

## Press Release

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### LCQ2: Competitive fares for Tseung Kwan O Extension and West Rail

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Following is a question by the Hon Cheng Kar-foo and a reply by the Secretary for Transport, Mr Nicholas Ng, at the Legislative Council today (February 6):

#### Question:

The Tseung Kwan O Extension of the MTR Corporation Limited ("MTRCL") and the West Rail of the Kowloon-Canton Railway Corporation will commence operation in this year and next year respectively. Regarding the fare structures of these two rail lines, will the Government inform this Council whether:

(a) it knows how the latest construction cost estimates for these two rail lines compare with their respective original estimates;

(b) in order to alleviate the burden of travelling expenses on the public, it has discussed with the two railway corporations matters relating to the determination of the fare structures of these two rail lines (including suggesting that the fares should reflect the actual project costs instead of the estimates); if so, of the outcome of the discussions; if not, the reasons for that; and

(c) it will discuss with the franchised bus companies concerned the reduction of fares for buses travelling to and from Tseung Kwan O, so as to provide the lower bus fare level as a reference point for the MTRCL in determining the fare structure of its Tseung Kwan O Extension; if so, of the details; if not, the reasons for that?

#### Reply:

Madam President,

The MTR Corporation Limited (MTRCL)'s construction cost estimate for the Tseung Kwan O Extension (TKE) at the time of entering into a Project Agreement with the Government in 1998 was \$30.5 billion. The latest cost estimate of TKE is \$18 billion, about 40 per cent below the original estimate. For West Rail (WR), the Kowloon-Canton Railway Corporation (KCRC)'s original construction cost estimate when KCRC and the Government entered into a Project Agreement in 1998 was \$64 billion. The latest cost estimate, at \$46.4 billion, is below the original figure by about 28 per cent. The construction costs of TKE and WR have been reduced mainly due to the two railway corporations' initiatives to save cost and enhance efficiency, and the economic condition in recent years resulting in contracts awarded in lower prices.

MTRCL and KCRC have the autonomy to determine fares. The two corporations have not set the fares for the TKO and WR but will do so closer to the commissioning of the new railways. When setting TKE and WR fares, MTRCL and KCRC will take into account a number of factors including the construction and operating costs, the range of distance travelled, the prevailing economic condition, passenger affordability, competition from other public transport modes, and the corporations' financial situation.

MTRCL and KCRC operate on commercial principles. We believe both corporations would establish competitive fare structures to attract railway patronage. For example, MTRCL believes that the fares for TKE, which is targeted for opening in mid-August this year, will be very competitive and broadly in line with the zonal fare structure of the existing MTR lines.

The TKE will provide a convenient, speedy and reliable service to residents within its catchment. When opened, the TKE will more than double the capacity of external public transport services for Tseung Kwan O. There will be substantial changes to the travel pattern of passengers, many of whom are expected to switch to use the new railway. In the light of these likely changes, we are developing public transport service plans to enable better coordination among different public transport modes to meet the changing demand of passengers and to enhance network efficiency, maintain reasonable fares, relieve congestion and address environmental concerns. If, under the public transport service plans, the journey distance of certain existing bus routes are shortened, the Transport Department will explore with the relevant bus operators the feasibility of adjusting the fare levels of these routes.

End/Wednesday, February 6, 2002

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