
FACT SHEET

Comparison of the former proposal of the Kowloon-Canton Railway Corporation and the current concession approach related to the Shatin to Central Link

1. Background

1.1 During the discussion of the funding application for advance works for the Shatin to Central Link (SCL) at the meeting of the Subcommittee on Matters Relating to Railways on 6 December 2010, the Research Division was requested to provide a comparison of major aspects of the Draft Final Proposal for the SCL project submitted by the Kowloon-Canton Railway Corporation (KCRC) in 2004 with the latest approach for the design and construction of SCL after the rail merger, particularly in the areas of construction and financial arrangements.

The railway scheme for the Shatin to Central Link

1.2 SCL is one of the priority rail projects recommended in the Railway Development Strategy 2000 promulgated by the Government in May 2000. It is a strategic rail link connecting North East New Territories and Hong Kong Island via South East Kowloon. In June 2002, the Government awarded the right to build and operate SCL to KCRC. Subsequent to the award, KCRC made further refinements to improve the proposed SCL scheme, taking into account the developments of various planning and infrastructure projects along the alignment and public requests to extend the rail service to more areas. In September 2004, KCRC submitted the Draft Final Proposal for the SCL project to the Government for consideration.

1.3 Alongside with the planning for SCL, the Government invited the Mass Transit Railway Corporation Limited (MTRCL) and KCRC to discuss the possible merger of the two corporations in February 2004. One of the key issues for their merger discussion was the early resolution of the interchange arrangements for SCL. In July 2005, MTRCL and KCRC jointly developed and submitted to the Government a project proposal for a SCL scheme to be implemented under the merger scenario (known as the "Merger Scheme"). According to the Government, the Draft Final Proposal and the Merger Scheme are broadly similar in terms of the railway alignment.¹

¹ See Legislative Council Secretariat (2009) for details.

1.4 In April 2006, MTRCL signed a non-binding Memorandum of Understanding with the Government², setting out the terms of the proposed merger of the operations of MTRCL and KCRC.³ Following the passage of the *Rail Merger Ordinance* and the by-laws and regulations in 2007, the implementation of the rail merger commenced in December of the same year.⁴

1.5 In March 2008, the Executive Council agreed that MTRCL⁵ should be asked to proceed with the further planning and design of SCL based on the Merger Scheme. A concession approach will be adopted to implement the SCL project, where the Government will provide, at its cost, the necessary railway infrastructure of SCL.⁶ Upon completion of the railway, MTRCL will be granted a service concession and it, in return, has to make service concession payments to the Government for the right to operate the railway, while the ownership of the railway will rest with the Government.

1.6 On 26 November 2010, the SCL scheme was gazetted under the *Railways Ordinance*. The statutory consultation process has started, and detailed design and further planning of the project is being conducted by MTRCL.

1.7 In the following **Table**, key issues relating to the scheme design and implementation and financial arrangements contained in the Draft Final Proposal developed by KCRC to deliver the railway on a standalone basis and the latest gazetted scheme based on the concession approach are presented.

² The Government was both the sole shareholder of KCRC and the majority shareholder of MTRCL, the service concession arrangement was subject to the approval of the minority shareholders of MTRCL.

³ Kowloon-Canton Railway Corporation (undated).

⁴ After the rail merger, KCRC has become primarily an asset-holding corporation under the direction of a Managing Board composed wholly of public office holders appointed by the Chief Executive of the Hong Kong Special Administrative Region. The Board is chaired by the Secretary for Financial Services and the Treasury, and the management is headed by a Chief Officer. The Corporation is served by a small number of staff.

⁵ The English name of MTRCL remains unchanged after the rail merger.

⁶ According to the Government, under the concession approach, SCL is no different from other highway projects, and should be a government works project funded under the Capital Works Reserve Fund.

Table – Comparison of KCRC's Draft Final Proposal and the latest SCL scheme

	KCRC's Draft Final Proposal	The latest SCL scheme
Planning and design		
Scheme design	<p>The SCL project comprises two sections:</p> <p>(a) the east-west line, which is an extension of the Ma On Shan Rail from Tai Wai to the proposed Hung Hom Mass Transportation Centre via the proposed East Kowloon Line⁽¹⁾. Passengers of the Ma On Shan Rail and the East Kowloon Line are provided with a direct link to Tsim Sha Tsui, West Kowloon and North West New Territories via the Kowloon Southern Link⁽²⁾ and the West Rail, forming an east-west railway corridor; and</p> <p>(b) the north-south line, which is an extension of the East Rail across the harbour from Lo Wu to Central. Passengers of the East Rail, including cross-border passengers from Lo Wu and Lok Ma Chau, are provided with a direct link to Hong Kong Island, thus forming a north-south railway corridor. Passengers of the Ma On Shan Rail and the East Kowloon Line travelling to Hong Kong Island will transfer at Hung Hom or Tai Wai.⁽³⁾</p>	<p>The SCL project comprises two sections:</p> <p>(a) Tai Wai to Hung Hom section, which extends the Ma On Shan Line from Tai Wai Station to Hung Hom Station of the West Rail Line. Passengers may travel from Wu Kai Sha Station to Hung Hom, East Kowloon, New Territories West and Tuen Mun without interchanging, forming a strategic "East West Corridor" between New Territories East and New Territories West; and</p> <p>(b) Hung Hom to Admiralty section, which extends the East Rail Line from Hung Hom Station across the harbour to Admiralty Station, allowing passengers of the East Rail Line from Lo Wu and Lok Ma Chau to reach the heart of Hong Kong Island directly, and forming a strategic "North South Corridor".</p>
Route length	<ul style="list-style-type: none"> • East-west line: 10.9 km. • North-south line: 7.4 km.⁽⁴⁾ 	<ul style="list-style-type: none"> • Tai Wai to Hung Hom Section: 11 km. • Hung Hom to Admiralty Section: 6 km.

Notes: (1) Under the Railway Development Strategy 2000, the East Kowloon Line is a component of SCL and will connect the MTR Diamond Hill Station and the KCR Hung Hom Station.

(2) The Kowloon Southern Link connects the East Rail Line's East Tsim Sha Tsui Station with the West Rail Line's Nam Cheong Station. The Link went into service in August 2009.

(3) Kowloon-Canton Railway Corporation (2004).

(4) 九廣鐵路公司(2005).

Table – Comparison of KCRC's Draft Final Proposal and the latest SCL scheme (cont'd)

	KCRC's Draft Final Proposal	The latest SCL scheme
Planning and design (cont'd)		
Alignment and station locations	<p>(a) SCL comprises 10 stations:</p> <p>(i) Tai Wai;</p> <p>(ii) Diamond Hill;</p> <p>(iii) Kai Tak;</p> <p>(iv) Ma Tau Kok;</p> <p>(v) Ho Man Tin;</p> <p>(vi) Hung Hom;</p> <p>(vii) Causeway Bay North;</p> <p>(viii) Exhibition;</p> <p>(ix) Admiralty;</p> <p>(x) Central South;</p> <p>(b) two automated people mover systems (APM) will be linking Hung Hom Station to the Whampoa area, and Diamond Hill Station to the Tsz Wan Shan area respectively; and</p> <p>(c) there is a provision in the design for a new station at Hin Keng in the future.</p>	<p>(a) SCL comprises 10 stations:</p> <p>(i) Tai Wai;</p> <p>(ii) Hin Keng;</p> <p>(iii) Diamond Hill;</p> <p>(iv) Kai Tak;</p> <p>(v) To Kwa Wan;</p> <p>(vi) Ma Tau Wai;</p> <p>(vii) Ho Man Tin;</p> <p>(viii) Hung Hom;</p> <p>(ix) Exhibition;</p> <p>(x) Admiralty; and</p> <p>(b) there is a provision of Central South Station as part of SCL subject to the land use planning of Central District in the future.⁽⁵⁾</p>
Associated facilities or works	<p>(a) Construction of eight new stations, apart from the existing Tai Wai Station and Hung Hom Station;</p> <p>(b) modification of Hung Hom Station into a Mass Transportation Centre; and</p> <p>(c) construction of a railway depot at Kai Tak (the ex-Kai Tak Airport Terminal building site).</p>	<p>(a) Construction of six new stations, namely Hin Keng, Kai Tak, To Kwa Wan, Ma Tau Wai, Ho Man Tin and Exhibition;</p> <p>(b) modification works at Hung Hom Station and expansion work at both Diamond Hill Station and Admiralty Station, to facilitate more convenient interchange between railway lines and accommodate deeper train platforms; and</p> <p>(c) construction of a railway depot at Diamond Hill (the site of the former Tai Hom Village)⁽⁶⁾.</p>

Notes: (5) The two APM systems at Whampoa and Tsz Wan Shan previously proposed by KCRC were deleted. Instead, Whampoa will be the terminus of the MTR Kwun Tong Line, and the connectivity of Tsz Wan Shan with the railway stations will be improved by additional pedestrian link facilities.

(6) The proposed stabling sidings at Diamond Hill will be constructed with a "semi-depressed" design. The Government retains the development right at the depot site. See Minutes of Meeting of the Subcommittee on Matters Relating to Railways of the Legislative Council (2008).

Table – Comparison of KCRC's Draft Final Proposal and the latest SCL scheme (cont'd)

	KCRC's Draft Final Proposal	The latest SCL scheme
Planning and design (cont'd)		
Interchange arrangements	Three stations provide interchanges with KCR (Hung Hom Station) and MTR (Admiralty Station and Diamond Hill Station) networks. New stations are planned to be built adjacent to the latter two MTR stations.	Six stations provide interchanges with existing and future railway lines: (a) Tai Wai Station, an interchange station for the "East West Corridor" and the "North South Corridor"; (b) Diamond Hill Station, an interchange station for the Kwun Tong Line and SCL; (c) Ho Man Tin Station, an interchange station for the Kwun Tong Line Extension and SCL; (d) Hung Hom Station, an interchange station for the "East West Corridor" and the "North South Corridor"; (e) Exhibition Station, an interchange station for SCL and the future North Island Line; and (f) Admiralty Station, an interchange station for SCL, the Tsuen Wan Line, the Island Line and the proposed South Island Line (East). ⁽⁷⁾
Train configuration ⁽⁸⁾	<ul style="list-style-type: none"> The east-west line adopts an eight-car configuration. The north-south line adopts a nine-car configuration. 	<ul style="list-style-type: none"> The "East West Corridor" (comprising Ma On Shan Line, Tai Wai to Hung Hom Section of SCL and West Rail Line) adopts an eight-car configuration. The "North South Corridor" (comprising East Rail Line and Hung Hom to Admiralty Section of SCL) adopts a nine-car configuration.
Indicative Completion Window	The SCL project has been targeted for completion by 2011, as suggested in the Railway Development Strategy 2000. ⁽⁹⁾	The SCL project has been scheduled for phased completion by 2020. The construction of SCL is expected to start in 2012. The Tai Wai to Hung Hom Section is expected to be completed in 2018, while the Hung Hom to Admiralty Section will have to interface with other infrastructure projects, including Wan Chai Development Phase II and Central-Wan Chai Bypass, and is expected to be completed in 2020. ⁽¹⁰⁾

Notes: (7) Transport and Housing Bureau (2010c).

(8) At present, the East Rail trains operate with a 12-car configuration, and the Ma On Shan Rail trains with a four-car configuration.

(9) Design work of SCL had been carried out but held up in 2004 because of the impending merger. See MTR Corporation Limited (2009).

(10) Transport and Housing Bureau (2010a).

Table – Comparison of KCRC's Draft Final Proposal and the latest SCL scheme (cont'd)

	KCRC's Draft Final Proposal	The latest SCL scheme
Planning and design (cont'd)		
Temporary construction or reclamation	Temporary bridge structures of 400 m long and 35 m wide are planned to be constructed in the Causeway Bay Typhoon Shelter to provide nine traffic lanes for the diverted traffic, due to temporary closure of Gloucester Road for the construction of the Causeway Bay North Station for a period of five years. No reclamation work is required. ⁽¹¹⁾	Temporary reclamations in the Causeway Bay Typhoon Shelter and the foreshore of Hung Hom will be involved, covering an area of 2.2 hectares and one hectare respectively. These temporary reclamations will be removed upon completion of the works. ⁽¹²⁾ Certain sites along the railway alignment will be used as temporary works areas for storing machinery and materials, e.g. rock and soil excavated. Further, a magazine site for temporary storage of explosives has been proposed to be set up at Tseung Kwan O Area 137.
Financial arrangements		
Cost Estimates	The estimated cost is about HK\$35.5 billion in 2004 prices.	The current estimated cost is over HK\$60 billion, up 57% from an estimate of HK\$38.1 billion in April 2007 prices based on the concession approach. ⁽¹³⁾
Funding approach	The SCL project is wholly financed by KCRC from internal resources and borrowings.	The Government will be responsible for the construction costs of SCL. MTRCL will be entrusted with the planning and design of the project. Upon completion, MTRCL will be granted a 50-year service concession period for the operation of the railway line, while the Government will receive an annual service concession payment for the right to operate the railway. Upon the end, expiry or termination of the service concession period, MTRCL will have to return an operating railway to the Government or KCRC ⁽¹⁴⁾ as appropriate.

Notes: (11) Minutes of special meeting of the Subcommittee on Matters Relating to Railways of the Legislative Council (2004), 明報 (2004) and 香港經濟日報 (2004).

(12) MTR Corporation Limited (2010).

(13) According to the Government, the rise in construction material prices has caused the construction cost of the SCL project to increase by about 30%. Furthermore, the incorporation of the public suggestions concerning the design and facilities of SCL into the proposed railway scheme has resulted in additional works at about HK\$5 billion. The need for MTRCL to revise the design to cope with the actual conditions, such as ground investigation information, technical requirements and compliance with the existing fire safety requirements, has also incurred an additional sum of HK\$7 billion. Detailed breakdown of these additional costs is presented in Transport and Housing Bureau (2010a).

(14) The Government may vest SCL in or lease it to KCRC for a nominal amount upon completion of the project. See Transport and Housing Bureau (2008b), para. 22 for details.

Table – Comparison of KCRC's Draft Final Proposal and the latest SCL scheme (cont'd)

	KCRC's Draft Final Proposal	The latest SCL scheme
Financial arrangements (cont'd)		
Revenue sharing arrangements	Not applicable. ⁽¹⁵⁾	It is expected that the Government will receive a total concession payment of HK\$91.8 billion (in money of the day prices) from MTRCL for the 50-year lease for the operating right (around HK\$2 billion annually). This amount was calculated based on a formula under which, after deducting MTRCL's operating and ongoing capital costs from the total revenue of the railway, the Government would enjoy 90% of the net profit. ⁽¹⁶⁾
Approved funding	Not applicable.	Funding approved by the Finance Committee of the Legislative Council includes: (a) in May 2008, an estimated cost of HK\$2.407 billion to cover the design and site investigation of the SCL project (including the works for the alignment options appraisal, location selection for station entrances and ventilation shafts); and (b) in June 2010, an estimated cost of HK\$152.6 million for the construction of protection works for a section of SCL tunnels that intersects with water mains to be reprovisioned under the Wai Chai Development Phase II project.

Notes: (15) KCRC is wholly government-owned.

(16) This estimate is based on a forecast that SCL will attract one million passengers a day by 2021.

Research Division
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 Tel: 2869 9593

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