Route redesign could slash railway estimates, argues expert

$40b West Rail cut offered

QUINTON CHAN

The cost of the controversial Western Corridor Railway could be cut to as little as $36.2 billion, according to a study.

The 20,000-word report, commissioned by Airport Consultative Committee member Francis Cheung King-fung, said the Kowloon-Canton Railway Corporation (KCRC) had over-estimated the cost.

The KCRC's estimate of up to $80 billion could be cut through redesigning routes, mainly by connecting with the MTR and the soon-to-be-completed Airport Railway.

The report said the railway's link between Yuen Long and Tuen Mun should be dropped, while the Mei Foo to West Kowloon route duplicated the MTR.

"After the redesign of routes, the cost could be cut substantially and the Government could only inject $10 billion, with the rest raised by the company, whose costs could be covered by on-line property development," he said.

Mr Cheung said the KCRC had overestimated future demand for freight, projected to be 40 million tonnes in 2021.

"The company obviously ignored the negative impact of the rapid railway development in the mainland and also possible direct transport between China and Taiwan," he said.

Mr Cheung, who has long been an adviser to Beijing on infrastructure issues, also suggested the railway should not be built by the KCRC.

The report said the Government should form a new company, along the same lines as the MTRC, to avoid it becoming an "independent kingdom" outside government control. In addition, a committee similar to the Airport Consultative Committee should be set up to monitor the works' progress.

"There are several railway projects planned by the Government, including the MTR's extension to Tseung Kwan O and the KCR's new route to Ma On Shan. A new body is necessary to give advice," Mr Cheung said.

KCRC sums wrong on fares, says China ally

MAY SIN-MI HON

The amount of money the Western Corridor Railway will get from fares has been overestimated, says Preparatory Committee member Nicky Chan Nai-keong.

Mr Chan said yesterday the feasibility study by the Kowloon-Canton Railway Corporation had projected higher inflation, to which fares were linked.

Because inflation had dropped to 6.8 per cent compared to the estimated nine, revenue from fares would be less, said Mr Chan, who also suggested the project be supervised by Hong Kong people rather than "less cost-conscious" overseas consultants.

He noted the management team of the West Rail division of the corporation comprised 23 section heads, all expatriates.

"As the inflation rate has dropped, fare revenue will be much less than expected in the next 20 years," he said.

The average fare was estimated to be $18 in 2001 but this would not be low enough to persuade bus passengers travelling from Tuen Mun to Kowloon to switch to the railway.

Mr Chan said financing, labour, maintenance and electricity would all be affected by inflation. Financing was linked to interest rates which the financial sector had predicted would decrease in the long term.

As the increase in the number of passengers would be greater than that of workers, the average labour cost borne by each passenger would drop.

Maintenance was tied to inflation in country where spare parts were made – usually lower than in Hong Kong – and electricity price rises had not matched inflation.

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