

Legislative Council Panel on Transport

An Update on the Tsim Sha Tsui Extension Project and its Fares

The Tsim Sha Tsui (TST) Extension project was authorized by the Chief Executive in Council in October 2000. Construction of TST Extension then commenced by Kowloon-Canton Railway Corporation (KCRC) in April 2001.

2. KCRC has been able to demonstrate a reliable service of TST Extension during the Trial Operations based on the agreed performance targets. The Hong Kong Railway Inspectorate has completed the statutory inspection on 24 September 2004 and certified on 7 October 2004 that TST Extension is in a safe and sound condition and can be opened for carriage of passengers.
3. KCRC has prepared a paper to brief Members on the TST Extension project progress, fares, and commissioning (**Annex**).
4. Members are requested to note this paper.

Environment, Transport and Works Bureau
October 2004

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Introduction

This paper serves to update members on the final stage of the work leading to the commissioning of Tsim Sha Tsui (TST) Extension and inform members about the Corporation's proposal on the fares for the Extension, as well as the programmes for the opening of the East Tsim Sha Tsui (ETS) station.

Project Progress

2. The one-kilometer long TST Extension extends from the existing Hung Hom Station to ETS Station. Upon its commissioning, East Rail (ER) passengers can enjoy a convenient and direct access from the New Territories to the heart of TST. The journey time on this Extension is about 1.5 minutes while a journey from Sheung Shui to TST will take about 37 minutes.

3. The physical works of all structures and facilities essential to railway operation have been completed. All railway systems have been tested and commissioned satisfactorily; while preparation for the commencement of passenger services is underway.

4. Trial operation has been successfully completed with all ER trains extending to ETS Station in August this year. The average punctuality and service delivery for the trial operation stood at 99.9% and 99.5%.

5. As an entrusted Essential Public Infrastructure Works item in connection with the TST Extension project, the TST Interchange Subway, which is air-conditioned and equipped with travellators, will be launched together with the Extension to facilitate interchange between the new ETS Station and the MTR TST Station. The Mody Road Section of the

TST Interchange Subway System was already opened on 19 September 2004.

6. The Hong Kong Railway Inspectorate (HKRI) conducted the final inspection on 24 September and has confirmed that the TSTE is in a safe and sound condition. We have written to the Chief Executive of the HKSAR, certifying that the railway extension can be opened for the carriage of passengers.

7. Given the satisfactory progress to date, the Corporation has scheduled an Open Day and public trial ride on 17 October (Sunday) to familiarize the traveling public with the new services and the new station. The Corporation has also decided to officially open the Extension for service operation on 24 October (Sunday) after the opening ceremony. The revenue attributed to ETS Station for the first three days of operation, from 24 to 26 October, will be donated to charity.

Fares for TST Extension

8. In setting the fares for the TST Extension, we have taken into consideration the following factors: passengers' acceptability, market competitiveness as well as the project cost. The Corporation's policy is to set competitive fares in the market that it operates, within the statutory framework of prudent commercial principles as required by the law, while at the same time, provide value-for-money services to the traveling public.

Passengers' acceptability

9. As in the case of West Rail, the Corporation has taken public acceptability into serious consideration; and the intention is to ensure that the TST Extension fares provide good value-for-money services, in terms of shorter time and greater convenience.

10. A passenger survey has been conducted by the Corporation to assess passengers' acceptability of various fare levels and to establish a value of time (VOT) for potential passengers in North East New Territories (NENT). The Corporation will set the fares at a level acceptable to the majority of passengers. As for VOT for NENT residents, the survey indicated that it should be 16 cents per minute,

meaning that the NENT residents are willing to pay 16 cents more for every one minute saved in the journey.

11. “Travelling time” and “Accessibility of stations” are each considered by about 30% to 40 % of NENT residents as the primary selection criteria for selecting their mode of transport. Only a minority, about 10% of the NENT residents, consider “Fare Level” as the primary factor in deciding their transport mode. Also, it is noted that as the economy recovers, passengers would be willing to pay more from the aspect of value of time to guarantee predictability.

Market Competitiveness

12. Operating in a competitive environment, the Corporation must ensure the fares and services are attractive to potential passengers. In this regard, the Corporation has undertaken detailed analysis of the fares and journey time of existing public transport services. Direct references are made to the competing bus fares and the total East Rail / MTR fares to Tsim Sha Tsui and Central, in conjunction with the difference in terms of journey time and the number of interchanges required. The objective is to ensure that the new fares are not only comparable with those of the alternative modes of transport but also offer better value-for-money services.

13. Adopting the VOT principle for fare setting, a direct journey on ER from Sheung Shui to TST will take 42 minutes (including getting in and out of the stations at both ends), which is 36 minutes less than bus and 11 minutes less than ER via Kowloon Tong to MTR. Accordingly, the derived VOT-based fares which passengers will be willing to pay are \$18.1 as compared to bus fare of \$12.3 and \$15.9 as compared to ER/MTR (via Kowloon Tong) fare of \$14.1. Another example is Sha Tin to TST --- a journey on ER will take only 20 minutes, which is 24 minutes less than bus and 11 minutes less than ER/MTR. Accordingly, the VOT-based fares which passengers will be willing to pay are \$10.8 as compared to bus fare of \$7.0 and \$12.5 as compared to ER/MTR (via Kowloon Tong) fare of \$10.7.

14. Similarly, for a journey from Sheung Shui to Central on ER interchanging at ETS Station to MTR will take 55 minutes, which is 25 minutes less than bus and 2 minutes less than ER via Kowloon Tong to

MTR (which requires a second interchange at Mong Kok). In this case, the VOT-based fares are \$25.4 as against bus fare of \$21.4 and \$18.8 as against ER/MTR (via Kowloon Tong) fare of \$18.5. Passengers would also enjoy the convenience of interchanging railway only once.

15. Taking into consideration the value of time saved by taking ER to ETS Station, the derived VOT-based fares as mentioned in paragraphs 13 to 14 would be as competitive as buses, and changing to MTR at Kowloon Tong. **However, the Corporation is planning to set the fares of the Extension at a level lower than the above derived VOT-based fares to ensure that its service is highly competitive and attractive to passengers in terms of fares, time and convenience.**

16. At the same time, the Corporation is arranging intermodal discounts at ETS Station with other transport operators to enhance the attractiveness of the new Extension. These concessions, coupled with the 20% discount offered to domestic passengers on ER for a second trip on the same day until March 2005, will further reduce the total journey fares and passengers will therefore find the fares of the Extension a good value for money.

Public Announcement

17. Members of the LegCo Panel on Transport and District Councils along the alignment will be briefed on the progress of TST Extension and the fares to be set (as explained in paragraph 15 above) on 15 October 2004 (Friday) and a public announcement on TST Extension fares will be made shortly afterwards.

Kowloon-Canton Railway Corporation
October 2004