Translation

Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways

Tuen Mun South Extension

Introduction

This paper briefs Members on the proposed way forward of the Tuen Mun South ("TMS") Extension project.

Background

2. The TMS Extension is one of the seven recommended railway schemes in the Railway Development Strategy 2014 ("RDS-2014"). The proposed project will extend the West Rail Line ("WRL") from Tuen Mun Station southwards by about 2.4 kilometres, including the provision of a new station near Tuen Mun Ferry Pier and an intermediate station at Tuen Mun Area 16 ("A16"), to improve railway access to the community south of the Tuen Mun town centre.

MTRCL's Project Proposal for TMS Extension

3. In February 2016, the Transport and Housing Bureau ("THB") invited the MTR Corporation Limited ("MTRCL") to submit a proposal for TMS Extension under the ownership approach[1]. MTRCL submitted a Project Proposal in December 2016, which was subsequently supplemented with updates in July 2017 and January 2018 respectively. In addition to a new TMS Station to be provided near Tuen Mun Ferry Pier as envisaged in RDS-2014, MTRCL proposed in its latest Project Proposal to provide an additional station at Tuen Mun A16 (see **Annex A**) with topside development.

4. Incorporating an A16 Station in the TMS Extension will provide residential development opportunities at A16. Having considered the pros and

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[1] Under the ownership approach, MTRCL will be responsible for the financing, design, construction, operation and maintenance of the new railway, and ultimately own the railway. For financially non-viable railway projects, the Government will provide funding support to bridge the funding gap. Upon receipt of the funding support, MTRCL would bear all the commercial risks associated with the design, construction, operation and maintenance of the new railway. The Government has no obligation to provide any further funding support to MTRCL even if the future revenue arising from the new railway turns out to be substantially lower than expected. Under the concession approach, the construction of a railway project will be funded by the Government under the Public Works Programme. MTRCL will operate the new railway through a service concession to be granted by the Government, or a third party in or to whom the Government has vested or leased such new railway (such as the Kowloon-Canton Railway Corporation, as in the case of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link).

cons of different development options, we propose to reprovision the existing Tuen Mun Swimming Pool and Tuen Mun Community Green Station to other sites elsewhere in Tuen Mun to enable the construction of an intermediate station at A16 as well as related residential development to unlock the development potential of the area.

Transport and Economic Justifications

5. The TMS Extension largely runs along the Tuen Mun River and will improve railway access to the community south of the current Tuen Mun town centre (near Wu King Estate, Siu Hei Court and Yuet Wu Villa) and connectivity to Tuen Mun Ferry Pier. In addition, the two proposed new stations will be close to the Light Rail stops at Tuen Mun Ferry Pier, Siu Hei, Tuen Mun Swimming Pool and Goodview Garden, and allow convenient interchange between Light Rail and the core railway network.

6. The area near Tuen Mun Ferry Pier is one of the major residential areas in the district, which has approximately 60 000 residents within the 500-metre catchment of the proposed TMS Station, while there are about 49 000 existing residents living within the 500-metre catchment area around the proposed A16 Station. At present, TMS residents intending to use the WRL usually travel to the Tuen Mun Station by Light Rail or feeder bus. A road journey from TMS to the Tuen Mun Station now takes about 10 to 20 minutes during rush hours. With the TMS Extension, the same journey by railway is expected to be not more than 5 minutes. The TMS Extension with A16 Station will offer an alternative commuting choice to the residents in the vicinity and divert more commuters to rail-based transport, which may help relieve the congestion of the existing roads, thus bringing significant transport benefits by reducing the travelling time for the residents in the area concerned.

7. Located in the midst of population centres, both proposed stations under TMS Extension can alleviate road congestion by providing more direct and convenient access to rail services, thereby reducing the number of road trips that are required to bring TMS people from where they live to the nearest existing station (Tuen Mun Station). In particular, the provision of the proposed A16 Station is essential for unleashing the potential for residential development at the A16 site[2]. On the other hand, there would be no transport justification to provide a station at A16 if there were no additional population, as the transport demand of the existing population could be catered for by road transport.

8. In long term, if a railway will be extended westward from the proposed

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[2] If A16 will be used for residential development, technical assessment and relevant statutory planning procedures will be required.

TMS Station, it may connect with the future Tuen Mun West ("TMW") development (please see the blue dotted line at **Annex A**). Taking the opportunities from the proposed Lung Kwu Tan ("LKT") reclamation, the Government suggests to re-plan the River Trade Terminal, which is currently under-utilised[3], and the TMW area which is being occupied for other industrial uses. By relocating some of these industrial uses to the proposed reclamation area at LKT, land may be made available at the coast of TMW for housing and other development uses. To optimise development of the TMW area (with an initial estimate of being able to provide 25 000 to 30 000 housing units and 50 000 to 70 000 jobs (including the jobs created at LKT reclamation in future)), the Government will carry out traffic impact assessment in the planning and engineering study, to explore the need for and feasibility of connecting the area to the proposed TMS Station and the existing railway network with a railway. The Development Bureau and the Civil Engineering and Development Department ("CEDD") are seeking Legislative Council's funding approval for this planning and engineering study. Close liaison will be maintained among THB, the Highways Department, CEDD together with MTRCL and other relevant stakeholders in the detailed planning and design stage of TMS Extension to ensure coordination in the design of TMS Extension, thereby enabling its interface with the possible future railway project.

9. The economic benefits accrued to transport infrastructure is generally measured in terms of time saving to road users. According to the Project Proposal submitted by MTRCL, it is estimated that the TMS Extension will save the public a cumulative total of about 300 million hours over 50 years of operation. The economic benefits, including the said time saving, operating cost savings of other public transport vehicles and cost savings due to reduction in accidents, of the TMS Extension are estimated to be about $28 billion in 2015 prices, and the corresponding Economic Internal Rate of Return ("EIRR")[4] is about 2.0% per annum. The above assessment has not yet included the other benefits that may be brought about by the railway development. For example, the TMS Extension project will support housing development (through the property development at A16), offer transport service of higher efficiency, cultivate a greener environment, etc.

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[3] In recent years, the cargo handling volume of the River Trade Terminal has been dwindling. In 2018, the utilisation rate of the berths at the River Trade Terminal was only 20% of its capacity.

[4] The transport economic benefits, including time saving to road users, operating cost savings of other public transport vehicles and cost savings due to reduction in accidents, are quantified for calculating the rate of return. In calculating the EIRR, the net present value of all the cash flows of the project (namely costs and incomes) equals zero.

Reprovisioning of Tuen Mun Swimming Pool and Tuen Mun Community Green Station

10. To provide the A16 Station, it will be necessary to reprovision the Tuen Mun Swimming Pool. A potential site for off-site reprovisioning of the Tuen Mun Swimming Pool has been identified within the existing Tuen Mun Golf Centre, subject to technical feasibility study. MTRCL will identify other potential sites should the above identified site be proven not suitable after study. Relevant options will be explored in the detailed planning and design stage in order to reduce the impact to the residents in the district.

11. Besides, the Tuen Mun Community Green Station is also affected by the TMS Extension project and needs to be reprovisioned by identifying another suitable site. Site selection will also be handled in the detailed planning and design stage.

Works Programme

12. Having considered that the detailed planning and design of the project will take around 2 to 3 years, the construction of TMS Extension may commence in 2023 for completion in 2030.

Financing Arrangement

13. According to the Project Proposal submitted by MTRCL, the estimated capital cost of TMS Extension is about $11.4 billion (in December 2015 prices). We will further ascertain the cost estimates having regard to the detailed planning and design.

Way Forward

14. The Government has invited MTRCL to proceed with the detailed planning and design of the TMS Extension project and will carry out negotiation with MTRCL on the funding arrangement of TMS Extension on the basis of the ownership approach for funding the project. The negotiation will be conducted concurrently with the detailed planning and design process of the project, during which the construction and operating costs of the project will be carefully examined.

Transport and Housing Bureau
Highways Department
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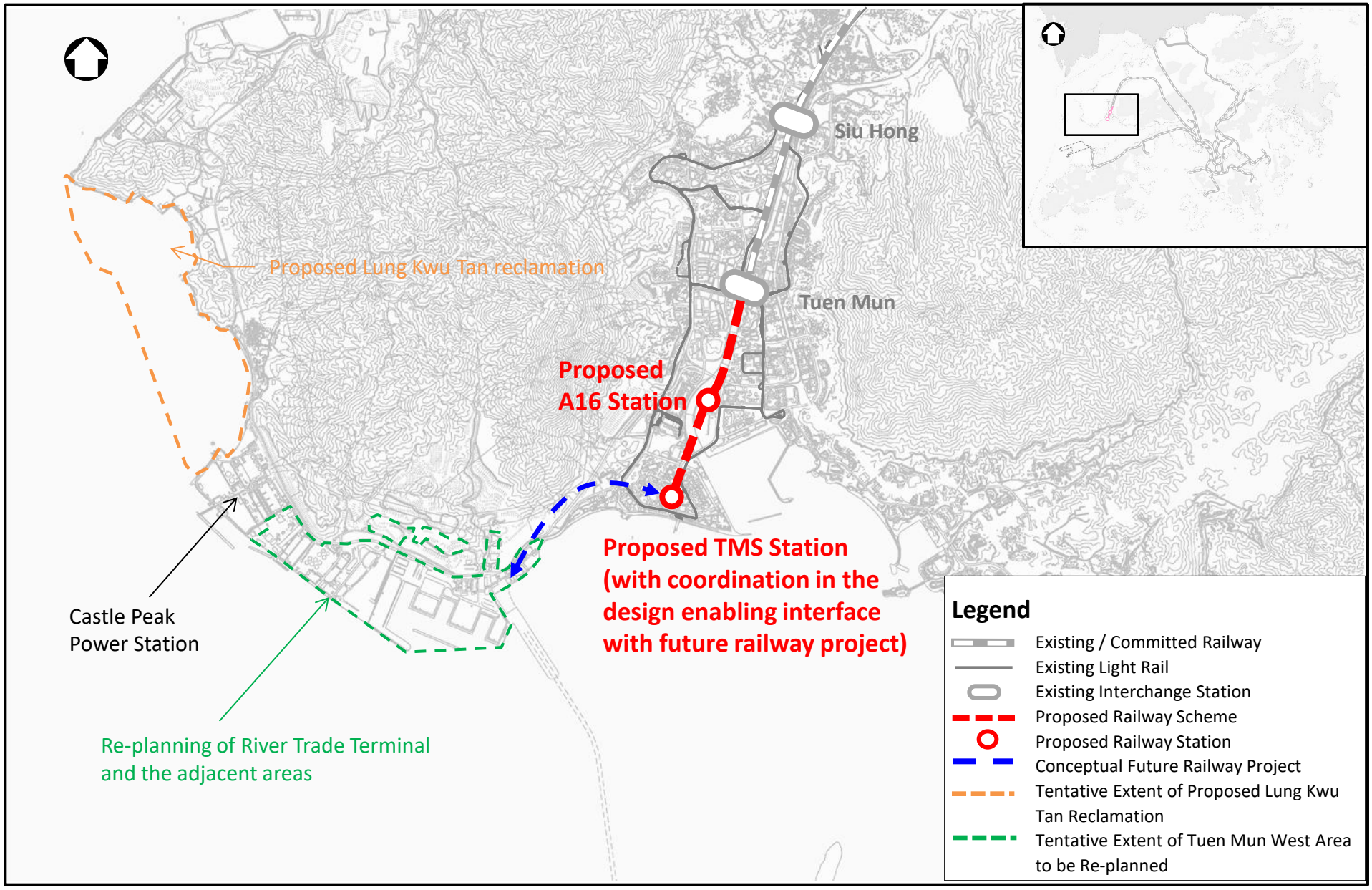
Annex A



Proposed Railway Scheme for TMS Extension with A16 Station