

Submission to
Legislative Council Subcommittee on Matters Relating to Railways

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by

Bill Barron

And

Simon NG Ka Wing

Hong Kong University of Science & Technology and Civic Exchange

The following points are based on work published in Barron, Ng, Ho, and Chan, *Direct External Benefits: West Island Line and South Island Line*, University of Hong Kong, Civic Exchange and Planarch, March 2004 and Barron Ng, Ogus and Taylor *Selected Employment Benefits: West Island Line/South Island Line*, Civic Exchange, May 2004.

- 1) The South Island Line will generate major benefits to the community in the form of:
 - a. Direct FINANCIAL BENEFITS to home owners, the government, and the business community
 - b. *TIME SAVINGS* due to road traffic flow improvements as a portion of road users switch to rail,
 - c. EMPLOYMENT benefits in the form of jobs in hotels and other businesses, particularly in a revitalized Wong Chuk Hang, and in Aberdeen and
 - d. ENVIRONMENTAL IMPROVEMENTS in the form of reduced pollution from road traffic not only in the area but in parts of the congested north shore of Hong Kong Island.

- 2) The present value over 40 years of the projected *direct financial returns to the government* from higher private property values and land premiums in the South Island Line station catchments by itself will offset much (and perhaps most) of the needed support from government to the MTRCL for line construction.

- a. A significant proportion of such returns come from the re-development potential at Wong Chuk Hang, due to its attractive environment and short *rail* travel times to Central.
 - i. Wong Chuk Hang will be transformed from a rundown former industrial centre into a premium hotel and business hub.
 - b. Major property value benefits also lie in Aberdeen and South Horizons.
 - c. The March 2004 assessment cited above looked only at property value within 400 meters of a station entrance. This represents the minimum area of direct impact on property values (and in turn on government revenues).
 - d. Private property owners in the catchment areas will benefit significantly.
 - e. Broadly, opportunities for commercial activity (including tourism) in the areas will be enhanced, especially in Wong Chuk Hang and Aberdeen.
- 3) *Time savings* from the South Island relate not only to the time saved by the rail passengers themselves (compared to their former road journey times) but also from faster travel times and reduced likelihood of major bottlenecks experienced by remaining road users of the Aberdeen Tunnel and on Pokfulam Road. There will be related benefits on the north shore of Hong Kong Island where these routes disgorge morning peak hour traffic.
- 4) In Wong Chuck Hang alone estimated direct employment benefits with the coming of the South Island Line is in the range of tens of thousands (between about 12,000 and 40,000) as the area is transformed into a desired location for hotels, tourism and offices. Additional employment opportunities would be provided in Aberdeen and to some extent at Ocean Park to handle expected increases in patronage from local residents not on package tours.

- 5) The reduced road traffic and faster road travel speeds result in significant pollutant emissions with respect to RSP and NO_x.
- a. Much of these reductions occur on the north side of Hong Kong Island due to less congestion there associated with peak hour vehicular travel between these areas and Southern District.
 - b. Air quality improvements, especially at congested roadsides in the core urban areas will lead to reduced hospital visits and less time lost from work as well as general health improvements for those traveling along or living or working in the relevant corridors.

✓ ***In sum:***

- the benefits associated with the South Island Line are varied and extend well beyond Southern district.
- The direct net* financial returns to government and Hong Kong as a whole are substantial.

* as noted in the 2004 assessment, while some of the development potential in Southern stemming from the South Island Line will involve a *shift* of activities from other areas, given the unique advantages of the area (proximity to Central and its local environment), we conclude that there would be significant *net* development benefits to Hong Kong.