

# 立法會

## *Legislative Council*

LC Paper No. CB(1)1369/09-10

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by the Administration)

Ref: CB1/PS/1/08/1

### **Panel on Transport**

#### **Subcommittee on Matters Relating to Railways**

#### **Minutes of special meeting on Tuesday, 17 November 2009, at 1:30 pm in the Chamber of the Legislative Council Building**

- Members present** : Hon Miriam LAU Kin-ye, GBS, JP (Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LAU Kong-wah, JP  
Hon Andrew CHENG Kar-foo  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Albert CHAN Wai-yip  
Hon WONG Kwok-hing, MH  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon LEUNG Kwok-hung  
Hon CHEUNG Hok-ming, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon KAM Nai-wai, MH  
Hon WONG Sing-chi  
Hon IP Wai-ming, MH  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Members attending** : Hon James TO Kun-sun  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Ting-kwong, BBS, JP  
Hon Tanya CHAN
- Member absent** : Hon LEE Wing-tat

- Public Officers attending** : **Agenda item I**
- Ms Eva CHENG  
Secretary for Transport and Housing
- Mr Philip YUNG  
Deputy Secretary for Transport & Housing
- Mr WAI Chi-sing  
Director of Highways
- Mr WAN Man-lung  
Principal Government Engineer/Railway  
Development, Highways Department
- Mr David TO  
Assistant Commissioner for Transport/Planning  
Transport Department
- Attendance by invitation** : **MTR Corporation Limited**
- Mr Malcolm GIBSON  
Head of Project Engineering
- Mr Frank YUEN  
Design Manager – XRL
- Miss Maggie SO  
Senior Manager – Projects and Property  
Communications
- Clerk in attendance** : Ms Joanne MAK  
Chief Council Secretary (1)2
- Staff in attendance** : Mr Ken WOO  
Council Secretary (1)2
- Miss Winnie CHENG  
Legislative Assistant (1)5
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**I Funding arrangement of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link**

- (LC Paper No. CB(1)356/09-10(01) — Administration's paper attaching a draft Public Works Subcommittee (PWSC) paper on special ex-gratia payments
- LC Paper No. CB(1)361/09-10(01) — Administration's paper attaching two draft PWSC papers on the construction of the railway works and non-railway works respectively
- LC Paper No. CB(1)356/09-10(02) — Supplementary information on the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) provided by the Administration
- LC Paper No. CB(1)389/09-10(01) — Administration's paper on location of the West Kowloon Terminus and supporting facilities
- LC Paper No. CB(1)399/09-10(01) — Administration's paper on the Hong Kong section of XRL - operational viability
- LC Paper No. CB(1)417/09-10(01) — Paper on Airport Railway Capacity provided by the MTR Corporation Limited
- LC Paper No. CB(1)423/09-10(01)-(03) — Powerpoint presentation materials provided by the Administration on "Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link"
- Legislative Council Brief — Legislative Council Brief on the Hong Kong section of XRL: Authorization of Scheme

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|----------------------------------|---|--|
| Legislative Council Brief        | — | Legislative Council Brief on the Hong Kong section of XRL: Funding Arrangement and Special Rehousing Package |
| LC Paper No. CB(1)2582/08-09(02) | — | Background brief on XRL (Hong Kong Section) prepared by the Legislative Council Secretariat)                 |

The Subcommittee deliberated (index of proceedings attached at **Annex**).

2. The Subcommittee continued discussion on the funding arrangements for the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). Members in general expressed grave concern on the traffic impact on the West Kowloon area brought about by the Hong Kong section of XRL and the West Kowloon Cultural District (WKCD) projects. Ms LI Fung-ying and Mr LAU Kong-wah considered that pedestrian linkage with facilities like travelators were necessary to be provided to facilitate XRL commuters traveling from the West Kowloon Terminus (WKT) to the Kowloon Station of the Airport Express or the Austin Station of the Kowloon Southern Link. Mr LAU Kong-wah further suggested establishing an underground walkway to link the WKT with the MTR Jordan Station.

3. In response, the Administration advised that a number of essential road improvement works as recommended in the West Kowloon Reclamation Development Traffic Study would be implemented to segregate inter-district and local traffic by a three-layered road network. Such design would effectively connect the local road network directly to major roads in the region, thus ensuring smooth inter-district and local traffic flow. The Administration further pointed out that pedestrian linkage with the Kowloon Station and the Austin Station would be made through at-grade pedestrian zones, footbridges and subways. It would take about 8-10 and 2-3 minutes' walk from the WKT to the Kowloon Station and the Austin Station respectively.

4. Members including Mr Andrew CHENG, Mr Ronny TONG, Mr Alan LEONG and Mr Albert CHAN expressed concern on the patronage forecast and the operational viability of the project. In response, the Administration emphasized that the patronage and the financial return of the project were estimated based on a base case scenario. Relevant projected figures are as follows -

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<b>Figures in "\$B" (money of the day prices)</b>	<b>2016</b>	<b>2031</b>
Estimated daily patronage	99,000	160,000
Operating revenue	1.118	3.606
Operating cost	(0.733)	(1.418)
Earnings before interest, tax, depreciation and amortization (EBITDA)	0.385	2.188
Operating margin	34%	61%

5. The Administration pointed out that, with the above projections, 42 million hours of average annual time savings and \$87 billion of discounted economic benefits over 50 years of operation could be derived at. Considering the above direct economic benefits alone, the economic internal rate of return (EIRR) over 50 years of operation was measured at around 6%, thus supporting the economic viability of the project. The Administration further explained that the above projections had not accounted for the indirect economic benefits to be brought about by the Hong Kong section of XRL. These would mainly include the synergistic effect with markets in the Pearl River Delta Region, enhanced business opportunities into the market on the Mainland, and an induced patronage and the associated considerable spending.

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6. Miss Tanya CHAN requested for perusal of the final report of the West Kowloon Reclamation Development Traffic Study. In view of the large volume of the Report, the Chairman suggested that a copy of the Report could be deposited at the Secretariat for Members' perusal. The Chairman said that the Administration did not need to photocopy the Report for the sake of environmental protection. Miss Tanya CHAN agreed to the suggestion. No members raised any comments. The Chairman requested the Administration to liaise with the Secretariat to make follow up arrangement.

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7. The Chairman requested the Administration to provide the following information before submission of the relevant funding proposals to the Public Works Subcommittee (PWSC) for consideration on 2 December 2009 -

- (a) the design of pickup/set down points for other means of public transport (including taxi, coach, PLBs and buses) at the WKT;
- (b) the capacity of critical road junctions in the West Kowloon;
- (c) the planned subway connecting the Austin Station with the Jordan Station;
- (d) the traffic connections between the WKT and other districts;
- (e) detailed financial arrangements of the project, including the financial arrangements between the Administration and the MTR Corporation Limited, and the project management cost;

Action

- (f) the projected and actual EIRR in respect of other projects such as the Hong Kong International Airport, the Hong Kong-Shenzhen Western Corridor, and the projected EIRR in respect of other projects such as the Hong Kong-Zhuhai-Macao Bridge and the New Cruise Terminal at Kai Tak;
- (g) the projected economic benefits and patronage;
- (h) the environmental benefits of the XRL; and
- (i) a copy of the final report of the West Kowloon Reclamation Development Traffic Study which should be deposited at the LegCo Secretariat.

*(Post-meeting note: The following three supplementary papers provided by the Administration were issued to members vide LC Paper No. CB(1)503/09-10(01)-(03) on 27 November 2009 -*

- (a) Funding Arrangement of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link: Supplementary information on the increase in costs of the railway and non-railway works;*
- (b) The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link: Patronage Forecast, Economic Benefit and Operational Viability; and*
- (c) The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link: Associated traffic facilities for the West Kowloon Terminus.*

*The Administration had also deposited the final report of the West Kowloon Reclamation Development Traffic Study at the LegCo Secretariat on 30 November 2009 for members' perusal.)*

8. The Chairman said that the Administration intended to submit the current proposals to PWSC for further consideration. As no members raised any more questions, the Subcommittee agreed that the special meeting scheduled for 21 November 2009 would be cancelled.

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**II Any other business**

9. There being no other business, the meeting ended at 4:00 pm.

Council Business Division 1  
Legislative Council Secretariat  
12 March 2010

## Panel on Transport

## Subcommittee on Matters Relating to Railways

**Proceedings of the meeting  
on Tuesday, 17 November 2009, at 1:30 pm  
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda item I – Funding arrangement of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link</i>			
000000 – 000405	Chairman	Opening remarks	
000406 – 004030	Administration MTR Corporation Limited (MTRCL)	Powerpoint presentations on the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) (LC Paper No. CB(1)423/09-10(01)-(03)).	
004031 – 004640	Mr Andrew CHENG Administration	<p>Mr Andrew CHENG's concerns on the passenger forecast and the technical feasibility of the proposed underpasses at Canton Road and Lin Cheung Road-Austin Road West.</p> <p>The Administration's response -</p> <p>(a) the technical feasibility with the underpasses was properly backed up by the West Kowloon Reclamation Development Traffic Study;</p> <p>(b) the present patronage projection was made based on a base case scenario and it had not taken into account the further patronage to be induced by the convenience brought about by the railway; and</p> <p>(c) the project would be operationally viable as evidenced by positive projections on the earnings before interest, tax, depreciation and amortization and the operating margin up to 2031, the concession payment of \$28.1 billion and time savings amounted to \$87 billion over a 50-year operation period, along with the associated indirect economic benefits and the substantial residual value of the railway.</p>	
004641 – 005337	Ms LI Fung-ying MTRCL Administration Chairman	<p>Ms LI Fung-ying's concerns on the at-grade level connectivity between the West Kowloon Terminus (WKT) and the Austin/Kowloon Stations.</p> <p>The MTRCL's response that all proposed footbridges, subways and at-grade walkways would measure for at least 6 meters in width; air-conditioned enclosure would also be possible for the two footbridges connecting the WKT with the southeast corner of the Elements and the south of the Austin Station.</p> <p>The Administration's response that sufficient pickup/set down spaces had been reserved for other means of public transport both at the WKT and the West Kowloon Cultural District (WKCD).</p>	<b>Administration to provide information. (para. 7 of minutes)</b>

Time marker	Speaker	Subject(s)	Action required
005338 – 010026	Mr CHEUNG Hok-ming Administration MTRCL Chairman	<p>Mr CHEUNG Hok-ming's query on the transport connections between the eastern/western New Territories and the WKT.</p> <p>The Administration's response that information on traffic connection between the WKT and the rest of the territories would be provided.</p> <p>The MTRCL's response that suitable design had been incorporated to enhance convenience in the use of other means of public transport, as some business travellers with luggage were expected to take taxis or drive their own cars to the WKT.</p> <p>The Chairman's query and the Administration's response that concessionary fares would be considered to encourage commuters to go to the WKT by MTR.</p>	<b>Administration to provide information. (para. 7 of minutes)</b>
010027 – 010635	Mr Albert CHAN Administration	<p>Mr Albert CHAN's views that the projected financial return of the Hong Kong section of XRL was low and his suggestion that the incomes from the rental of retail shops within the WKT should go to the Government.</p> <p>The Administration's response -</p> <p>(a) reiteration of the economic benefits of the project; and</p> <p>(b) incomes from rental of retail shops within the station would form part of the non-fare revenue which would be shared between the Government and the MTRCL in a ratio of 9:1 – a ratio that was agreed in the course of rail merger.</p>	
010636 – 011438	Mr LAU Kong-wah Administration	<p>Mr LAU Kong-wah's concerns on traffic congestion along the Jordan Road, Canton Road and the Austin Road, and his queries on the pedestrian connectivity between the WKT and the Jordan Station.</p> <p>The Administration's response -</p> <p>(a) measures on road widening and junction improvements around the WKT had been planned to meet the traffic needs beyond 2031; and</p> <p>(b) an underground subway connecting the Austin Station with the Jordan Station was being planned, subject to the support of the Yau Tsim Mong District Council.</p>	
011439 – 012206	Miss Tanya CHAN Administration Chairman	<p>Miss Tanya CHAN's request for reports on the financial projections and the traffic impact assessment.</p> <p>The Chairman's request and the Administration's undertaking to deposit a copy of the traffic impact assessment at the LegCo Secretariat for inspection by members.</p>	<b>Administration to deposit a copy of the traffic impact assessment at the LegCo Secretariat for members' perusal. (para. 7 of minutes)</b>

Time marker	Speaker	Subject(s)	Action required
012207 – 012954	Mr Ronny TONG Administration	<p>Mr Ronny TONG's queries on the patronage forecast and the economic internal rate of return (EIRR) for the Hong Kong section of XRL.</p> <p>The Administration's explanation of the basis of the patronage forecast for the Hong Kong section of XRL. It pointed out that the EIRR had been conservatively projected at 6% and would be even higher if the induced and catalytic benefits were also considered.</p>	
012955 – 013425	Mr Abraham SHEK	Mr Abraham SHEK's expression of support for the XRL project for its economic value.	
013426 – 014013	Mr Alan LEONG Administration	<p>Mr Alan LEONG's query on the patronage projection and his request for a financial report of the Hong Kong section of XRL project.</p> <p>The Administration's response on the projection on the patronage, and its undertaking to provide more detailed financial information on operational viability.</p>	<b>Administration to provide information. (para. 7 of minutes)</b>
014014 – 014601	Ir Dr Raymond HO	Ir Dr Raymond HO's expression of support for the XRL project for its economic value.	
014602 – 014953	Mr WONG Kwok-hing Administration	Mr WONG Kwok-hing's query and the Administration's response that any delay in the project would defer the realization of economic benefits of the project; the loss in direct economic benefits to commuters in terms of savings in journey time was estimated to be \$5 million per day of delay.	
014954 – 015219	Chairman Administration	The Chairman's view that international trend had indicated preference on railway over aviation in long-haul travels. She pointed out that the former was also found to be more environmental-friendly in operation and requested information on the environmental benefits of the XRL.	<b>Administration to provide information. (para. 7 of minutes)</b>
015220 – 015726	Mr LAU Kong-wah Administration	<p>Mr LAU Kong-wah's queries on the concession approach and the sharing of non-fare incomes.</p> <p>The Administration's response -</p> <p>(a) the concession approach would be applied to the Shatin to Central Link and the Hong Kong section of XRL projects; and</p> <p>(b) non-fare incomes such as advertising and leasing of retail shops would form part of the net profit and would be shared between the Government and the MTRCL in a ratio of 9:1 – a ratio that was agreed in the course of rail merger.</p>	
015727 – 020435	Mr Ronny TONG Administration	Mr Ronny TONG's query on whether the same economic benefits would be achieved if the XRL terminus was located at Kam Sheung Road, and his request for EIRR comparisons.	

Time marker	Speaker	Subject(s)	Action required
		The Administration's reiteration on the infeasibility with the Integrated Option and its undertaking to provide the requested EIRR figures.	<b>Administration to provide information. (para. 7 of minutes)</b>
020436 – 021143	Mr Albert CHAN Administration Chairman	<p>Mr Albert CHAN's queries on the remuneration to MTRCL management staff in undertaking the Hong Kong section of XRL project and ways to boost patronage.</p> <p>The Administration's response -</p> <p>(a) the availability of customs and immigration clearance facilities in Futian, Longhua, Humen and Shibi stations along with a competitive fare would enhance patronage of the XRL; and</p> <p>(b) the entire project management cost for the design and construction of both railway and non-railway works represented about 7.3% of the cost of the relevant works entrusted to MTRCL plus contingency; the standard rate for project management cost for entrustment of works between the Government and the MTRCL was 16.5%.</p> <p>The Chairman's request and the Administration's undertaking to provide information on the financial arrangements between the Administration and the MTRCL, with details on project management cost to the MTRCL.</p>	<b>Administration to provide information. (para. 7 of minutes)</b>
021144 – 021319	Ir Dr Raymond HO	Ir Dr Raymond HO's objection to a suggestion of further working out comparisons between the West Kowloon Option and the Integrated Option in terms of economic benefits.	
021320 – 021815	Mr Andrew CHENG Administration	<p>Mr Andrew CHENG's request for detailed information on the capacity of critical road junctions in the West Kowloon and the projected economic benefits and patronage.</p> <p>The Administration's undertaking to provide the requested information.</p>	<b>Administration to provide information. (para. 7 of minutes)</b>
021816 – 022522	Mr LAU Kong-wah Administration Chairman	<p>Mr LAU Kong-wah's request for information on the proposed connection between the Austin Station and the Jordan Station, and his queries on the depth of other MTR railways and the possible involvement of the Urban Renewal Authority in the redevelopment of the Tai Kok Tsui district.</p> <p>The Administration's response -</p> <p>(a) information on the planned subway connecting the Austin Station with the Jordan Station would be provided;</p> <p>(b) the concerns of the affected Tai Kok Tsui residents would be followed up and addressed; and</p>	<b>Administration to provide information. (para. 7 of minutes)</b>

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
		(c) existing MTR railways at 20 to 30 meters deep underground had not posed any issues on structural integrity to the buildings situated above, some had even been successfully redeveloped.	
022523 – 022631	Chairman Ir Dr Raymond HO	Cancellation of the meeting scheduled for 21 November 2009.	

Council Business Division 1  
Legislative Council Secretariat  
12 March 2010