

LegCo Panel on Transport

Improvement to Mass Transit Railway Service after Privatisation

Purpose

This paper provides Members with an update of MTR services and its related business since the MTR Corporation Limited (MTRCL) has been listed on the Hong Kong Stock Exchange on 5 October 2000.

Background

2. On 3 March 1999, the Financial Secretary announced in his Budget Speech that the Government intended to privatise a substantial minority share of the Mass Transit Railway Corporation through a public offering. A year later, the Legislative Council passed the Mass Transit Railway Bill on 24 February 2000 to pave the way for the partial privatisation. A franchise was granted to MTRCL under the terms of an Operating Agreement (OA) on 30 June 2000. On 5 October 2000, MTRCL was listed on the Hong Kong Stock Exchange.

3. The MTR Privatisation Public Offering has received overwhelming support from the people of Hong Kong and institution investors all over the world. The MTRCL has now 600,000 shareholders, many of whom are the residents of Hong Kong.

MTR Services

4. The OA sets out Performance Requirements for train services and station operations which the Corporation has to meet.

5. In addition, the OA sets out the requirement for the Corporation to establish and publish Customer Service Pledges, covering the Performance Requirements and other service attributes, such as train and station cleanliness. The Corporation has set the targets for these Customer Service Pledges at levels higher than the Performance Requirements as our commitment to providing a high quality railway service.

6. For the first three months since the establishment of the MTRCL from July to September 2000, all the targets were successfully met. Details of the service performance are set out in the booklet attached.

Fare Determination

7. Historically, the Corporation has voluntarily consulted passengers, the public, the Legislative Council Panel on Transport and the Transport Advisory Committee in order to obtain views as to the acceptability of a proposed fare revision. This voluntary consultation procedure has been formalised and included into the OA.

Railway Extensions

8. The Tseung Kwan O Extension Project is progressing well. Following the completion of piling and excavation for all five stations, construction of station structure is well under way. Tunnel breakthroughs have been achieved at Black Hill and Pak Shing Kok. The remaining bored tunnels between Yau Tong Station and Lam Tin Station are expected to be completed by this November. The Tseung Kwan O Line is expected to commence operation in late 2002 as scheduled.

9. The Quarry Bay Congestion Relief Works between Quarry Bay and North Point station is expected to be completed in late 2001.

10. On the Penny's Bay Rail Link, the Corporation has submitted a proposal to the Government on 7 March 2000 and is in discussion with the Government on the terms on which the project would be undertaken by the Corporation.

11. In the Railway Development Strategy 2000, the Government confirmed that both the North Island Line and the West Island Line are natural extensions of the MTR system. The Corporation has already undertaken feasibility studies for each of the Island Line Extensions and believes the completion of these projects between 2008 and 2012 are achievable, subject to policy support being forthcoming in 2000 and the timely grant of other relevant consents and permits.

Property Development

12. All development packages of the Airport Railway at Tung Chung, Tsing Yi, Olympic, Kowloon and Hong Kong stations have already been awarded to developers in September 2000.

13. As for the Tseung Kwan O Extension, four sites respectively at Hang Hau, Tsung Kwan O Town Centre, Tiu King Leng and the Depot at Area 86 have been identified for property development. All together, they are expected to produce a housing supply of 28,000 units by 2010.

Other Businesses

14. While poster advertising and kiosks inside MTR stations provide value-added service to MTR passengers, they also constitute a steady stream of revenue to the Corporation. The Corporation will continue to explore new formats of advertising, including advertising on train bodies, trackside motion pictures as well as other retail outlets in stations.

15. MTR was the first underground railway in the world to allow the transmission of pagers and mobile telephone signals. The coverage of telecommunication network in the MTR system has always been praised by members of the public. The Corporation will continue to maintain and improve the telecommunication systems and to work closely with telephone/pager operators to secure an uninterrupted communication environment for the travelling public.

Station Improvement Programme

16. The Corporation aims to provide a safe, reliable, cost efficient and environmentally-friendly railway service. To achieve this, the Corporation undertakes projects to enhance its railway system, including the retrofitting of platform screen doors at all underground stations, station improvement and train modernisation programmes, and enhancement to the Automatic Fare Collection System, etc.

17. The MTR is the first railway in the world to take on the complex job of retrofitting platform screen doors in stations already in operation. The Corporation has launched a 6-year programme to retrofit all 30 underground stations on the Kwun Tong, Tsuen Wan and Island Lines with platform screen doors by 2006.

18. An enhancement plan is in place to modify MTR exit gates and Airport Express gates to provide more information to passengers. Commencing 24 October 2000, all Tung Chung Line exit gates are displaying not only the remaining value of a passenger's Octopus card, but also the amount of fare deducted. Passengers will also be reminded to add value to their Octopus Cards when needed. If passengers have subscribed to the automatic add value service, the display will inform them when value has been added automatically. The exit gates on the Kwun Tong, Tsuen Wan and Island Lines as well as all Airport Express gates will be fully converted by mid January 2001.

Conclusion

19. Being the most environmentally-friendly mode of public transport, the MTR has served Hong Kong well for the past 20 years. Following the successful listing on the Hong Kong Stock Exchange, the Corporation will continue to enhance its services with a view to providing high quality service as well as to strengthening its competitive edge in the competitive environment of the local transport industry.

MTR Corporation Limited
November 2000