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**SPEECH BY BG (NS) LEE HSIEN LOONG,
DEPUTY PRIME MINISTER,
AT THE SINGAPORE MASS RAPID TRANSIT EMPLOYEES' UNION
(SMRTEU)'S ANNUAL DINNER AND DANCE
AT MARINA MANDARIN HOTEL
ON FRIDAY, 15 NOVEMBER 1996 AT 8.00 PM**

I am happy to join you at tonight's Dinner and Dance.

The Mass Rapid Transit (MRT) is a symbol of Singapore's progress. Singaporeans are proud of it. Only nine years old, it has qualitatively changed the standard of our public transport. It is reliable, safe, fast and comfortable. It is the backbone of our public transport system.

Ridership on the MRT has increased steadily, from 500,000 passengers a day when the system was first completed in 1990, to 740,000 last year, and to almost 900,000 after we completed the Woodlands loop extension.

Over the next decade, we will be expanding the MRT network further. We will also build Light Rail Transits (LRTs) which will feed into the MRT. We will build the North East MRT Line (NEL), the Bukit Panjang (BP) LRT and the Sengkang LRT. The expanded network will link a much wider area. Many more people will be able to enjoy high quality of public transport.

These projects will all be completed by the year 2002 (Sengkang and NEL by 2002 and BP LRT by 1999). By then the Government will have invested over \$12 billion in the MRT and LRT network. This is a huge capital expenditure. But it is worthwhile, because of the longer term benefits the MRT and LRT have for the economy and for the quality of life of our citizens.

An extensive rail network will provide efficient and less pollutive transport for a large number of people. This will keep the roads free flowing, and enable us to develop the city more densely and efficiently. Without the MRT, Singapore would be in danger of becoming like Los Angeles, a city designed more for roads and cars than for people.

However, mass transit lines are very costly not just to build, but also to operate. As we continue extending the MRT and building LRTs, we must ensure that each new line and additional station will break even on its running costs. If we over-build, we will end up with a very extensive system, but without the critical traffic volume to support the high operating costs.

If we build MRT lines when the demand is not there, we will be wasting resources running empty trains, and investing in expensive but underused tracks and trains which depreciate day by day. We will then be faced with unhappy choices: to subsidise the operations by raising taxes; to shut down the line and write off the costly capital expenditures as foolish investments; or to raise fares, although this is unlikely to solve an inherent problem of not having enough people to ride the trains.

This is why the Government has set a criterion of only building an MRT line when the new line can generate enough revenues to cover operating

costs. We have to price services properly to reflect economic choices, and not hide the true economic costs of the services by cross subsidising operations. We have done the right thing by building the lines progressively and only when the demand can justify the operations.

The success of the MRT has given us the confidence to expand the network. The Woodlands extension cost \$1.2 billion. And after a long study, we have also decided to proceed with the North-East MRT line which will cost \$5 billion.

The NE line will not be the last expansion. As the population grows and as new centres of residence and work develop, we will expand the network further. Cities like London, Paris or New York have a much denser network of underground lines than Singapore, but they have built them over decades, or in the case of London over more than a century. We too will build up our MRT system incrementally, over the years.

For example, the Member of Parliament (MP) for Changi, Mr Teo Chong Tee, has repeatedly called for the MRT to be extended to the Changi Airport. He has been asking for this since 1987, when the first phase of the MRT system was still being built. Mr Teo has been right. Major airports need to be connected to the cities they serve by a train or MRT line, like Atlanta Airport in Atlanta, Charles de Gaulle Airport in Paris, and Narita Airport in Tokyo. Other airports in this region being built, like Sepang Airport in Malaysia and Chep Lap Kok Airport in Hong Kong, will also have rail links. Changi should have facilities equal to them. The only question is the timing of building the extension to Changi.

For as many years, the Ministry of Communications (MINCOM) has had to turn down his requests. But it has not done this lightly. While air passenger traffic and the number of workers at the airport have been growing, the ridership was still not sufficient to render the extension economically viable.

In March this year, the Minister for Communications stated that the Land Transport Authority (LTA) would again review the feasibility of building rail infrastructure in Singapore, including the proposed MRT extension to the Airport. LTA has just completed the review. This time it has found that the extension will be viable.

There are two reasons for this. The first is the continued increase and projected further increase in the number of passengers using Changi airport. The second is the more generous formula for financing rail services, which the White Paper on Land Transport recommended and the Government accepted.

I am therefore happy to announce that the Government will proceed to construct the MRT extension to the Changi Airport. The Airport extension will be 6.4 km long. It will branch off from Tanah Merah station, with provision for an intermediate station to serve future developments before terminating at Changi Airport. The Airport extension will be completed in 2001, and will be operated by the Singapore Mass Rapid Transit (SMRT) as part of the overall MRT network.

SMRT has done an outstanding job. It has established a good reputation, operating one of the most efficient and reliable systems in the world. Tourists take joy rides on the MRT, to see for themselves how safe, reliable and clean it is.

SMRT must continue to improve on its services. Commuters' expectations will continue to rise with growing affluence. SMRT should have the mindset of a service provider, and not just a transport provider. In England, for instance, the railway and metro operators have published customer charters in which they pledge their commitments to provide specific service levels, and are actively seeking feedback from their customers. SMRT can do the same.

Credit for SMRT's success today must also go to the good management-union relations. The SMRT Employees' Union (SMRTEU) has contributed significantly to the success of SMRT by fostering a close and supportive relationship with the management, and motivating its members to give their best. Unlike many other transit operators, the MRT has not been plagued by shut-downs, slow-downs or strikes. Good industrial relations have allowed SMRT to consistently meet and exceed previous service levels.

I am confident that the SMRTEU and the SMRT management can continue to work together to ensure continued success for the MRT. I congratulate SMRTEU for a job well done.

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