

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2480/11-12  
(These minutes have been seen  
by the Administration)

Ref: CB1/PS/1/08/1

**Panel on Transport**

**Subcommittee on Matters Relating to Railways**

**Minutes of special meeting on  
Friday, 30 March 2012, at 8:30 am  
in Conference Room 3 of the Legislative Council Complex**

- Members present** :
- Hon Miriam LAU Kin-ye, GBS, JP (Chairman)
  - Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
  - Hon LAU Kong-wah, JP
  - Hon Andrew CHENG Kar-foo
  - Hon Abraham SHEK Lai-him, SBS, JP
  - Hon LI Fung-ying, SBS, JP
  - Hon WONG Kwok-hing, MH
  - Hon Jeffrey LAM Kin-fung, GBS, JP
  - Hon CHEUNG Hok-ming, GBS, JP
  - Hon Ronny TONG Ka-wah, SC
  - Hon KAM Nai-wai, MH
  - Hon Starry LEE Wai-king, JP
  - Hon CHAN Hak-kan
  - Hon WONG Sing-chi
  - Hon Mrs Regina IP LAU Suk-ye, GBS, JP
  - Hon Tanya CHAN
  - Hon Albert CHAN Wai-yip
- Member attending** : Hon Emily LAU Wai-hing, JP

**Members absent** : Hon IP Wai-ming, MH  
Hon LEUNG Kwok-hung

**Public Officers attending** : **Agenda item I**

Ms Eva CHENG, GBS, JP  
Secretary for Transport and Housing

Ms Maisie CHENG, JP  
Deputy Secretary for Transport and Housing  
(Transport)1

Mr LAM Sai-hung  
Principal Assistant Secretary for Transport and  
Housing(Transport)7

Mr LAU Ka-keung  
Director of Highways

Mr Henry CHAN  
Principal Government Engineer/Railway  
Development  
Highways Department

Mr Michael LEUNG  
Chief Engineer/Railway Development 1-2  
Highways Department

Mr Anthony LOO  
Assistant Commissioner for Transport/Planning  
Transport Department

**Attendance by invitation** : **Agenda item I**

Mr CHEW Tai-chong  
Projects Director  
MTR Corporation Limited

Mr Stephen CHIK  
Head of Project Engineering  
MTR Corporation Limited

Dr Jacob KAM  
Operations Director  
MTR Corporation Limited

Mr Philco WONG  
General Manager – SCL  
MTR Corporation Limited

Ms Maggie SO  
Deputy General Manager – Projects and Property  
Communications  
MTR Corporation Limited

**Clerk in attendance :** Ms Joanne MAK  
Chief Council Secretary (1)2

**Staff in attendance :** Mr Franco KWONG  
Council Secretary (1)2

Ms Emily LIU  
Legislative Assistant (1)2

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Action

- I Further discussion on the funding application for the Shatin to Central Link project**
- File Ref.: THB(T)CR 10/1016/99 - Administration's paper entitled "Shatin to Central Link: Authorization of Scheme Following Receipt of Objections" (Legislative Council Brief)
- LC Paper No. CB(1)1434/11-12(01) - Administration's supplementary information paper on issues raised by the Subcommittee at its meeting on 23 March 2012
- LC Paper No. CB(1)1326/11-12(01) - Administration's paper entitled "Shatin to Central Link – Funding application for the main works"

- LC Paper No. CB(1)1340/11-12(01) - Administration's supplementary information paper on issues raised by the Subcommittee at its meeting on 2 March 2012
- LC Paper No. CB(1)1327/11-12 - Updated background brief entitled "Shatin to Central Link" prepared by the Legislative Council Secretariat

Submissions received

- LC Paper No. CB(1)1434/11-12(02) - Submission from Mr PUN Kwok-wah, Kowloon City District Council Member
- LC Paper No. CB(1)1434/11-12(03) - Submission from To Kwa Wan Resident Service Organization
- LC Paper No. CB(1)1434/11-12(04) - Submission from Ms LI Lin, Kowloon City District Council Member
- LC Paper No. CB(1)1434/11-12(05) - Submission from Wyler Garden Friend Club
- LC Paper No. CB(1)1434/11-12(06) - Submission from The Incorporated Owners of Chong Chien Court
- LC Paper No. CB(1)1434/11-12(07) - Submission from Kowloon City District Resident Association
- LC Paper No. CB(1)1434/11-12(08) - Submission from The Incorporated Owners of Mei King Mansion (Stage 1)
- LC Paper No. CB(1)1434/11-12(09) - Submission from The Incorporated Owners of Tung Hing Building To Kwa Wan Road
- LC Paper No. CB(1)1434/11-12(10) - Submission from The Incorporated Owners of No. 29 Mei King Street
- LC Paper No. CB(1)1434/11-12(11) - Submission from The Incorporated Owners of No. 31 Mei King Street

Action

- LC Paper No. CB(1)1434/11-12(12) - Submission from The Incorporated Owners of Tokwawan Mansion
- LC Paper No. CB(1)1434/11-12(13) - Submission from The Incorporated Owners of No. 269 To Kwa Wan Road
- LC Paper No. CB(1)1434/11-12(14) - Submission from The Incorporated Owners of No. 271 To Kwa Wan Road
- LC Paper No. CB(1)1434/11-12(15) - Submission from The Incorporated Owners of Chiap Thong Building

The Subcommittee deliberated (Index of proceedings attached in **Annex**).

2. Ms Starry LEE declared that she owned properties along the alignment of Shatin to Central Link (SCL). Mr Abraham SHEK declared that he was an independent non-executive director of the MTR Corporation Limited (MTRCL) and of two construction companies. Mr Jeffrey LAM declared that he was an independent non-executive director of a construction company. Ir Dr Raymond HO declared that he was an independent non-executive director of an engineering company.

3. With the aid of Powerpoint presentation, the Administration and MTRCL briefed the Subcommittee on the supplementary information provided in response to members' requests made at the last meeting on 23 March 2012 [LC Paper No. CB(1)1434/11-12(01)].

4. The Subcommittee followed up the discussion at the last meeting on 23 March 2012 on the rate of project management cost (PMC) and whether there was scope for further downward adjustment of the rate. The Administration provided a detailed breakdown of PMC and explained the impact of reducing the current level of PMC. The Administration advised that if the current PMC level was further reduced from the level of 10.5% to 7.5%, it meant a reduction of nearly 30% of the manpower resources. Besides, the independent consultant engaged by the Administration also considered the current PMC level reasonable. At the request of the Subcommittee, the Administration explained the calculation of the concession payment payable by MTRCL and the treatment of the non-fare revenue of SCL.

Action

Admin/  
MTRCL 5. At the request of the Subcommittee, the Administration/MTRCL agreed to provide supplementary information on the following –

- (a) how the rate of PMC could be reduced to the current level of 10.5% ;
- (b) the seating configuration in train compartments of Hong Kong railways; and
- (c) the passenger flow calculation of the East Rail Line.

*(Post-meeting note: The supplementary information provided by the Administration (LC Paper No. CB(1)1542/11-12(01)) was issued on 10 April 2012.)*

Voting

6. The Administration intended to submit the current funding applications to the Public Works Subcommittee (PWSC) on 18 April 2012 for discussion. The Chairman sought members' view on the matter. Mr Andrew CHENG considered that the Administration still failed to satisfactorily answer all his questions, and requested the Subcommittee to hold additional meetings to discuss the funding applications before they were to be submitted to PWSC. The Chairman considered that as there were diverse views, she put the matter to vote. After voting, the Chairman declared that five members voted for and one member voted against submitting the funding applications to PWSC for discussion.

*(Post-meeting note: The funding applications for the construction of the remaining SCL main works (both railway works and non-railway works) were considered by PWSC at its meeting on 18 April 2012.)*

**II Any other business**

7. There being no other business, the meeting ended at 10:32 am.

## Panel on Transport

### Subcommittee on Matters Relating to Railways

#### Proceedings of the special meeting on Friday, 30 March 2012, at 8:30 am in Conference Room 3 of the Legislative Council Complex

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I – Further discussion on the funding application for the Shatin to Central Link project</b>			
000340 – 001635	Chairman Administration MTRCL	Briefing and powerpoint presentation by the Administration and MTR Corporation Limited (MTRCL) (LC Paper No. CB(1)1434/11-12(01)).	
001636 – 002315	Chairman Mr WONG Sing-chi Administration	<p>Mr WONG Sing-chi's enquiries on whether the non-fare revenue to be generated from the Shatin to Central Link (SCL) could be used to set up a fare stabilization fund; and how many new staff members would be employed by MTRCL for the project.</p> <p>The Administration and MTRCL's response –</p> <p>(a) according to the operating agreement, 90% of the profits from SCL (including fare and non-fare revenues) should be payable to the Administration. The fare adjustment mechanism was also explained; and</p> <p>(b) 95% of the staff for SCL project would be newly recruited.</p>	
002316 – 002945	Chairman Mr Andrew CHENG Administration	Mr Andrew CHENG expressed strong dissatisfaction with the Administration's response in CB(1)1434/11-12(01) to his earlier suggestion of reducing the rate of project management cost (PMC). The Administration advised that after assessing the actual need of manpower resources and expenses relating to the site supervision and management, the independent consultant considered the current level of 10.5% reasonable. If the current level was reduced to 7.5%, it meant a reduction of nearly 30% of the manpower resources. This would seriously affect the quality and progress of works supervision. The calculation of the concession payment was also explained.	
002946 – 004255	Chairman Ms Emily LAU Administration	Ms Emily LAU considered that there was a need to set up a fare stabilization fund. She also urged the Administration and MTRCL to enhance the station	The Administration/ MTRCL to provide information (para. 5

Time marker	Speaker	Subject(s)	Action required
	MTRCL Mr Ronny TONG Ir Dr Raymond HO Mr WONG Kwok-hing	<p>and train facilities, including the seating configuration in train compartments, the provision of female toilets, barrier-free facilities and digital broadcasting system, etc.</p> <p>The Administration advised that MTRCL would explore the feasibility of installation of digital broadcasting system in railway network. MTRCL advised that the current side-bench configuration allowed more space to accommodate a large volume of passengers. Priority seats for passengers in need were designated. To address the special needs of wheelchair and baby stroller users, MTRCL had re-configured the train compartments to allow for multi-purpose areas for these passengers. MTRCL also advised that 70 of 83 stations were currently equipped with lifts. MTRCL would gradually retrofit lifts at the remaining stations.</p>	of the minutes)
004256 – 004830	Chairman Ms Starry LEE Administration	<p>Ms Starry LEE's declaration of interest and enquiries –</p> <p>(a) the Administration's stance on the proposal of adding a pedestrian subway from Ma Tau Wai Station to the east of To Kwa Wan Road; and</p> <p>(b) the calculation of project contingencies.</p> <p>The Administration's response –</p> <p>(a) after the commencement of SCL construction, it would carry out further study on the pedestrian subway alignment options and consultation. If the works of a pedestrian subway were carried out at the same time with the main construction works of SCL, it would pose serious impact to the shops nearby and local traffic; and</p> <p>(b) in line with the normal practice, contingencies amounting to about 10% of the total project cost estimates would be included in capital works projects to cater for additional expenses arising from unforeseeable circumstances.</p>	
004831 – 005350	Chairman Mr Ronny TONG Administration	Mr Ronny TONG shared the view of Mr Andrew CHENG on the PMC rate and questioned the rationale of providing PMC, given that the authorized persons and engineers on site also had the duties to oversee the works.	



Time marker	Speaker	Subject(s)	Action required
		<p>The Administration explained that the works contracts did not cover the project management and site supervision. To ensure the quality of works, there was a need to employ a dedicated site supervisory team to provide such services.</p>	
005351 – 005900	Chairman Mr Albert CHAN Administration	<p>Mr Albert CHAN considered that the adoption of service concession approach would lead to a lack of competition and give rise to "transfer of benefits". He urged the Administration to review the financial arrangement of the SCL project.</p> <p>The Administration explained the funding arrangements for the SCL project.</p>	
005901 – 010325	Chairman Mr CHEUNG Hok-ming Administration	<p>Noting that MTRCL and Kowloon Canton Railway Corporation (KCRC) had some 40 hectares of land along SCL alignment, Mr CHEUNG Hok-ming enquired about the estimated profit from appreciation of land value as a result of SCL.</p> <p>The Administration advised that the SCL project involved no resumption of private land. A few parcels of land owned by KCRC were earmarked for connection facilities with the existing railway lines, including West Rail Line, East Rail Line (ERL) and Ma On Shan Line. A number of SCL stations were beneath existing roads or developments, while only a few stations would have potential for topside development. Under the service concession approach, the lands above SCL stations were owned by the Administration, not MTRCL.</p>	
010326 – 010822	Chairman Mr Jeffery LAM Administration	<p>Mr Jeffery LAM considered that the SCL project should be implemented as soon as possible, otherwise the construction cost would continue to surge. In response to Mr LAM's enquiry, the Administration advised that PMC was mainly for meeting the salaries of the staff employed by MTRCL for SCL project. During the construction period, MTRCL needed a large number of resident site staff to discharge the responsibilities of site supervision, contract management and community liaison.</p>	
010823 – 011335	Chairman Ir Dr Raymond HO MTRCL	<p>Ir Dr Raymond HO was supportive of the SCL project as it had long been awaited by the community. In view of the scale and complexity of the SCL project, he considered that adequate</p>	

Time marker	Speaker	Subject(s)	Action required
		supervision was important to guarantee the quality of work.	
011336 – 011844	Chairman Mr WONG Kwok-hing Administration	Mr WONG Kwok-hing considered that PMC should be calculated on an accountable basis. The Administration advised that the PMC rate was determined having regard to the scale of the project and the degree of complexity as assessed by the independent consultant.	
011845 – 012356	Chairman Ms LI Fung-ying Administration MTRCL	<p>Ms LI Fung-ying enquired about the impact of reduction of PMC rate on manpower and the estimated patronage of ERL after the commissioning of SCL.</p> <p>The Administration advised that PMC was mainly for meeting the salaries of the staff employed by MTRCL for SCL project. If the current level was reduced from 10.5% to 7.5%, it meant a reduction of nearly 30% of the manpower resources.</p> <p>MTRCL advised that if nine-car trains instead of the existing 12-car trains were used, the train frequency would be increased from about 3 minutes to about 2 minutes. 27 trains would be operated in an hour. The carrying capacity of ERL would not be affected.</p>	
012357 – 012933	Chairman Mr KAM Nai-wai Administration MTRCL	<p>Mr KAM Nai-wai enquired about the feasibility of adding a pedestrian subway at the east of To Kwa Wan Road, installing digital and FM radio broadcasting systems and reducing PMC.</p> <p>The Administration advised that after the commencement of SCL construction, it would carry out further study on the pedestrian subway alignment options and consultation.</p> <p>The MTRCL advised that the testing of digital and FM radio broadcasting systems would continue. The calculation of PMC was further explained.</p>	
012934 – 013519	Chairman Mr Andrew CHENG Administration	Mr Andrew CHENG opined that a sliding scale for PMC should be introduced and the concession payment received by KCRC should be used for setting up a fare stabilization fund.	
013520 – 014051	Chairman Ms Emily LAU Administration	Ms Emily LAU expressed her views on matters including fare stabilization fund, seating configuration in train compartments, provision of	

Time marker	Speaker	Subject(s)	Action required
		female toilets, barrier-free facilities, radio broadcasting system and prohibition of use of mobile phones in train compartments.	
014052 – 015045	Chairman Mr Ronny TONG Administration	Mr Ronny TONG considered that the Administration should negotiate with MTRCL for further reduction of the PMC rate and requiring MTRCL to share some of the capital cost.  The Administration advised that the works contracts would not include any site supervision framework. There was a need for MTRCL to employ site supervision personnel. PMC would only cover the actual amount of manpower costs and related expenses, while MTRCL would not derive any profit from it.	
015046 – 015640	Chairman Mr LAU Kong-wah Administration MTRCL	Mr LAU Kong-wah's view, enquiry and request for information on –  (a) how to bring down the PMC rate from 16.5% to 10.5%;  (b) the treatment of the non-fare revenue due to SCL; and  (c) the estimation of annual patronage growth of ERL upon commissioning of SCL.  The Administration agreed to provide supplementary information.	The Administration/ MTRCL to provide information (para. 5 of the minutes)
015641 – 015959	Chairman Mr Abraham SHEK	Mr Abraham SHEK made a declaration of interest. He considered the current level of PMC reasonable and that, if the railway works were to be carried out by the Administration, the construction cost of the entire project would be much higher.	
020000 – 020259	Chairman Mr Jeffery LAM Mr Andrew CHENG Ir Dr Raymond HO Ms Emily LAU	Declarations of interest made by Mr Jeffery LAM and Ir Dr Raymond HO.  Voting on whether the current funding application should be submitted to the Public Works Subcommittee for further discussion.	