 | \$32 |
| Medium goods vehicles | \$85 | \$35 | \$100 | \$35 | \$115 | \$35 | \$130 | \$40 | \$145 | \$40 | \$160 | \$40 |
| Heavy goods vehicles | \$105 | \$40 | \$120 | \$40 | \$135 | \$40 | \$150 | \$45 | \$165 | \$45 | \$180 | \$45 |
| Single-decked buses | \$75 | \$75 | \$90 | \$75 | \$105 | \$90 | \$120 | \$100 | \$135 | \$100 | \$150 | \$100 |
| Double-decked buses | \$90 | \$90 | \$105 | \$90 | \$120 | \$105 | \$135 | \$120 | \$150 | \$120 | \$165 | \$120 |
| Additional axle in excess of two for goods vehicles | \$35 | \$0 | \$40 | \$0 | \$45 | \$0 | \$50 | \$0 | \$55 | \$0 | \$60 | \$0 |

History of Toll Changes of Route 3 (page 3 of 3)

| | 1 January 2011 | | 1 August 2011 | | 1 August 2012 | | 1 January 2013 | | 1 August 2013 | | 1 August 2014 | |
|--|----------------|--------------------|---------------|--------------------|---------------|--------------------|----------------|--------------------|---------------|--------------------|---------------|--------------------|
| | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary | Statutory | Conces- sionary |
| Motorcycles and motor tricycles | \$50 | \$20 | \$55 | \$20 | \$60 | \$20 | \$60 | \$20 | \$65 | \$20 | \$70 | \$20 |
| Private cars, electrically powered passenger vehicles and taxis | \$55 | \$33 | \$60 | \$33 | \$65 | \$33 | \$65 | \$36 | \$70 | \$36 | \$75 | \$36 |
| Public and private light buses | \$150 | \$100 | \$165 | \$100 | \$180 | \$100 | \$180 | \$100 | \$195 | \$100 | \$210 | \$100 |
| Light goods vehicles | \$150 | \$34 | \$165 | \$34 | \$180 | \$34 | \$180 | \$38 | \$195 | \$38 | \$210 | \$38 |
| Medium goods vehicles | \$160 | \$40 | \$175 | \$40 | \$190 | \$40 | \$190 | \$43 | \$205 | \$43 | \$220 | \$43 |
| Heavy goods vehicles | \$180 | \$45 | \$195 | \$45 | \$210 | \$45 | \$210 | \$48 | \$225 | \$48 | \$240 | \$48 |
| Single-decked buses | \$150 | \$115 | \$165 | \$115 | \$180 | \$115 | \$180 | \$115 | \$195 | \$115 | \$210 | \$115 |
| Double-decked buses | \$165 | \$135 | \$180 | \$135 | \$195 | \$135 | \$195 | \$135 | \$210 | \$135 | \$225 | \$135 |
| Additional axle in excess of two for goods vehicles | \$60 | \$0 | \$65 | \$0 | \$70 | \$0 | \$70 | \$0 | \$75 | \$0 | \$80 | \$0 |

Existing and New Concessionary Tolls of Route 3

| | Existing Statutory Tolls (Since 1 August 2014) | Existing Concessionary Tolls (Since 1 January 2013) | New Concessionary Tolls* | Actual Increase in concessionary tolls |
|--|---|--|---------------------------------|---|
| Motorcycles and motor tricycles | \$70 | \$20 | \$20 | \$0 |
| Private cars, electrically powered passenger vehicles and taxis | \$75 | \$36 | \$40 | \$4 |
| Public and private light buses | \$210 | \$100 | \$100 | \$0 |
| Light goods vehicles | \$210 | \$38 | \$41 | \$3 |
| Medium goods vehicles | \$220 | \$43 | \$47 | \$4 |
| Heavy goods vehicles | \$240 | \$48 | \$52 | \$4 |
| Single-decked buses | \$210 | \$115 | \$120 | \$5 |
| Double-decked buses | \$225 | \$135 | \$140 | \$5 |
| Additional axle in excess of two for goods vehicles | \$80 | \$0 | \$0 | \$0 |

* New concessionary tolls will take effect on 22 February 2015.