

立法會
Legislative Council

LC Paper No. CB(4)1136/15-16(04)

Ref. : CB4/PS/3/12

Panel on Transport

Subcommittee on Matters Relating to Railways
Meeting on 27 June 2016

Updated background brief on the construction of
the Shatin to Central Link

Purpose

This paper provides updated background information on the construction of the Shatin to Central Link ("SCL"). It also summarizes the major views and concerns expressed by members of the Subcommittee on Matters Relating to Railways ("the Subcommittee") during previous discussions on this subject.

Background

2. SCL, with a total length of 17 kilometres, consists of two sections –
 - (a) Tai Wai to Hung Hom Section:
This is the extension of Ma On Shan Line from Tai Wai to Hung Hom, via Southeast Kowloon and connects to the West Rail Line. It will increase the Shatin-Kowloon rail capacity and provide railway service to the new developments in Southeast Kowloon; and
 - (b) Hung Hom to Admiralty Section:
This is an extension of the existing East Rail Line from Hung Hom across the Harbour to Hong Kong Island. It can interchange with the Tai Wai to Hung Hom Section at Hung Hom. It will increase the cross-harbour rail capacity and enhance the connectivity between the New Territories and Hong Kong Island.

The proposed alignment plan for SCL is in **Appendix I**.

3. The approved estimate for the entire SCL project is \$79.8 billion (in money-of-the-day prices) and the project is funded by the Government under the concession approach¹. On 11 May 2012, the Finance Committee of the Legislative Council ("LegCo") approved the funding application for "61TR – Shatin to Central Link – construction of railway works – remaining works"² and "62TR – Shatin to Central Link – construction of non-railway works – remaining works"³. Thereafter, the Government and MTRCL entered into an agreement for entrusting construction, testing and commissioning of SCL, as well as project management and monitoring services, to the latter. The main works commenced in July 2012. According to the agreement, the target commissioning date for the Tai Wai to Hung Hom Section is December 2018 and the target commissioning date for the Hung Hom to Admiralty Section is December 2020.

Delay of SCL project

4. According to the information provided by the Administration in February 2016⁴, it was estimated that the Tai Wai to Hung Hom Section of SCL would have a delay of about 11 months arising from the archaeological works at To Kwa Wan Station. The Highways Department ("HyD") would co-ordinate and oversee the construction of SCL so that MTRCL could try to recover some of the delay to the Tai Wai to Hung Hom Section, with a view to commissioning the Tai Wai to Hung Hom Section in 2019 as far as possible.

5. As regards the Hung Hom to Admiralty Section, the commissioning date will be deferred to 2021 to allow flexibility for the topside development of the convention centre at Exhibition Station⁵, and to cater for the reclamation works under Wan Chai Development Phase II ("WDII") as well as the construction of Central-Wan Chai Bypass tunnel thereof. Regarding the large metal object found on the seabed within the reclamation area under WDII of the Civil Engineering Development

¹ Under the concession approach, the Administration is responsible for the construction costs of SCL whilst the MTR Corporation Limited ("MTRCL") is entrusted with the planning and design of the project.

² Please see LC Paper No. FCR(2012-13)20.

³ Ditto

⁴ LC Paper No. CB(4)610/15-16(05)

⁵ MTRCL advised that to allow flexibility for the construction of new convention facilities above Exhibition Station, a certain part of the enabling works for the topside development would be incorporated into the underground structure of Exhibition Station. Based on the currently available information on the geological condition, it is initially estimated that this would result in a delay of at least five months to the construction of Exhibition Station and an increase in construction cost.

Department ("CEDD")⁶, as the progress of reclamation works there has been affected, the hand-over date of the works area would be deferred by seven months. HyD and MTRCL would continue to explore delay mitigation measures to minimize the impacts on the Hung Hom to Admiralty Section.

6. According to the progress update submitted by MTRCL⁷, as at 31 December 2015, the overall works for SCL are 48% completed compared to the planned completion rate of 55% against the original project completion target in 2018 for the Tai Wai to Hung Hom Section and 2020 for the Hung Hom to Admiralty Section.

Latest cost to complete of SCL project

7. As at 31 December 2015, MTRCL estimated that there would be an additional cost of about \$4.1 billion for the Tai Wai to Hung Hom Section of SCL. The eventual implication would be subject to the final assessment of MTRCL and the scrutiny of HyD. According to the information provided by the Administration in December 2015⁸, MTRCL was conducting a cost review of the entire SCL in phases, including the cost increases at Admiralty Station⁹ and Ho Man Tin Station, and the additional costs arising from the archaeological and conservation works, enabling works to cater for the topside development, as well as the deferred site handover¹⁰. The review was expected to be completed in the second quarter of 2016¹¹. MTRCL would then submit the cost review to HyD for scrutiny.

⁶ On 27 March 2015, CEDD announced that a large metal object was found on the seabed in the vicinity of the old Wan Chai Ferry Pier. As the pier is within the project area of WDII, CEDD is conducting an investigation of the discovery.

⁷ Annex 2 to LC Paper No. CB(4) 610/15-16(05)

⁸ LC Paper No. CB(4)298/15-16(01)

⁹ MTRCL advised HyD on 12 August 2015 that the recently completed cost estimate review of the expansion works of Admiralty Station of South Island Extension (East) indicated an upward adjustment of the relevant cost to be shared by SCL.

¹⁰ CEDD estimated that the handover date of the associated critical site areas adjoining the junction of Expo Drive East and Convention Avenue has a delay of 6 months as compared to the original programme because of the need to cater for the reclamation works under WDII as well as the tunnel works of Central-Wan Chai Bypass. The deferred handover of work sites may lead to additional construction cost.

¹¹ LC Paper No. CB(4)610/15-16(05)

Major concerns expressed by Subcommittee members

Delay of SCL project

8. Members expressed grave concern about the delay of the Tai Wai to Hung Hom Section and the Hung Hom to Admiralty Section of SCL project. In particular, archaeological works and manpower shortage problem would further delay the construction progress of SCL. The Administration advised that due to archaeological discoveries at To Kwa Wan Station, MTRCL estimated that the expected completion date of the Tai Wai to Hung Hom Section would need to be deferred from 2018 to 2019. Given the late handover of sites because of the need to cater for the reclamation works under WDII as well as the tunnel works of Central-Wan Chai Bypass, the commissioning of the Hung Hom to Admiralty Section would be deferred from 2020 to 2021. At the Subcommittee meeting on 14 December 2015, MTRCL informed members that less than 25% of awarded major civil contracts under SCL project did not catch up with the progress as originally planned, and no critical contracts that would affect the overall progress of the project were among these contracts.

9. Noting the discovery of a large metal object on the seabed within the reclamation area under WDII, members enquired about the progress of investigation on the aforesaid object, and actions to be taken by the Administration to prevent further delay of the project. The Administration advised that CEDD and other relevant departments were conducting an investigation of the metal object. According to preliminary survey and assessment, the object might be part of a wreck of a ship that sank in the Victoria Harbour in the past. The object had been relocated to a neighbouring seabed area of the reclamation site to allow the reclamation works and relevant works to resume.

10. In reply to members' enquiry on the monitoring role of the Administration over MTRCL's management of SCL project and the provision of contingency over unexpected project delay, the Administration advised that it monitored the progress of SCL by various means, such as through regular meetings with MTRCL and monthly reports submitted by MTRCL. HyD also employed an external consultant to assist in the monitoring and verification work.

Cost overrun

11. Members have all along expressed concern about the increase in cost arising from the complicated ground conditions, archaeological works and discoveries. Some members opined that the Administration should be responsible for the additional cost arising from archaeological works and discoveries as heritage conservation should be borne by the community as a whole. However, cost arising from delays caused by MTRCL's project mismanagement should be borne by MTRCL.

12. The Administration advised that the additional cost in respect of archaeological works and discoveries at To Kwa Wan Station would be at least \$4.1 billion. MTRCL responded that there were often unforeseeable situations in construction works, such as unforeseen geological conditions. It would try to implement recovery measures to catch up with the progress arising from such delay.

13. As regards details of the additional funding to be sought, the Administration advised that at the current stage, it was too early to provide details as MTRCL was still reviewing the revised cost for the entire project. The Administration would seek additional funding from LegCo in due course.

Archaeological features discovered at To Kwa Wan Station and metal object on the Wan Chai seabed

14. Members enquired about the conservation plans for the monuments and antiques unearthed from SCL construction sites, and the large metal object discovered on the seabed within the reclamation area under WDII. They opined that the conservation proposals should facilitate preservation of archaeological features for future display, such as setting up a museum to display monuments and antiques unearthed in the course of construction of SCL. They also proposed that the public and relevant organizations should be involved in the planning and implementation of the long term conservation plans.

Manpower situation

15. Members expressed grave concern that the labour shortage problem might further delay the construction progress. They suggested that relevant bureaux should jointly discuss and review the construction industry's capacity to implement the five railway projects simultaneously.

16. At the Subcommittee meeting on 14 December 2015, MTRCL advised that, to address the manpower shortage problem, it had imported about 20 technical staff for SCL project under the Supplementary Labour Scheme ("SLS"). It had also initiated a SCL Contractors Cooperative Training Scheme to provide training and internship programmes for different construction trades. The abovementioned Scheme had provided training to about 400 trainees, and 200 of them had completed the said Scheme. In answering a written question at the Council meeting of 3 February 2016, the Administration advised that there was a shortfall of 576 construction workers for SCL project in 2015¹². At the Subcommittee meeting on 22 February 2016, MTRCL informed members that the contractor of MTRCL was applying to import around 70 electrical and mechanical workers for the SCL project under SLS.

Other issues

17. Members have also expressed the following views and concerns at previous Subcommittee meetings:

- (a) the reduction in train capacity for East Rail Line after the replacement of 12-car trains with 9-car trains¹³;
- (b) the provision of station facilities, such as platform screen doors or automatic platform gates, toilet facilities, lifts and escalators, barrier-free access facilities and digital broadcasting systems at SCL stations;
- (c) the construction of a footbridge connecting Hin Keng Shopping Centre with the future Hin Keng Station; and
- (d) setting aside a proportion of public areas for art display with reference to overseas infrastructural projects. MTRCL should formulate a policy to replenish the art pieces on display regularly, and to reduce the number of advertising light boxes to give more space for art display.

¹²Hyperlink to the written question and Administration's reply: <http://www.info.gov.hk/gia/general/201602/03/P201602030607.htm>

¹³At the invitation of MTRCL, the Subcommittee visited the new nine-car train to be deployed to serve ERL and the North-South Corridor of SCL (i.e. Hung Hom to Admiralty Section) on 23 May 2016.

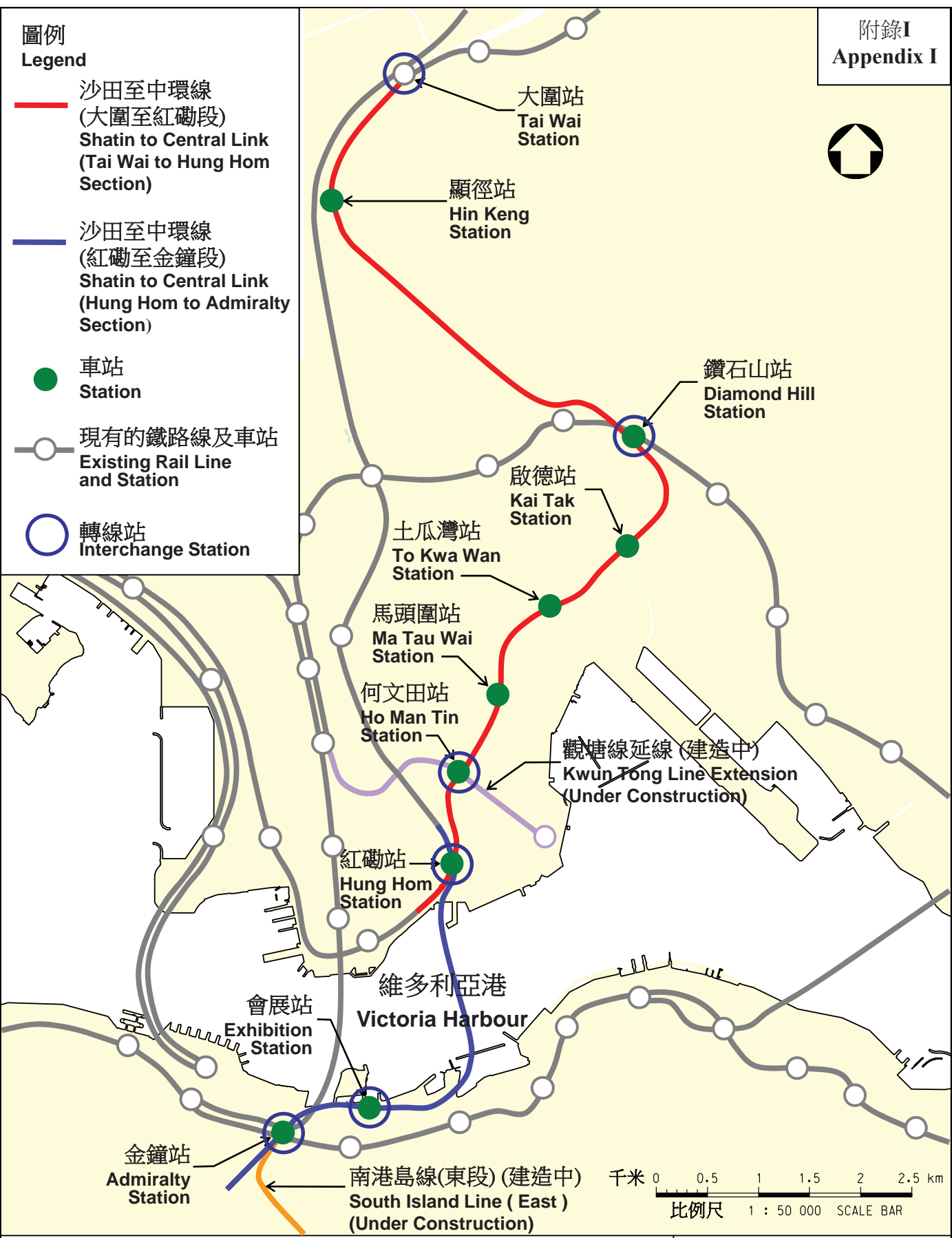
Latest development

18. The Administration plans to update the Subcommittee on the progress of the construction of SCL at the meeting to be held on 27 June 2016.

Relevant papers

19. A list of relevant papers is in **Appendix II**.

Council Business Division 4
Legislative Council Secretariat
17 June 2016



圖則名稱 drawing title
沙田至中環線的走線
Alignment of the Shatin to Central Link

圖號 drawing no.
HRWSCL003-SK0437

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HIGHWAYS DEPARTMENT

Appendix II

Shatin to Central Link

List of relevant papers

Committee	Date of meeting	Paper / Minutes
Subcommittee on Matters Relating to Railways	16.7.2007	<u>Administration's paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	27.3.2008	<u>Legislative Council Brief</u> <u>Administration's paper</u> <u>Minutes</u>
Council meeting	11.3.2009	<u>Hon Starry LEE raised a question on the impact of infrastructural projects in To Kwa Wan and Ma Tau Kok districts</u>
Subcommittee on Matters Relating to Railways	31.3.2009	<u>Administration's paper</u> <u>Minutes</u>
Council meeting	28.10.2009	<u>Hon James TO raised a question on the construction of Shatin to Central Link railway in the Kai Tak Development Area</u>
Council meeting	18.11.2009	<u>Hon Mrs Regina IP raised a question on the temporary supporting facilities of Shatin to Central Link</u>
Council meeting	20.1.2010	<u>Hon Starry LEE raised a question on the temporary works area of Shatin to Central Link</u>
Subcommittee on Matters Relating to Railways	4.6.2010	<u>Administration's paper</u> <u>Minutes</u>

Committee	Date of meeting	Paper / Minutes
Subcommittee on Matters Relating to Railways	4.11.2010	<u>Administration's paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	6.12.2010	<u>Administration's paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	7.1.2011	<u>Administration's supplementary information paper</u> <u>Minutes</u>
Council meeting	18.5.2011	<u>Hon Starry LEE raised a question on the impact on various railway projects due to recent court judgement on environmental impact assessment</u>
Council meeting	6.7.2011	<u>Hon CHAN Hak-kan raised a question on the programme for Shatin to Central Link project</u>
Subcommittee on Matters Relating to Railways	2.3.2012	<u>Administration's paper</u> <u>Administration's supplementary information paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	23.3.2012	<u>Administration's paper</u> <u>Administration's supplementary information paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	30.3.2012	<u>Legislative Council Brief</u> <u>Administration's supplementary information paper</u> <u>Minutes</u>

Committee	Date of meeting	Paper / Minutes
Public Works Subcommittee	18.4.2012	<u>Administration's paper on "61TR – Shatin to Central Link – construction of railway works – remaining works</u> <u>Administration's paper on "62TR – Shatin to Central Link – construction of non-railway works – remaining works</u> <u>Minutes</u>
Finance Committee	11.5.2012	<u>Minutes</u>
Council Meeting	21.5.2014	<u>Hon CHAN Hak-kan raised a question on monuments and antiques unearthed at railway construction sites</u>
Council Meeting	4.6.2014	<u>Dr Hon CHIANG Lai-wan raised a question on construction works of Shatin to Central Link</u>
Council Meeting	18.6.2014	<u>Hon Christopher CHUNG raised a question on Antiquities and monuments excavated from works site of MTR Shatin to Central Link</u>
Subcommittee on Matters Relating to Railways	4.7.2014	<u>Administration's paper</u> <u>Administration's supplementary information paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	24.11.2014	<u>Administration's paper</u> <u>Administration's paper</u> <u>Administration's supplementary information paper</u> <u>Minutes</u>

Committee	Date of meeting	Paper / Minutes
Council Meeting	3.12.2014	<u>Dr Hon LAM Tai-fai raised a question on cost overruns and delay of major infrastructure projects</u>
Council Meeting	17.12.2014	<u>Hon James TO raised a question on archaeological excavation at To Kwa Wan Station of Shatin to Central Link</u>
Subcommittee on Matters Relating to Railways	6.3.2015	<u>Administration's paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	19.5.2015	<u>Administration's paper</u> <u>Minutes</u>
Subcommittee on Matters Relating to Railways	14.12.2015	<u>Administration's paper</u> <u>Administration's paper</u> <u>Minutes</u>
Council Meeting	3.2.2016	<u>Hon Mrs Regina IP Lau Suk-yeek raised a question on MTRCL railway businesses</u>
Subcommittee on Matters Relating to Railways	22.2.2016	<u>Administration's paper</u> <u>Minutes</u>