

**Legislative Council Panel on Transport
Subcommittee on matters relating to railways**

**Supplementary information on
MTR Platform Screen Door Retrofit Programme**

Introduction

At the Subcommittee meeting held on 6 May 2005 when the paper on “MTR Platform Screen Door Retrofit Programme” (CB(1)1406/04-05(03)) prepared by MTRCL was discussed, members requested the Corporation to provide further information on the collection of \$0.1 contribution per Octopus MTR journey as funding assistance. MTRCL’s response is as follows.

Background

2. The Corporation submitted an information paper to the Legislative Council Panel on Transport in June 2000, setting out its fares for 2000, including information on the platform screen doors (PSD) retrofit programme and the Corporation’s decision to collect \$0.1 from each MTR Octopus journey starting from July 2000.

3. The financing arrangements for the PSD retrofit programme was also discussed at the Panel meeting of 24 November 2000, at which MTRCL explained that the additional charge was intended to fund part of the substantial cost involved in retrofitting PSDs which was not covered in the original investment plan of the urban lines of MTR. In a letter issued by the Administration to the Panel Secretariat following the said meeting, it was stated that MTRCL estimated that the 10-cent per journey contribution from Octopus passengers would help defray about half of the total cost of the project over the life cycle of the PSDs.

Financing arrangements

4. The PSD retrofit programme is a highly expensive project at a capital cost of \$2 billion. It includes various contracts for design, manufacturing, installation, testing and delivery of the PSDs, modification of the environmental control systems (which comprises the ventilation, air-conditioning and smoke extract systems), construction of equipment rooms, and modification of signalling system for the new operating environment with PSD retrofitted. On-going maintenance costs for the operation of PSDs are not included in the \$2 billion project cost. Most of the project costs have been paid out by the Corporation, while the rest is expected to be settled upon completion of the programme.

5. With a capital cost of \$2 billion, contribution from passengers, which amounts to half of the cost, is \$1 billion. As at 30 April 2005, the contribution of 10 cents for each Octopus passenger trip collected by the Corporation totalled about \$330 million, which means on average \$70 million was collected per year for such purpose. Although the retrofitting programme will be completed by early 2006, it is estimated that only about \$400 million from passengers' contribution will have been received by then. The collection of the \$0.1 passenger contribution will therefore continue until it reaches \$1 billion. Without taking into account the time value of money¹ and changes in patronage, it is estimated that to collect \$1 billion from passengers takes about 15 years counting from July 2000, when the \$0.1 contribution was introduced. Details of the calculation are set out in Annex.

Retrofitting PSDs at at-grade or aboveground stations

6. Existing at-grade or aboveground stations have natural ventilation. Due to the structural constraints of these stations, retrofitting of PSDs may involve installation of ventilation and air-conditioning systems. The complexity of these works is nearly tantamount to rebuilding the whole

¹ "Time value of money" is the idea that a dollar now is worth more than a dollar in the future, even after adjusting for inflation, because a dollar now can earn interest or other appreciation until the time the dollar in the future would be received.

station. This makes it much more difficult technically to retrofit PSDs at these stations.

7. The Corporation's priority is to get the current PSD retrofitting project at underground stations completed on schedule. Upon completion, the Corporation will further study the experience and passenger acceptability of Disneyland Resort Line in 2006 with the objective of examining the feasibility of retrofitting PSDs, platform gates or any other alternatives at at-grade and aboveground stations.

MTR Corporation Limited
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Annex

**Platform Screen Doors (PSD) Retrofit Project
\$0.1 Fare Contribution up to April 2005**

Year	Month	No. of Octopus Journeys - MTR Lines (million)	Revenue (\$0.1 per Octopus Journeys) (HK\$ Million)	
			<u>Annual</u>	<u>Cumulative</u>
2000	July 3 - Dec 31	335	33.5	33.5
2001	Jan 1 - Dec 31	670	67.0	100.5
2002	Jan 1 - Dec 31	689	68.9	169.4
2003	Jan 1 - Dec 31	684	68.4	237.8
2004	Jan 1 - Dec 31	745	74.5	312.3
2005	Jan 1 - Apr 30	247	24.7	337.0
Total		<u>3,370</u>	<u>337.0</u>	

Projected No. of Years Required to Cumulate \$1 Billion by \$0.1 Fare Contribution (N1)

	HK\$ Million
Total Contribution Required	1,000.0
Contribution Received up to the end of 2004	<u>312.3</u>
Additional Contribution Required	<u>687.7</u>
Annual Contribution based on Average of 2001-2004 Figures	69.7
Additional No. of Years Required after 2004	<u>9.9</u> Years

(N1) This projection does not take into account the time value of money for the receipt of the \$0.1 fare contribution over a time horizon which is much longer than that of the payment of PSD project cost.