

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 60 – HIGHWAYS DEPARTMENT**

#### **Subhead 700 General non-recurrent**

#### **New Item “Review and Update of the Railway Development Strategy 2000”**

Members are invited to approve a new commitment of \$43 million to review and update the Railway Development Strategy 2000.

### **PROBLEM**

We need to conduct a comprehensive review and update of the railway development strategy for Hong Kong to meet the needs for railway transport up to 2031.

### **PROPOSAL**

2. The Director of Highways, with the support of the Secretary for Transport and Housing, proposes to create a new commitment of \$43 million to engage consultants to review and update the Railway Development Strategy 2000 (RDS 2000).

### **JUSTIFICATION**

3. The RDS 2000 was announced in 2000. It maps out the railway network expansion plan up to 2016 to cater for the overall development in Hong Kong, to meet the daily traffic needs of the public, as well as to echo the sustainable public transport policy of adopting railway as the backbone of our passenger transport system, with a view to providing the people of Hong Kong with convenient and safe public transport services at reasonable prices.

4. Looking ahead, we will continue our policy of making better use of railway as the backbone of our passenger transport system so as to reduce the impact on pollution and land requirements arising from transport infrastructures and maintain a sustainable transport system. Building on the RDS 2000, it is necessary for us to timely review and update the blueprint of our railway network development to take account of the latest development of the society and the changes in the planning parameters which include –

**(a) Hong Kong 2030 Study**

The Study formulates a broad planning framework to guide the future development of Hong Kong up to 2030. It proposes that our planning strategy should follow three broad directions, namely, providing a quality living environment; enhancing economic competitiveness; and strengthening links with the Mainland. The railway development should tie in with such long-term planning needs of Hong Kong;

**(b) Satisfying the demand arising from growing population**

In 2010, the Administration announced the latest population projections and made adjustments to various planning parameters for population forecast, population and employment distribution. The blueprint for railway network development should also be fine-tuned accordingly;

**(c) Tying in with the planning of New Development Areas**

The Chief Executive announced in his 2007-08 Policy Address the need to expedite the planning work for the New Development Areas (NDAs) (including Kwu Tung North, Fanling North, Ping Che and Ta Kwu Ling and Hung Shui Kiu) to ease the pressure on developed areas and meet the demand for land arising from population growth. Railway development should be planned accordingly to meet the traffic demand arising from the NDAs;

**(d) Supporting external transport connection**

The flow of passengers between Hong Kong and the Mainland and other countries has been increasing. In 2009, land-based cross-boundary passengers reached an average of 470 000 per day, whilst the average daily passenger throughput of the Hong Kong International Airport (HKIA) was over 126 000, representing over 70% and 50% growth respectively in a ten-year period. Railway transport planning needs to be adjusted accordingly to tie in with the planning and overall development strategy of HKIA, Hong Kong-Zhuhai-Macao Bridge, various boundary control points, as well as the Pearl River Delta area; and

/(e) .....

(e) **Public opinions**

Members of the public (including the District Councils and local communities) have, from time to time, expressed views on railway development, including proposals on extension of existing lines or addition of new lines/stations, enhancements to existing rail services, etc. We consider it necessary to study these opinions in detail and examine how best to meet public aspirations and demands.

5. In view of the above, we need to review and update the RDS 2000 in light of the latest developments. This will include reviewing the priority of the railway network expansion proposals that were identified previously but not yet implemented, as well as making adjustments to such railway proposals as appropriate. The target is to update the railway development strategy to meet the needs for railways up to 2031.

**Proposed Review and Update of the RDS 2000**

6. The review and update of the RDS 2000 will comprise the following two main parts –

(a) **Network Development Study**

The Network Development Study (NDS) will build on the recommendations of the RDS 2000 and review the planning of the future railway network, taking into account the impact of the various factors mentioned above on the future demand for rail services. The NDS will review those proposals identified in the RDS 2000 but not yet implemented, and other new railway proposals and related suggestions made by the Administration or the public since the promulgation of the RDS 2000.

The NDS will conduct an overall assessment on various railway proposals and identify those which merit implementation. It will then accord priority to such proposals and conduct relevant preliminary studies.

(b) **Topical Studies**

To supplement the NDS, the review will include a series of topical studies which will have significant impact on the formulation of the railway network expansion strategy. The findings of these studies will also facilitate the embarking of more detailed railway planning.

/The .....

Encl.1 The scope of the review and update is detailed at Enclosure 1.

7. The review and update will take about 24 months to complete. We will request the consultants to submit interim reports by phases such that public consultation on those railway projects which are more urgent or require a comparatively longer period of planning could take place as early as possible to timely meet the public demand and tie in with the overall development of Hong Kong.

### FINANCIAL IMPLICATIONS

8. We propose to engage consultants to conduct the review and update. The estimated expenditure is \$43 million, with the breakdown as follows –

	<b>\$ million</b>
(a) Consultants' staff costs	38
(i) Network Development Study	25
- Review of railway proposals identified in the RDS 2000 but not yet implemented	8
- Assessment on other new railway proposals and related suggestions	17
(ii) Topical Studies	13
(b) Consultants' out-of-pocket expenses (such as rental for venue of public forum, printing cost for consultation documents etc.)	1
(c) Contingencies (about 10% of the cost items (a) and (b) as set out above)	4
<b>Total</b>	<b>43</b>

Encl.2 We will engage the consultants on a lump sum basis. The breakdown of the estimates for consultants' fees is at Enclosure 2.

9. Subject to Members' approval, we plan to phase the expenditure as follows –

/Year .....

Year	\$ million (in September 2010 price)	Price Adjustment Factor	\$ million (in money-of-day price)
2011-12	15.1	1.04250	15.7
2012-13	19.9	1.09463	21.8
2013-14	4.8	1.14936	5.5
	<b>39.8</b>		<b>43.0</b>

10. The proposed review and update has no additional recurrent financial implications.

## PUBLIC CONSULTATION

11. We consulted the Subcommittee on Matters Relating to Railways of the Legislative Council Panel on Transport and the Transport Advisory Committee on the proposal on 4 November 2010 and 12 November 2010 respectively. Members of the two committees supported the proposal.

## BACKGROUND

12. The Administration formulated the first Railway Development Strategy in 1994 to meet the transport demand due to population growth and growing cross-boundary economic and social activities. Among the priority projects proposed, Tseung Kwun O Extension and West Rail Line were commissioned in 2002 and 2003 respectively; Ma On Shan Line and Tsim Sha Tsui Extension of East Rail were commissioned in 2004; and Lok Ma Chau Extension was commissioned in 2007. Disneyland Resort Line, which was not included in the Strategy, was also commissioned in 2005 to tie in with the opening of the Hong Kong Disneyland. In 1998, the Administration engaged consultants to conduct the Second Railway Development Study (RDS-2) to further examine the strategic planning for expanding the railway network up to 2016. Based on the findings of the RDS-2, the Administration formulated the RDS 2000 in 2000 and mapped out the railway network expansion plan for Hong Kong up to 2016.

13. The RDS 2000 recommended six priority railway schemes, including Kowloon Southern Link (KSL), Northern Link (NOL), West Island Line (WIL), North Island Line (NIL), Shatin to Central Link (SCL) and Regional Express Line [now known as the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL)]. In addition, the RDS 2000 also proposed the development of the Port Rail Link (PRL) linking Lo Wu to a rail terminal at Kwai Chung.

14. Among the six priority railway schemes, KSL was commissioned in 2009. Upon further studies and public consultation, WIL and XRL are now under construction for completion in 2014-15. To meet the public needs and enhance the overall railway network, we developed the Kwun Tong Line Extension scheme in the course of the study on SCL. We also advanced the development of South Island Line (East). These two projects were authorised under the Railways Ordinance in November 2010. We plan to start the works for these projects in 2011 for completion in 2015. SCL was also gazetted in November 2010 and proceeded to the statutory consultation stage with a view to commencing the works in 2012 for phased completion in 2018 and 2020. Besides, we will further review the implementation of NOL and NIL. As regards PRL, we have decided not to further pursue this project owing to the continued decline of the rail freight volume.

Encl.3 15. The implementation progress of railway projects since 2000 is detailed at Enclosure 3.

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Transport and Housing Bureau  
January 2011

**Proposed Scope of the Review and Update of  
the Railway Development Strategy 2000**

The review and update of the Railway Development Strategy 2000 (RDS 2000) will comprise Network Development Study (NDS) and Topical Studies, details of which are as follows –

**(a) Network Development Study**

2. The NDS will build on the recommendations of the RDS 2000 and conduct a comprehensive review on the following railway proposals –

- (i) Priority project recommended in the RDS 2000 which are still under planning (e.g. North Island Line and Northern Link);
- (ii) Long-term proposals recommended in the RDS 2000 (e.g. the Fifth Harbour Crossing, Outer Western Corridor, Deep Bay Link, Chek Lap Kok Link, East-west Kowloon Link); and
- (iii) Other new proposals made by the Administration or the public (e.g. Hong Kong-Shenzhen Western Express Line, extension or bifurcation of Tung Chung Line to the Hong Kong Boundary Crossing Facilities of Hong Kong-Zhuhai-Macao Bridge, Tuen Mun to Tsuen Wan Rail Link, addition of new rail stations along existing rail lines etc.).

3. Taking into account various parameters in respect of transport planning, cross-boundary land passenger and air-related railway passenger demand, land use and development, operability and capacity of the existing railway systems, etc., the NDS will include comprehensive planning studies to assess whether the railway proposals (including those mentioned above and other suggestions made during the public engagement process) are in line with the overall needs of Hong Kong. Projects which merit implementation with priority will then be identified for preliminary studies on engineering planning, geological assessment, strategic environmental assessment, sustainability assessment, economic and financial appraisals to determine the feasibility of the projects. The NDS will also propose the time-frame for implementation of these projects.

4. The findings of the NDS will be published for public consultation in due course such that the railway development in Hong Kong will meet the public demand and tie in with the overall needs of Hong Kong.

**(b) Topical Studies**

5. To supplement the NDS, the review will include topical studies which will have significant impact on the formulation of the railway network expansion strategy. The findings of these studies will also facilitate the embarking of more detailed railway planning.

6. The topical studies will include –

**(i) Network Capacity Study**

The Study will examine the robustness and operability of the railway network, including any existing and anticipated bottlenecks in the existing railway network and the congestion level acceptable to passengers. It will also recommend necessary relief and improvement measures.

**(ii) Railway Service Enhancement Study**

The Study will compare Hong Kong and other major overseas cities in terms of our performance in railway development and land use master planning. It aims to explore the room for railway service enhancement and to study the feasibility of enhancement and improvement proposals, such as introducing express train service, further extending service hours and bettering the through train services etc.

**(iii) Study on Demand for Cross-boundary Rail Transport**

Given the rapid social and economic development in the Mainland (particularly the Pearl River Delta area), there will be more interaction between Hong Kong and the Mainland. Therefore, there is a need to assess the cross-boundary railway passenger demand and its trend so as to formulate feasible proposals to cater for future demand.

**(iv) Study on Financial and Funding Arrangements for Railway Projects**

The Study will review the existing financial and funding arrangements of railway projects and study and evaluate other feasible financial and funding models for implementing new railway projects in the future.



**(v) Study on “Park-and-Ride” Schemes**

The Study will review the existing “park-and-ride” schemes and analyse how such schemes can further complement the railway system in Hong Kong. By making reference to the examples of the Mainland and overseas cities, the Study will propose “park-and-ride” scheme concepts that are applicable to the railway planning in Hong Kong, as well as basic principles for designing “park-and-ride” facilities.

7. Based on the findings of the above studies, the consultants will review the RDS 2000 and update the overall railway development strategy. This includes recommending the priority as well as development strategy of each railway proposal to meet the actual demand and public expectation for domestic and cross-boundary rail transport up to 2031.

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**Breakdown by man-months of  
the estimates for consultants' fees<sup>1</sup>**

						Estimated fee (\$ million)	
			Estimated man- months	Average MPS <sup>2</sup> point	Multiplier <sup>3</sup>	in September 2010 price	in money-of-day price
<b>(a) Consultants' staff costs</b>							
(i) Network Development Study							
-	Review of railway proposals identified in the RDS 2000 but not yet implemented	Professional	55	38	2	6.4	6.9
		Technical	30	14	2	1.2	1.3
-	Assessment on other new railway proposals and related suggestions	Professional	110	38	2	12.8	13.8
		Technical	70	14	2	2.8	3.0
							25.0
(ii) Topical Studies							
		Professional	95	38	2	11.1	11.9
		Technical	25	14	2	1.0	1.1
							13.0
							38.0
<b>(b) Consultants' out-of-pocket expenses (such as rental for venue of public forum, printing cost for consultation documents etc.)</b>							1.0
<b>(c) Contingencies (about 10% of the cost items (a) and (b) as set out above)</b>							4.0
<b>Total (in money-of-day price)</b>							<b>43.0</b>

<sup>1</sup> These are only estimates. The actual man-months and actual fees required will be known when we have selected the consultants through the usual competitive bidding system on a lump-sum fee basis.

<sup>2</sup> At present, the Master Pay Scale (MPS) Point 38 is \$58,195 per month and MPS Point 14 is \$19,945 per month.

<sup>3</sup> A multiplier factor of 2.0 is applied to the average MPS point to arrive at the full staff costs including the consultants' overheads and profits as the staff will be employed in the consultants' offices.

### Implementation Progress of Railway Projects since 2000

The railway development in Hong Kong since 2000 is summarised below (see the map enclosed) –

#### Projects commissioned

<b>Railway Projects</b>	<b>Commission Date</b>
Tseung Kwan O Line	2002
West Rail Line	2003
Ma On Shan Line and Tsim Sha Tsui Extension of the East Rail Line	2004
Disneyland Resort Line <sup>Note</sup>	2005
Lok Ma Chau Spur Line	2007
Kowloon Southern Link	2009

#### Projects under planning/construction

<b>Railway Projects</b>	<b>Progress</b>
West Island Line	Construction started in 2009 for completion in 2014
Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link	Construction started in 2010 for completion in 2015
South Island Line (East)	Implementation authorised in November 2010 and construction expected to start in 2011 for completion in 2015
Kwun Tong Line Extension <sup>Note</sup>	Implementation authorised in November 2010 and construction expected to start in 2011 for completion in 2015
Shatin to Central Link	Gazetted in November 2010 and proceeded to the statutory consultation stage

<sup>Note</sup> Not included in Railway Development Strategy and Railway Development Strategy 2000.

Others

<b>Railway Projects</b>	<b>Progress</b>
North Island Line	Implementation programme under review
South Island Line (West)	Implementation programme under review
Northern Link (NOL)	Planning of the NOL is being reviewed in light of the North East New Territories New Development Area Planning and Engineering Study with a view to tying in with the other new developments.
Port Rail Link (PRL)	As announced at the meeting of the Legislative Council Panel on Economic Development held on 16 October 2009, the Administration has decided not to pursue the PRL due to the continued decline of the rail freight volume.

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**Annex to Enclosure 3**

