

**Public Omnibus Operators Association Ltd.**  
**公共巴士同業聯會有限公司**

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3 February 2005

Chairman and Members  
 Legislative Council Panel on Transport  
 Legislative Council  
 Charter Road, Central  
 HONG KONG

Dear Sirs

West Island Line and South Island Line

The Public Omnibus Operators Association Limited ("POOA") is a confederation of major non-franchised public bus operators in Hong Kong, representing the majority of the 7,200 non-franchised buses in Hong Kong. Our industry is currently employing over 30,000 people directly, including bus drivers, stationmasters, maintenance and repair technicians, marketing and customer service personnel.

We are writing to express our objection to the proposed construction of the West Island Line and South Island Line by MTR Corporation Limited.

The grounds of our objection are as follows:

- (a) The areas that the proposed railway lines have covered do not, currently and in the foreseeable future, suffer from insufficient and inadequate transport facilities, including franchised buses, non-franchised buses, public light buses and taxis. If these railway lines are to be constructed, upon completion, there will be an obvious over-supply of transport capacities. In order to survive, the existing operators could easily engage in cut-throat competition. All service providers would eventually suffer, including the railways themselves.
- (b) Demographic analysis conducted recently has indicated that the population growth of Hong Kong has almost been diminished. There are cases of zero growth or even population decline in certain areas of Hong Kong. To this effect, the areas of Hong Kong Island where the proposed railway lines are located are among those suffered most from population decline. This would indicate that there is little or no demand for additional public transport facilities.

- (c) According to the data provided by MTR Corporation Ltd. in May 2004, the estimate construction cost of the two railways under proposal will be approximately HK\$15 billion in current prices, excluding land price, indicating that this is a long term and heavy investment.

To repay the financial obligations due to the construction of the railways, the Government should be well aware of the fact that the railways, through their own profit, could not meet the obligations.

The recent examples from the Airport Express Line and the West Rail indicated the failure in matching estimate figures with reality could result in heavy financial losses. This scenario can be easily repeated if the West Island Line and South Island Line are to be constructed.

- (d) Having considered (c) above, the Government may have to allow MTRC Ltd. to engage in property development related to the proposed railways to sustain its financial feasibility. Land, one of the most valuable resources of Hong Kong, would be allocated to these developments at a price far below fair market value. The Government will be again deviating from its "free-market" philosophy. The foreseeable results will be a distortion to market reality, unfair competition, and adverse effect on the functioning of market forces.

In addition, Government may have to subsidize MTRC Ltd. for the cost of development, which has been reported through the media. In our opinion, this would be highly inappropriate as the action would set a precedent for other similar cases to follow.

- (a) Since the investment and operation of railways are high, the proposed railways could not devise a fare structure lower than the other modes of transport covering the same areas. Passengers may not be benefited by the new railways.
- (b) Railways are catered for mass transit of passengers, and their network would stretch to a longer distance, usually over 100 km. In between terminals there should not be many stations. The above concept could not apply to Hong Kong due to our unique characteristics, in particular, concentration of population in major urban areas.

As the distance between various railway stations is short, it may not be timesaving for passengers to travel by rail to the areas concerned. Eventually, passengers remain opted for using buses and public light buses as these modes could provide point-to-point convenience.

- (c) Hong Kong Island West and South are well served by public transport, including buses (both franchised and non-franchised), public light buses (green and red) and taxis.

Once the new railway is put into service, it will affect the source of revenue of operators of these transport modes, income of their employees and quality of life of their dependents. We estimate that over 20,000 households will be affected directly.

We strongly urge members of the Panel for Transport to reconsider and reject the proposal for the construction of the West Island Line and South Island Line.

Thank you very much for your attention.



Yours faithfully,  
For and on behalf of  
PUBLIC OMNIBUS OPERATORS  
ASSOCIATION LIMITED

Aaron Yeung  
Chairman

c.c. Secretary for the Environment, Transport and Works  
Commissioner for Transport  
Chairman, Transport Advisory Committee