

**Translation**

**Legislative Council Panel on Transport  
Subcommittee on Matters Relating to Railways**

**Northern Link**

**Introduction**

This paper briefs Members on the proposed way forward of the Northern Link (“NOL”) project.

**Background**

2. The NOL is one of the seven recommended railway schemes in the Railway Development Strategy 2014. The project comprises Kwu Tung (“KTU”) Station and construction of a 10.7-kilometre long railway link between the existing Kam Sheung Road (“KSR”) Station of West Rail Line (“WRL”) and KTU Station. KTU Station will be a new station on the existing Lok Ma Chau Spur Line (“LMCSL”) of East Rail Line (“ERL”), while the railway link between KSR Station and KTU Station may provide three intermediate stations at San Tin (“SAT”), Ngau Tam Mei (“NTM”) and Au Tau (“AUT”) to unleash the development potential of the land along NOL.

**MTRCL’s Project Proposal for NOL**

3. In February 2016, the Transport and Housing Bureau invited the MTR Corporation Limited (“MTRCL”) to submit a proposal for NOL under the ownership approach<sup>1</sup>. MTRCL submitted a Project Proposal in March 2017, which was subsequently supplemented with updates in June 2018 and May 2020 respectively. MTRCL proposed that the construction of NOL would be carried out in two phases. Phase 1 would be KTU Station on the LMCSL; and Phase 2 would be the NOL Main Line between KSR Station and KTU Station, with three intermediate stations at SAT, NTM and AUT (see **Annex**).

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<sup>1</sup> Under the ownership approach, MTRCL will be responsible for the financing, design, construction, operation and maintenance of the new railway, and ultimately owns 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).

## **Transport and Economic Justifications**

4. The primary function of KTU Station is to serve the transport need of the Kwu Tung North (“KTN”) New Development Area (“NDA”) which, upon full development, will accommodate a total population of 119 700 and 33 300 jobs. The road journey from KTN NDA to Sheung Shui Station now takes about 15 minutes during rush hours. With KTU Station, the same journey by railway is expected to be 3 minutes approximately.

5. NOL Phase 2 connects the ERL and the WRL, forming a loop of railway around the New Territories (“NT”) and Kowloon, thereby greatly improving the transport connectivity between NT East and NT West. The road journey between Yuen Long / KSR and KTU now takes about 60 to 80 minutes during rush hours. With the commissioning of NOL Main Line including its three intermediate stations, the journey time by railway from KSR to KTU is expected to be shortened to about 12 minutes.

6. As stated in the Chief Executive’s 2020 Policy Address, the Government will expedite the implementation of the NOL railway project. NOL is crucial to unleashing the development potential of the largely underutilised land along its alignment and increasing the supply of land and housing. Except a few low-to-medium density existing/planned residential developments in the vicinity of KSR and AUT Stations, the areas along the alignment are yet to be developed. The current term of Government advocates the infrastructure-led, capacity creating planning approach in order to motivate development of land by provision of transport infrastructure. The availability of NOL would greatly unleash the development potential of the land in the vicinities of SAT, NTM and AUT, driving developments of the areas as well as providing more housing sites. So far, the Government has identified housing sites with a total area of about 90 hectares (equal to the size of four Taikoo Shings) along the NOL, including the San Tin/Lok Ma Chau Development Node, and related studies are being conducted progressively. If the NOL project is implemented, it is anticipated that over 70 000 housing units can be provided on these sites. Moreover, not only will the improvement of transport infrastructure network benefit key government development projects under planning, it can also incentivise early development of the privately owned land in the vicinity with larger housing yield.

7. 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 KTU Station will save the public a cumulative total of about 135 million hours over 50 years of operation. The economic benefits of KTU Station, including the said time saving, operating cost savings of other public transport vehicles and cost savings due to reduction in accidents, are estimated to be about \$14 billion in 2015 prices. It is also estimated that NOL Main Line will save the public a cumulative total of about 490 million

hours over 50 years of operation, the corresponding economic benefits of which are estimated to be about \$47 billion in 2015 prices. However, this has yet to take into account the potential additional population brought about by the NOL through unleashing the development potential of the land along its alignment as stated in paragraph 6 above. Besides, KTU Station and NOL Main Line would also bring about other benefits, such as offering transport service of higher efficiency, cultivating a greener environment, etc.

### **Works Programme**

8. Having considered the time required for the detailed planning and design of the project with reference to the complexity of works, the construction of NOL Phase 1 (i.e. KTU Station on the LMCSL) may commence in 2023 for completion in 2027 to support the first substantial population intake of the public housing in KTN NDA; while the construction of NOL Phase 2 (i.e. the Main Line connecting KSR Station with KTU Station) may commence in 2025 for completion in 2034 to provide impetus for growth in the area covering SAT, NTM and AUT.

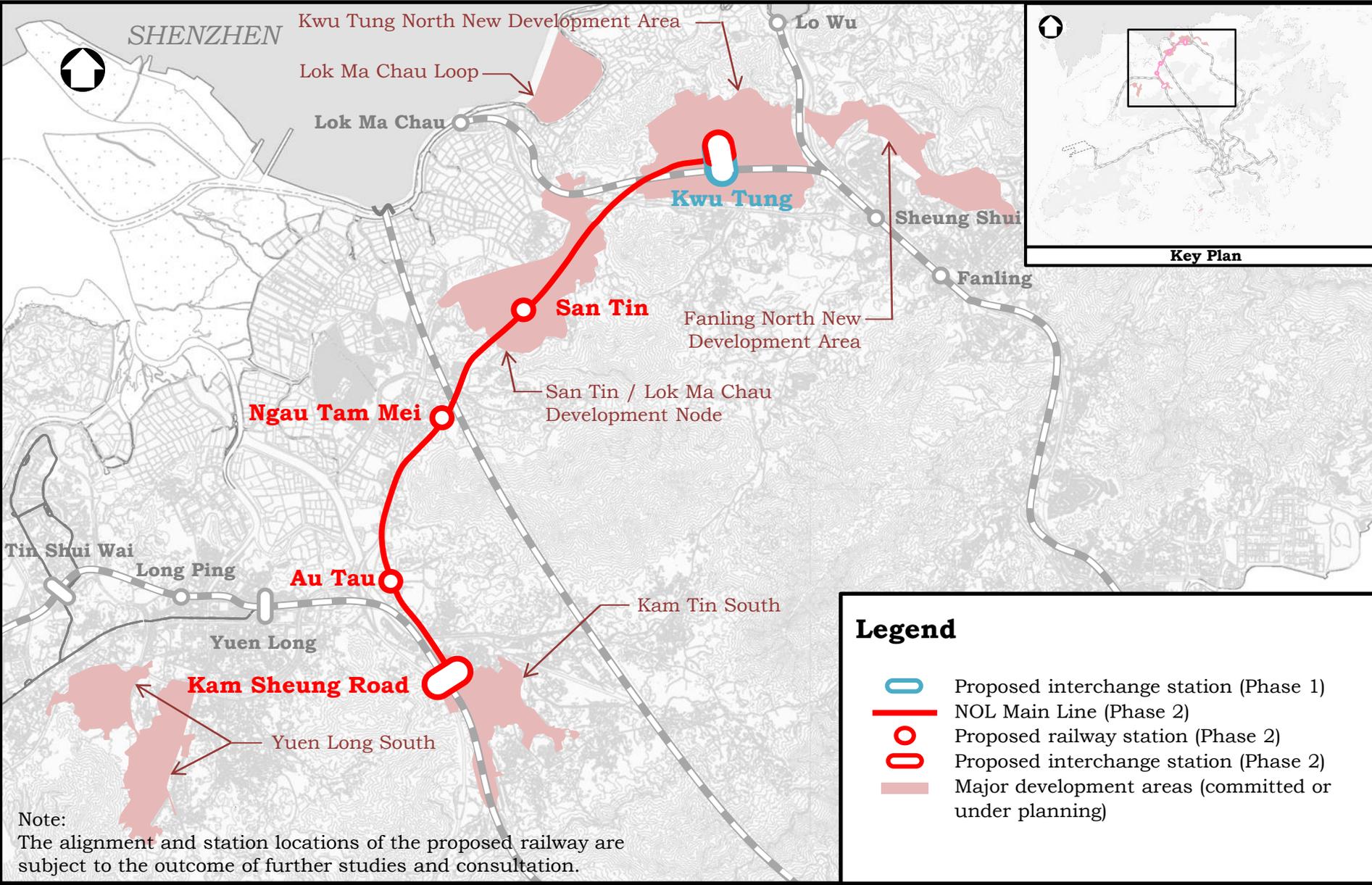
### **Financing Arrangement**

9. According to the Project Proposal submitted by MTRCL, the estimated capital costs of NOL Phase 1 and Phase 2 are about \$3.5 billion and \$58.5 billion (in December 2015 prices). We will further ascertain the cost estimates having regard to MTRCL's detailed planning and design.

### **Way Forward**

10. The Government has invited MTRCL to proceed with the detailed planning and design of the NOL project and will carry out negotiation with MTRCL on the financing arrangement of NOL 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. In this process, we will examine the construction and operating costs of the project carefully and rigorously with the support of independent consultants.

**Transport and Housing Bureau  
Highways Department  
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**Annex – Proposed Railway Scheme for Northern Link (NOL)  
(Phase 1 and Phase 2)**