

ExCo approves increase in Tate's Cairn Tunnel toll

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The Government announced today (May 19) that the Executive Council (ExCo) has approved the revised application for a toll increase by Tate's Cairn Tunnel Company Limited (TCTC). ExCo has also decided that the new tolls should take effect on December 25, 2010.

A spokesman said: "In making the decision, the ExCo has considered all the relevant factors, including the rate of increase, traffic implications arising from the increase, public affordability and acceptability, tunnel company's financial position and whether the tunnel company is obtaining reasonable but not excessive remuneration."

TCTC applied in July 2009 for a \$1 toll increase for all vehicle types.

Having regard to the views expressed by the Transport Panel of the Legislative Council and following further consultation with the Government, TCTC submitted a revised application in January 2010. While maintaining its earlier proposal of a \$1 toll increase for most vehicle categories, it proposed not to increase the toll for public light buses. TCTC will also provide a \$1 promotional discount for empty taxis between midnight and 6am

The spokesman explained that in its advice to the Government, the Transport Advisory Committee (TAC) said ExCo, when considering the application, might wish to take into account the TAC's concern about public sentiment on the frequency of toll increases by the tunnel.

The Government is also concerned that the toll increase application came too soon after the tunnel's last toll increase in November 2008, particularly at a time when a stable economic recovery of Hong Kong is not certain.

"We have conveyed our concerns to TCTC and have obtained the agreement of TCTC that the new tolls, if approved, should not be implemented within two years since the last increase.

"Taking into account public sentiment, ExCo decided that the new tolls should take effect on December 25, 2010," the spokesman added.

If no toll increase is allowed, TCTC is expected to achieve an internal rate of return (IRR) of 6.0% over the 30-year franchise period. With the current toll increase, an IRR of 6.1% is expected to be generated. In its franchise bid, TCTC assumed that an IRR of 13.02% would be achieved.

"We expect the toll adjustments will divert around 500 vehicles to Lion Rock Tunnel per day, and 100 vehicles each to Route 8 and Tai Po Road per day. With the commissioning of more alternative routes linking Shatin and Kowloon such as Route 8, the impact on traffic should be minimal. We will closely monitor the situation," the spokesman said.

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