

ITEM FOR FINANCE COMMITTEE

HEAD 60 - HIGHWAYS DEPARTMENT Subhead 000 Operational expenses

Members are invited to approve the creation of the following supernumerary post up to 31 December 2004 -

1 Chief Engineer
(D1) (\$103,150 - \$109,450)

PROPOSAL

Encl. We propose that Members approve the proposal in paper EC(2001-02)23 at the Enclosure for creating the supernumerary post of Chief Engineer (West Rail) (CE/WR) up to 31 December 2004, modified as in paragraph 3 below.

BACKGROUND INFORMATION

2. At the Finance Committee (FC) meeting on 7 December 2001, Members were invited to approve the proposal in EC(2001-02)23 for retention of a supernumerary post of CE/WR up to 31 December 2004 to head the West Rail Division in the Railway Development Office (RDO) of the Highways Department (HyD) and to continue to oversee the WR project. At the meeting, all Members agreed that there was a need for the retention of the post. However some Members questioned whether the post should be retained for 12 months after the completion of the WR project. Consequently, the proposal was not approved. We now submit our proposal in paragraph 1 above for Members' consideration and approval.

3. The need for retaining the post up to 31 December 2004 was accepted by the Establishment Sub-Committee (ESC) at its meeting on 21 November 2001. Nevertheless we fully understand the concern expressed by some Members at the FC meeting on 7 December 2001 that the post should not be retained for a period longer than what is really necessary. We can, therefore, assure Members that we will endeavour to complete the major work involved in time so that the CE/WR post will be retained only for the period during which there is an essential need for the post. In any case we will not seek any further extension of the post beyond 31 December 2004. We will also closely and regularly review the progress of work so that the post would be deleted if the assessment is that the post is no longer needed before 31 December 2004. We will report our assessment to the ESC around the time of the commissioning of the WR scheduled for end 2003.

CONSIDERATION OF POINTS MADE BY FINANCE COMMITTEE ON 7 DECEMBER 2001

4. At the meeting on 7 December 2001, some Members were of the view that the post of CE/WR should be retained up to June 2004 and the Administration should make a submission to FC if further extension of the post was required. On the other hand, some Members considered that the proposed retention of the post up to 12 months after project completion was reasonable given the huge scale of the WR project and the complexities of the work to resolve claims.

5. As explained in paper EC(2001-02)23, following the scheduled completion of the WR project in December 2003, CE/WR will have to oversee and monitor the programme and progress of the outstanding works of WR and the associated Essential Public Infrastructure Works (EPIW) within the one year maintenance period. He will also have to finalize with KCRC the project accounts for the EPIW within the 18-month period after the issuance of the substantial completion certificates for the EPIW, which involves settlement of all cost apportion issues and finalization of the final measures, as well as resolution of claims. In addition, CE/WR will need to work with KCRC and other departments in resolving outstanding maintenance and operation issues, and to vet KCRC's technical proposals on property developments above or adjacent to WR stations.

6. The WR project involves 46 contracts with a total cost of \$46.4 billion. It is the largest committed infrastructure project since the Airport Core Programme. The scale of the associated EPIW, which include access roads, public transport interchanges, reclamation work and footbridges at a cost of \$3.4 billion, is also very massive in its own right.

7. The huge scale of the WR works and the associated EPIW make the construction and co-ordination works a complicated task. In particular, the works of the WR project and the associated EPIW have complex interface with other infrastructures, such as the Airport Railway, the drainage works in North West New Territories, and other planned or existing roads. Resolution of the interface issues and disputes, both before and after the opening of WR, requires meticulous handling and devoted efforts.

8. The WR contracts provide for the contractors to finalize the contract accounts with KCRC on WR works, and with Government on the EPIW and other interfacing works, within 18 months of substantial completion, i.e. by end June 2005. The claim settlement and resolution process requires extensive input from, and eventually the agreement of, all the parties involved. Past experience indicates that the process would extend beyond the contract finalization period stipulated in the contract. The process would extend even further if mediation or arbitration is required. Given the need for detailed and in-depth analysis of claims and the complexity and sensitivity of the issues, the claim assessments require dedicated handling by an officer who has sufficient experience and knowledge in WR works, contract administration and dispute resolution. It is necessary to retain the CE/WR to work with KCRC, the relevant contractors and other Government departments concerned, with a view to safeguarding Government's interest.

9. The resolution of the outstanding maintenance and operation issues is another area requiring meticulous handling by a dedicated directorate officer. While every effort will be made to minimize the maintenance and operation issues during the initial stage of operation of WR and the associated EPIW, it is necessary to retain a dedicated officer specifically charged to oversee and help expeditiously resolve any such problems. The retention of the CE/WR post throughout the one year maintenance period will allow an experienced officer, with full knowledge of the WR works and the associated EPIW, to handle any operational and maintenance issues which would have public safety implications if not resolved properly and expeditiously.

10. Members will also wish to note the experiences of the following past large-scale infrastructural projects -

- (a) Regarding the Ting Kau Bridge project which has a project cost of \$2 billion, the relevant CE post was retained for 12 months after the completion of the project in April 1998 to handle contract finalization and the settlement of claims through mediation.

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- (b) For the Tsing Ma Bridge project which costs \$7.2 billion, the relevant CE post was retained up to 31 December 1998, or 20 months after project completion. The contract finalization and settlement of claims was administered by the CE full time.
- (c) For the Airport Railway (AR) which costs \$34.6 billion, the CE/AR post was retained for nine months after project completion to handle outstanding works and to resolve maintenance issues between MTRCL and Government departments. In contrast, the complexity and scale of EPIW under the WR project are greater than those of the AR. For example, the total cost of EPIW for WR is \$3.4 billion, which is 91 times higher than that for the AR, which costs \$37 million.

11. Having regard to the foregoing considerations, we consider it is necessary to retain the CE/WR post up to 31 December 2004.

Transport Bureau
December 2001

For discussion
on 21 November 2001

EC(2001-02)23

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 60 – HIGHWAYS DEPARTMENT Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the retention of the following supernumerary post up to 31 December 2004 –

1 Chief Engineer
(D1) (\$103,150 - \$109,450)

PROBLEM

The Director of Highways (D of Hy) requires continued directorate support to oversee and manage the West Rail (WR) project until and after its completion. The existing supernumerary post of Chief Engineer (West Rail) created for the purpose will lapse on 6 December 2001.

PROPOSAL

2. We propose to retain the supernumerary post of Chief Engineer (CE) (D1) up to 31 December 2004 to head the WR Division in the Railway Development Office (RDO) of the Highways Department (HyD) and to continue overseeing the WR project.

JUSTIFICATION

3. The RDO, headed by a Principal Government Engineer/Railway Development (PGE/RD) (D3), is responsible for the planning and implementation

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of the committed and new railway projects, and the planning for future railway development in Hong Kong. It consists of two Groups, namely the Project Administration Group (PAG) comprising the WR Division, the Railway Division 1, the Railway Division 2 and the Electrical and Mechanical Advisory Unit; and the Railway Development Planning Group (RDPG) comprising the Railway Planning Division 1, the Railway Planning Division 2 and the Technical Services Division. The PAG is responsible for the implementation of the WR, the Tseung Kwan O Extension (TKE), the Ma On Shan to Tai Wai Rail Link (MOS Rail), the Tsim Sha Tsui Extension (TST Extension) and the Sheung Shui to Lok Ma Chau Spur Line (Spur Line) projects, as well as providing electrical and mechanical advisory service to all railway projects. The RDPG is responsible for the Penny's Bay Rail Link (PBRL), the Island Line Extensions (ILE), the Shatin to Central Link (SCL), the Kowloon Southern Link (KSL), the Northern Link (NOL), the Regional Express Line (REL) and the Port Rail Line (PRL) projects, as well as conducting transport modelling.

4. On 6 December 1996, Finance Committee (FC) approved vide EC(96-97)46 the creation of the supernumerary post of Chief Engineer/West Rail (CE/WR) for a period of five years to handle all matters relating to the WR project, subject to review thereafter. The CE/WR is responsible for overseeing the implementation of the WR, monitoring its programme and progress, overseeing the resolution of all interfacing matters between the WR and other development projects, administering route protection of the WR, etc. The estimated project cost of the WR is about \$46.4 billion and a map showing the route alignment of the WR is at

Encl. 1 Enclosure 1.

5. Based on the current programme, we expect that the WR project would be substantially completed for commissioning by end 2003. Before the completion of WR, CE/WR will continue to oversee the implementation of the WR project, monitor its programme and progress, vet technical proposals and gazettal plans from Kowloon-Canton Railway Corporation (KCRC) and assist in resolving construction interface issues. Furthermore, he will need to work with KCRC and the relevant departments on temporary traffic management schemes and to formulate maintenance and operation schedules for the completed works. CE/WR will also need to oversee the implementation of the associated Essential Public Infrastructure Works (EPIW)¹ which are entrusted to KCRC for implementation. The total approved project estimate of the EPIW for the WR is \$3.4 billion and its detailed breakdown is at

Encl. 2 Enclosure 2.

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¹ The EPIW involve construction of roads leading to the stations, associated public transport interchanges, drainage works, vehicular bridges and viaducts, footbridges and reclamation works for the WR project.

6. After the completion of the construction of WR by end 2003, CE/WR will continue to oversee and monitor the programme and progress of the outstanding works of WR, and associated EPIW within the one-year maintenance period. CE/WR will have to finalize with KCRC the project accounts for the EPIW within the 18-month period after the issuance of the substantial completion certificates for the EPIW. This would involve settlement of all cost apportionment issues, finalization of the final measurements of all the changes to the design as well as agreement on the claims submitted by the contractors for the EPIW. He will need to handle claims relating to the EPIW and claims relating to the WR works if they are related to government works. The claim resolution process involves detailed and in-depth analysis of the circumstances, which is a difficult and delicate exercise. The complexity and sensitivity of any such tasks will call for the involvement of a directorate officer conversant with the relevant procedures and details of the WR project and the associated EPIW. CE/WR will also need to work with KCRC in resolving outstanding maintenance and operation issues with other departments concerned, with a view to finalizing the maintenance and operation schedules for WR, the associated EPIW and reprovisioning works. WR works and the associated EPIW aside, CE/WR will have to vet KCRC's technical proposals on property developments above or adjacent to WR stations which will be implemented in phases after the opening of the railway.

7. Given the massive scale of work before and after the completion of the construction of the WR, and the complex interface with the infrastructural projects along the WR project, it is necessary to retain the CE/WR post up to 12 months, i.e. 31 December 2004, after the scheduled completion of the construction of WR project in December 2003. The continued need of the post will be under constant review and will be deleted once it is no longer required. The existing organisation chart of the RDO and the job description of the CE/WR post are at Enclosures 3 and 4 respectively.

Encls.
3 & 4

ALTERNATIVES CONSIDERED

8. D of Hy has reviewed the current directorate structure and manpower resources of the department and concluded that it is impracticable to redeploy directorate staff from RDO or other offices in the HyD to take up the WR project. The reasons are as follows –

- (a) At present, the existing directorate staff of the RDO are fully engaged in the implementation of the committed projects, and the planning of the new railway projects. In particular, the six CEs in the RDO are each responsible for either the implementation/planning of two or

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three railway projects or providing electrical and mechanical advisory service for all railway projects. They have no spare capacity to take up the WR project.

- (b) The directorate staff in the Major Works Project Management Office are fully occupied in taking forward the new major highway projects including Route 10 – North Lantau to Yuen Long Highway, Deep Bay Link, Route 9 between Tsing Yi and Cheung Sha Wan, Route 9 between Cheung Sha Wan and Shatin, widening of Tolo Highway between Ma Liu Shui and Island House interchange, improvement works of Castle Peak Road (sections between Tseun Wan Area 2 and Sham Tseng, between Sham Tseng and Ka Loon Tsuen and between Ka Loon Tsuen and Siu Lam), widening and reconstruction of Tai Po Road (Shatin section), widening of Yuen Long Highway and widening of Tolo Highway/Fanling Highway between Island House interchange and Fanling. They are fully committed in handling the detailed design and construction phase of consultancies, and the supervision and administration of construction work contracts. It is therefore not feasible for them to be redeployed to undertake the WR project.
- (c) It is not feasible to redeploy the directorate officers from the Regional Offices of the HyD to the RDO as they are fully stretched in implementing the policies and procedures on road maintenance in the territory. They are heavily involved in undertaking maintenance, reconstruction, minor improvement of rural roads/highway network and the associated drainage installation, and monitoring the expenditure on these activities.
- (d) It is also not feasible to redeploy the directorate staff from HyD Headquarters, Tsing Ma Control Area (TMCA) Division and Structures Division to the RDO as they are fully committed in their own duties. CE/Lighting is responsible for designing lighting schemes, and monitoring the installation, operation and maintenance activities performed by works agents and contractors. CE/Research and Development is responsible for conducting research into highway construction, maintenance and management techniques, preparing HyD standard drawings and guidance notes, and formulating, developing and implementing departmental computerisation strategies. CE/TMCA is heavily involved in the contract finalisation of the Lantau Link contracts, Ting Kau Bridge and Approach Viaduct contract, monitoring of the performance of the TMCA operator on the maintenance of TMCA, developing and implementing a bridge health

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monitoring system for Tsing Ma Bridge, Kap Shui Mun Bridge and Ting Kau Bridge and also district administration and utility co-ordination works within the TMCA. CE/Structures is responsible for preparing designs of highway structures forming parts of the public works programme projects undertaken in house by the three Regions and the Major Works Project Management Office, maintaining existing highway structures including keeping records and carrying out regular inspections, and enhancing the appearance of the structures.

FINANCIAL IMPLICATIONS

9. The additional notional annual salary cost of the proposal at mid-point is \$1,273,800. The full annual staff cost of the proposal, including salaries and staff on-cost, is \$2,102,000. The additional resources required will be absorbed by HyD.

BACKGROUND INFORMATION

10. The Government formulated the first Railway Development Strategy for Hong Kong in 1994, and accorded priority to the implementation of a number of railway projects, namely, the WR, TKE, MOS Rail and TST Extension. In 1999, the Government decided to proceed with the implementation of the Spur Line for an additional rail passenger boundary crossing and to provide relief to Lo Wu. The Government also decided in late 1999 that the PBRL should be built and completed in time for the opening of the Disney Theme Park. These rail projects are now at different stages of implementation and are scheduled for completion between 2002 and 2007.

11. In March 1998, the Government commissioned the Second Railway Development Study (RDS-2) to examine how best to further expand the rail network in Hong Kong in order to meet the rail transport needs arising from population growth and increase in cross-boundary activities for the next two decades. In May 2000, based on the findings of RDS-2, the Government formulated RDS-2000 which maps out the next phase of railway network development for Hong Kong up to the year 2016, featuring the implementation of six new railway schemes (i.e. ILE, SCL, KSL, NOL, REL and PRL).

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12. FC approved the creation of the supernumerary CE/WR post in HyD on 6 December 1996 for five years up to 5 December 2001 to handle matters relating to the WR project.

13. We circulated a paper on the proposed retention of the CE/WR post to the Legislative Council Panel on Transport on 22 October 2001. Members of the Panel noted the proposal at the Panel meeting on 26 October 2001.

CIVIL SERVICE BUREAU COMMENTS

14. Civil Service Bureau is satisfied that the proposal contained in this paper is functionally justified and that the grading, ranking and duration of the proposed post are appropriate having regard to the level and scope of responsibility and the professional input required. There were 36 established directorate posts in the Highways Department as at 1 November 2001, comprising 30 permanent posts and 6 supernumerary posts.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

15. As the directorate post is proposed on a supernumerary basis, its retention, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Transport Bureau
November 2001

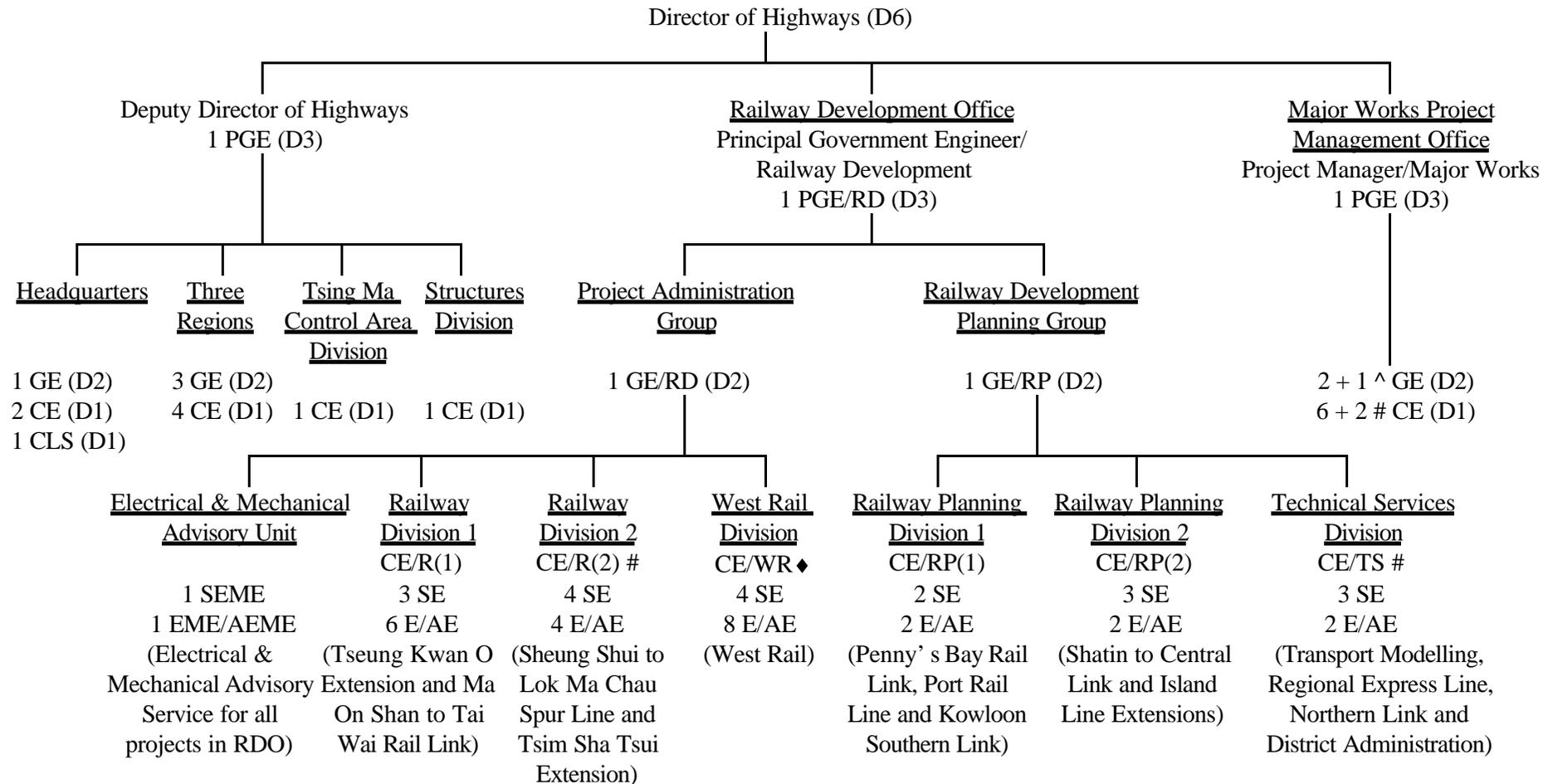
General Alignment of West Rail



**Public Works Programme Items on
Essential Public Infrastructure Works for the West Rail Project**

PWP Item No.	Title	Date of Approval PWSC/FC	Approved Project Estimate (\$M MOD)
37TR	Yuen Long Section – Remaining Works	5.1.2000/21.1.2000	32.00
38TR	Tuen Mun Section	16.6.1999/2.7.1999	493.50
39TR	Sham Shui Po Section	12.5.1999/11.6.1999	731.90
40TR	Kam Tin Section – Remaining Works	13.6.2001/6.7.2001	219.10
42TR	Tsuen Wan Section	24.2.1999/12.3.1999	661.10
43TR	Kam Tin Section	12.5.1999/11.6.1999	546.90
45TR	Yuen Long Section	16.6.1999/2.7.1999	685.10
		Total:	3,369.60

Existing Organisation Chart of Railway Development Office, Highways Department



Legend

- | | | |
|-------------------------------------|--|--|
| PGE - Principal Government Engineer | CLS - Chief Land Surveyor | ♦ - Supernumerary CE post to lapse on 6.12.2001 proposed to be retained up to 31.12.2004 |
| GE - Government Engineer | SEME - Senior Electrical & Mechanical Engineer | ^ - Supernumerary GE post to lapse on 12.3.2005 |
| CE - Chief Engineer | EME/AEME - Electrical & Mechanical Engineer/Assistant Electrical & Mechanical Engineer | # - Supernumerary CE posts to lapse on 12.3.2005 |
| SE - Senior Engineer | | |
| E/AE - Engineer/Assistant Engineer | | |

Proposed Job Description of Chief Engineer/West Rail

Post : Chief Engineer/West Rail

Rank : Chief Engineer (D1)

Responsible to : Government Engineer/Railway Development

Main Duties :

1. overseeing the implementation of the West Rail (WR) from West Kowloon to Tuen Mun;
2. vetting the technical proposals submitted by the Kowloon-Canton Railway Corporation (KCRC), and assisting in the negotiation with the operations on the railway scheme;
3. liaising with KCRC to ensure the adoption of appropriate strategy, procedures and programme in consultancies and contract management for the WR;
4. monitoring the programme and progress of the WR;
5. providing technical input to the financial and legal aspects of the WR;
6. providing professional advice on railway matters related to the WR;
7. co-ordinating with other government departments to ensure the smooth progress of the WR;
8. overseeing the resolution of all interfacing matters between the WR and other development projects;
9. administering route protection of the WR;
10. administering Public Works Programme items on Essential Public Infrastructure Works (EPIW) for the WR entrusted to KCRC;

11. monitoring the expenditure and progress of the EPIW; and
12. serving on the following committees for the WR –
 - (a) Site Liaison Group (Chairman);
 - (b) Station and Transport Integration Committee (Member);
 - (c) Project Control Task Group (Member);
 - (d) Safety and Security Task Group (Member);
 - (e) Public Relations Task Group (Member); and
 - (f) Service Readiness Task Group (Member).