

Bills Committee on Rail Merger Bill
Follow-up to meeting on 9 January 2007

- (a) **The Administration to consider, in respect of the requirement under the integrated Operating Agreement (IOA) for the post-merger Corporation (MergeCo) to give written notification to the Legislative Council (LegCo) before implementing fare adjustments, whether MergeCo would respond to queries raised or requests for information by LegCo and whether MergeCo would attend meetings of LegCo to answer members' questions on the relevant subject if requested;**

After the rail merger, MergeCo would be required under the IOA to adhere to the fare adjustment mechanism (FAM) which would regulate future fare adjustments and replace the existing fare autonomy of the two railway corporations. The FAM comprises a direct-drive formula which is linked to changes in the consumer price index and wage index. The two indices are objective and verifiable and are published data of the Census & Statistics Department. Besides, MergeCo would be required under the IOA to provide to Government certifications from two independent experts who would have access to relevant data and information of MergeCo for the purpose examining whether the fare adjustments comply with the FAM. In view of these requirements under the IOA which would help safeguard the interests of passengers, it is considered that it would be appropriate for MergeCo to give written notification to the LegCo Panel of Transport before implementing fare adjustments. The IOA would contain a specific provision to require MergeCo to give written notification.

The MTR Corporation Limited (MTRCL) advised that MergeCo would be prepared to attend meetings of the LegCo Panel on Transport to answer questions on fare adjustment.

- (b) **Given that the proposed arrangement under the FAM was to require the MergeCo to formally notify the Transport Panel and the Transport Advisory Committee in writing within a reasonable period prior to implementation of the new fares, the Administration was requested to consider specifying in clear terms when the notification should be given;**

As we explained at the meeting of 9 January 2007, the arrangement under the proposed FAM for MergeCo to formally notify both LegCo Panel on Transport and the TAC “within a reasonable period” prior to implementation of the new fares was modeled on a similar provision in the existing OA requiring MTRCL to notify the LegCo Panel on Transport “within a reasonable period” before implementing new fares. The present arrangement has been put to practice in the past years and has worked well. We do not propose any change to the arrangement. In general, “within a reasonable period” in the above context means at least two weeks.

- (c) **The Administration to provide a table setting out the railway lines outlined in the Railway Development Strategy 2000 or discussed by the Subcommittee on Matters Relating to Railways under the Transport Panel in the past six years, and specify which of them are natural extension of MTR and which are not; and**

The table showing the classification of the railway projects outlined in the Railway Development Strategy 2000 or discussed by the Subcommittee on Matters Relating to Railways under the Transport Panel in the past six years is attached as Annex A.

- (d) **The Administration to provide information in the bidding proposals from the two railway corporations for the Shatin to Central Link.**

Relevant information in the bidding proposals for the Shatin to Central Link project from the two railway corporations has already been made public vide the Legislative Council Brief submitted to the LegCo on 25 June 2002 which was discussed at the meeting of the Subcommittee on Matters Relating to Railways on 27 June 2002. In response to members’ request, we have made a comparison between the bidding proposals of the two corporations in respect of their technical and financial aspects which is set out at Annex B.

Annex A

Classification of Railway Projects

Railway Projects	Classification* (MTR / Non-MTR)
1. Airport Express Line and Tung Chung Line (shared track)	MTR
2. Tseung Kwan O Extension	MTR
3. West Rail	Non-MTR
4. Ma On Shan Rail	Non-MTR
5. KCR Extension to Tsim Sha Tsui	Non-MTR
6. Disneyland Resort Line	MTR
7. Sheung Shui to Lok Ma Chau Spur Line	Non-MTR
8. Kowloon Southern Link	Non-MTR
9. West Island Line	MTR
10. Northern Link	Non-MTR
11. Express Rail Link (Shared Corridor Option Northern Link)	Non-MTR
12. Express Rail Link (Dedicated Corridor Option)	Non-MTR
13. Shatin to Central Link	Non-MTR
14. North Hong Kong Island Line	MTR
15. Port Rail Line	Non-MTR
16. South Island Line	MTR

* MTR: Projects which are natural extension of MTR

* Non-MTR: Projects which are not natural extension of MTR

Comparison between Conforming Proposals (CP)

(A) Technical Aspects

Items	KCRC's CP	MTRCL's CP
1 Interchange convenience ◆ Tai Wai	SCL through-running with Ma On Shan Rail (MOSR)	MTR SCL Station separate from KCR ER-cum-MOSR Station
◆ Diamond Hill	KCR SCL Station separate from MTR Kwun Tong Line (KTL) Station	Cross-platform interchanges between MTR SCL Station and KTL
◆ Hung Hom	New East Rail (ER) and West Rail (WR) platforms (relocated, widened and rationalised) to give a better interchange between ER, WR and SCL	Interchange with the ER and WR without platform rationalisation and widening
◆ Exhibition	KCR SCL Station separate from MTR North Hong Kong Island Line (NIL) Station	Cross-platform interchanges between MTR SCL Station and NIL
◆ Admiralty	KCR SCL Station separate from MTR Island Line (ISL)-cum-Tsuen Wan Line (TWL) Station	Direct interchanges between platforms at split levels

Items	KCRC's CP	MTRCL's CP
2 Interfaces with adjacent railways	Use the same Tai Wai Station, and new ER and WR platforms at Hung Hom Station. Separate from MTR's other stations	Require delicate modifications of and interfaces with the existing rail network
3 Station accessibility	Stations' layout and entrances are planned to capture maximum ridership	Stations' layout and entrances are planned to capture maximum ridership
4 Proposed completion programme	<ul style="list-style-type: none"> ◆ Tai Wai to Diamond Hill Mar 2008 ◆ Diamond Hill to Central West Oct 2008 	<ul style="list-style-type: none"> ◆ Tai Wai to Admiralty Feb 2008 ◆ Admiralty to Central West Dec 2011
5 Solutions to constraints and interfaces	---	With comprehensive and robust technical solutions to difficult ground conditions, existing sensitive structures and interfaces with other projects
6 Construction impacts to environment	After completion, a section (about 10% of the total 17 km route length) south of Tai Wai will be at grade or on viaduct	Wholly in tunnel after completion
7 Construction impacts to traffic	Make use of the facilities and space at the existing Tai Wai and Hung Hom Stations during construction of the SCL station and approaches	---

Items	KCRC's CP	MTRCL's CP
8 Compatibility with landuse	---	Integrate with the various planned developments along the SCL route on Hong Kong Island
9 Land resumption	Need to resume an existing petrol filling station	Need partial resumption of two private lots' non-building areas and full resumption of two building lots

(B) Financial Aspects

Items	<u>KCRC's CP</u>	<u>MTRCL's CP</u>
Fare from Tai Wai to Central (2000 prices)	KCRC's is 15% lower than MTRCL's	
Government Support including property profit and Essential Public Infrastructure Works (EPIWs)	Nil	<ul style="list-style-type: none"> • Property development rights of three sites • Government funding a list of EPIWs
Project Cost (2000 prices)	About \$26 billion	About \$23 billion
Equity contribution	Not required	Not required