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2 February 2016

Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Chairman
Public Works Subcommittee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Dr Lo,

Public Works Subcommittee Meeting Agenda

The Government has made new arrangements for the applications for additional funding in relation to the Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link (XRL). We thank the Public Works Subcommittee (PWSC) Members for their discussion on the relevant items since late 2015.

PWSC has started the discussion on the following two items since 23 December 2015 –

- (a) “Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of railway works” (LC Paper No. PWSC(2015-16)50) - a proposal for increasing the approved project estimate (APE) for **53TR** by \$15,387.5 million in money-of-the-day (MOD) prices; and
- (b) “Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of non-railway works” (LC Paper No. PWSC(2015-16)51) - a proposal for increasing the APE for **57TR** by \$4,215 million in MOD prices.

The PWSC has spent six meetings and a total of 13.5 hours discussing the above

two items but is yet to vote on them.

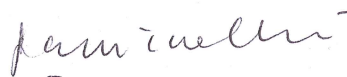
There is an urgency in the applications for additional funding for the XRL project. According to the information provided by the MTR Corporation Limited (MTRCL), the Entrustment Cost of \$65 billion for the XRL project will be used up in July 2016. To ensure that the total project cost to be paid eventually, including possible cost incurred due to suspension and subsequently termination of works, does not exceed the Entrustment Cost, the Government may, depending on the progress, need to consider by around end of February this year whether the project should be suspended.

Having regard to the importance of the XRL project to Hong Kong and the absolute urgency of the applications for additional funding, the Government has decided to submit the items directly to the Finance Committee (FC) for approval. This will allow all FC Members to decide on the applications for additional funding for the XRL project in a more effective and comprehensive manner.

Today, the Secretary for Transport and Housing has made an announcement on the above, and submitted to FC two papers, namely, "53TR – Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of railway works" (LC Paper No. FCR(2015-16)46) and "57TR – Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of non-railway works" (LC Paper No. FCR(2015-16)47) for discussion at the FC meeting scheduled for 5 February 2016.

In view of the latest development, the Government would like to withdraw LC Paper No. PWSC(2015-16)50 and LC Paper No. PWSC(2015-16)51.

Yours sincerely,



(Jasmine Choi)
for Secretary for Financial Services
and the Treasury