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**Report of the Subcommittee on Matters Relating to Railways  
for submission to the Panel on Transport**

**Purpose**

This report gives an account of the work of the Subcommittee on Matters Relating to Railways ("the Subcommittee") during the 2015-2016 legislative session.

**The Subcommittee**

2. The Panel on Transport ("the Panel") agreed at its meetings on 17 July and 15 October 2015 that the Subcommittee should continue its work in the 2015-2016 session to facilitate more focused discussion on matters relating to railways. The terms of reference and membership list of the Subcommittee are at **Appendices I and II** respectively.

3. Under the chairmanship of Hon CHAN Han-pan, the Subcommittee has discharged its functions according to its terms of reference and held five meetings (up to mid-June 2016) with the Administration and the MTR Corporation Limited ("MTRCL").

**Major work**

4. In the current session, the Subcommittee has followed up on various issues relating to the planning and implementation of new railway projects, as well as the operation of existing railways. The discussions of the Subcommittee with the Administration and MTRCL are summarized in the ensuing paragraphs.

## Implementation of new railway projects

5. The Subcommittee has been monitoring closely the implementation of the five railway projects under construction/completed recently, namely Hong Kong section ("HKS") of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"), Shatin to Central Link ("SCL"), West Island Line ("WIL"), South Island Line (East) ("SIL(E)") and Kwun Tong Line Extension ("KTE"). HKS of XRL and SCL are implemented under the concession approach<sup>1</sup> whereas WIL, SIL(E) and KTE are implemented under the ownership approach<sup>2</sup>. The key information of the five railway projects is attached at **Appendix III**.

### *Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link*

6. On 15 April 2014, the Secretary for Transport and Housing ("STH") informed the public that the Government had very recently received verbal notifications from MTRCL that the construction of HKS of XRL would not be completed by 2015. STH requested MTRCL to submit a full assessment report and provide a full account as soon as possible. On the same day, MTRCL announced that the completion date of the XRL project would be postponed to 2016 with the line ready for operation in 2017.

7. MTRCL submitted a revised programme to complete ("PTC") and cost to complete ("CTC") of the HKS of XRL project to the Government on 30 June 2015. According to the revised PTC and CTC, the commissioning of HKS of XRL would have to be delayed further from the end of 2017 to the third quarter of 2018 (including a six-month contingency period) and the project cost would have to be revised to \$85.3 billion (including a revised total project cost of \$83.2 billion and \$2.1 billion for contingency). MTRCL explained that the further delay was mainly due to unforeseen site conditions, labour shortage and design variations, and the increase in project cost was due to programme extension, changes in scope and methodologies arising from unforeseen events and labour shortage.

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<sup>1</sup> Under the concession approach, the Administration is responsible for the construction costs of the railway project whilst MTRCL is entrusted with the planning and design of the project. Upon completion of the construction, MTRCL will be granted a service concession for the operation of the railway line while the Administration will receive a service concession payment annually.

<sup>2</sup> Under the ownership approach, MTRCL is responsible for the financing, design, construction, operation and maintenance of the railway project, and will own the railway.

8. The Administration updated the Subcommittee in December 2015 of its review results of the revised PTC and CTC. After discussion between the Government and MTRCL, CTC was subsequently revised to \$84.42 billion and HKS of XRL was expected to be commissioned in the third quarter of 2018. To provide for the additional costs for the project, the Government reached an agreement ("the XRL Agreement") with MTRCL with the following essential elements:

- (a) the Government should bear and finance the XRL project cost overrun up to HK\$19.42 billion, with any further cost overrun to be borne and financed by MTRCL;
- (b) MTRCL should pay a special dividend at HK\$4.4 per share to its shareholders (including the Government); and
- (c) the Government reserved its right to take MTRCL to arbitration on the Corporation's liability in respect of the delay of the XRL project.

The XRL Agreement was conditional upon (a) the approval of MTRCL's independent shareholders at an extraordinary general meeting; and (b) the approval by the Finance Committee ("FC") of the funding for financing the cost overrun by September 2016. MTRCL's independent shareholders supported the XRL Agreement at the meeting on 1 February 2016.

9. The Administration consulted the Subcommittee on its proposals to increase the approved project estimate of the XRL project by \$19.6 billion<sup>3</sup> at the meetings on 4 and 14 December 2015. In order for members to understand about the progress of the HKS of XRL project, a site visit was arranged for the Subcommittee to the West Kowloon Terminus ("WKT") on 13 December 2015.

10. Members in general expressed grave concerns about the significant cost overruns and the further delay to the commissioning of HKS of XRL. With the complexity in the design of the Station Entrance Building of WKT which included the steel roof and around 4 000 glass components, members noted that the Building would only be completed by August 2017 and they were worried that the project might be further delayed. While members had diversified views on the Administration's proposals to increase the approved project estimate of the XRL project

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<sup>3</sup> The figure also included \$0.1825 billion to cover additional costs including monitoring and verification consultancy services and other studies due to delayed completion.

due to the cost overrun, the Subcommittee supported at the meeting on 14 December 2015 the submission of the Administration's funding proposals to the Public Works Subcommittee for consideration<sup>4</sup>.

11. The Subcommittee noted that the Administration had all along proposed that the co-location of customs, immigration and quarantine ("CIQ") facilities ("co-location arrangements") of Hong Kong and the Mainland would be implemented at WKT in order to realize the full potential of XRL. On this issue, some members expressed serious concern that in implementing the co-location arrangements, the Hong Kong and Mainland authorities might propose that relevant national laws relating to CIQ etc. be listed in Annex III of the Basic Law ("BL") so that these national laws could be applied to Hong Kong. They opined that allowing the Mainland law enforcement agencies to enforce these national laws at WKT contravened BL and would undermine the rule of law in Hong Kong and violate the principle of "one country, two systems". There were views that the Administration should consider other options, such as a separate-location model of CIQ facilities in Hong Kong and Shenzhen, or conducting immigration clearance for travellers in the XRL compartments.

12. To answer members' queries on the implementation of the co-location arrangements at WKT, the Subcommittee invited the Secretary for Justice ("S for J") to attend the meeting on 14 December 2015. According to S for J, it was the common goal of both the Hong Kong Special Administrative Region ("HKSAR") Government and the Central Government to ensure the maximum economic and social effectiveness of XRL and to implement the co-location arrangements for HKS of XRL. Details should be available when HKS of XRL was to start operation in the third quarter of 2018. The Administration and the relevant Mainland authorities were studying all feasible options in implementing the co-location arrangements, including, among others, the option of adding the relevant national laws relating to CIQ to Annex III of BL. In assessing its feasibility, authorities of both sides would look into whether this option would be in compliance with the provisions of BL, in particular the provisions in Article 18 of BL<sup>5</sup>. As the discussion between the HKSAR Government and the Central Government on the

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<sup>4</sup> The Finance Committee subsequently approved the funding proposals on 11 March 2016.

<sup>5</sup> Article 18 of the Basic Law states that, among others, "[n]ational laws shall not be applied in the Hong Kong Special Administrative Region except for those listed in Annex III to this Law" and "[l]aws listed in Annex III to this Law shall be confined to those relating to defence and foreign affairs as well as other matters outside the limits of the autonomy of the Region as specified by this Law"

matter was still underway, S for J said that it was inappropriate to disclose any details of the discussion at the present stage before any concrete plan had been drawn up. The Administration would provide information to the public and consult the Legislative Council ("LegCo") on this subject in due course.

*Shatin to Central Link*

13. The Subcommittee was briefed about the progress of the SCL project at the meetings on 14 December 2015 and 22 February 2016. According to MTRCL, the Tai Wai to Hung Hom Section was estimated to be commissioned in 2019 while that for the Hung Hom to Admiralty Section, the commissioning date would be 2021. Members expressed concerns about the overall works progress of the project, in particular about the Cross Harbour Section (section of the tunnel across Victoria Harbour) of Hung Hom to Admiralty Section. Some members were concerned whether the manpower shortage would further delay the construction progress of SCL. MTRCL was urged to speed up the project.

14. On the archaeological and conservation works at To Kwa Wan Station, the Administration advised that the archaeological remnants of a well to be preserved in-situ had been protected by backfilling of protective materials while another well and the water channel were removed after detailed recording. The components were stored properly for future reinstatement. THB, MTRCL, the Antiquities and Monuments Office and the Antiquities Advisory Board had worked together to draw up the conservation plans in order that the construction works of To Kwa Wan Station would align with the conservation option.

15. Members expressed concern about the possible cost overrun of SCL project and the timetable for the funding application to be submitted to FC. MTRCL advised that there would be an additional cost of at least \$4.1 billion for the Tai Wai to Hung Hom Section of SCL arising from the archaeological and conservation works at To Kwa Wan Station. MTRCL would finish the cost review of SCL in the second quarter of 2016 and submit the result to the Highways Department ("HyD") for scrutiny. The Administration would seek additional funding from LegCo in due course.

16. The Subcommittee conducted a site visit to MTR Ho Tung Lau Depot on 23 May 2016 to tour the new nine-car train, which would be used for the East Rail Line and the North-South Corridor of SCL (i.e. Hung Hom to Admiralty Section).

*West Island Line*

17. The Subcommittee noted that WIL, an extension of the Island Line, was commissioned on 28 December 2014 except Sai Ying Pun Station which was completed and opened on 29 March 2015. The Ki Ling Lane entrance of Sai Ying Pun Station was opened to public use in March 2016. Members also noted that the latest capital cost of WIL was \$18.5 billion, which was higher than the originally estimated capital cost of \$15.4 billion.

18. Some members expressed concern about water seepage problems at some locations of the WIL stations. MTRCL explained that the water seepage was mainly caused by underground water penetrating through construction joints of concrete lining and this was not uncommon with underground structures. MTRCL had closely monitored the situation and carried out necessary remedial measures, such as sealing up the linings, and the situation had improved.

*South Island Line (East)*

19. The Subcommittee noted that in view of the current progress of SIL(E), the target opening was still maintained at end of 2016. Members noted that the estimated cost of SIL(E) had increased from \$12.4 billion to \$16.9 billion, mainly attributable to the underpinning works for the existing tunnel of the Island Line at Admiralty Station. The Administration advised that HyD would critically examine the latest cost estimate with the assistance of its monitoring and verification consultant after MTRCL had submitted further information on the updated costs.

*Kwun Tong Line Extension*

20. The Subcommittee received briefings by MTRCL on the progress of the construction of KTE. Members noted that the commissioning date in the third or fourth quarter of 2016 would be achievable.

21. Some members expressed concern about the impact of the construction works of KTE on the public, in particular the residents in the vicinity of Whampoa Station. According to MTRCL, with the reinstatement of drainage and utilities at Shung King Street, one of the carriageways was re-opened to traffic from late November 2015.

### *Cost overruns of railway projects*

22. Members in general expressed serious concern that there were cost overruns for all the five new railway projects, namely XRL, SCL, WIL, SIL(E) and KTE, undertaken in the past years (the original and latest estimated costs of these projects are in **Appendix III**). They stressed about the important role of HyD in monitoring the railway projects on their costs and progress.

### Operation of existing railways

23. The Subcommittee continued to follow up with the Administration and MTRCL on issues relevant to operation of railways.

### *MTR station facilities*

24. In April 2016, the Subcommittee was briefed by MTRCL on the latest progress of the enhancement of station facilities. While welcoming MTRCL's various initiatives in enhancing, revitalizing and maintaining station facilities, members expressed concerns about the lack of some basic facilities, such as toilets, drinking water fountains and breastfeeding rooms, in MTR stations. Noting the MTRCL's commitment to providing toilets for passengers in only eight existing interchange stations<sup>6</sup> alongside major station enhancement works by 2020, members expressed serious disappointment that no definite timetable was drawn up by MTRCL to install toilets at the remaining existing stations at this stage.

25. MTRCL explained that no toilet was provided in the design of those existing stations built many years ago. It was technically challenging to add toilets in these stations taking into account statutory requirements and technical feasibility including the availability of suitable locations for placing ventilation shafts, septic tanks and other auxiliary facilities.

### *Capacity and loading of trains in the MTR network*

26. The Subcommittee has been monitoring closely the capacity and loading of trains in the MTR network. At the meeting on 19 April 2016, MTRCL provided information relating to the loading and patronage of

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<sup>6</sup> The eight interchange stations include Tsim Sha Tsui Station, Yau Ma Tei Station, Lai King Station, Central Station, Admiralty Station, North Point Station, Yau Tong Station and Tiu Keng Leng Station. New toilets in Mong Kok and Prince Edward Stations had been opened for use since January 2015.

individual lines in 2015. Members noted with concerns that, based on a 4 persons (standing) per square metre ("ppsm") passenger density<sup>7</sup>, the loading during morning peak hours on critical links of the West Rail Line and Tsuen Wan Line in 2015 had exceeded 100%, at 104% and 102% respectively. Members were briefed of the measures adopted by MTRCL in easing the crowdedness of its lines in short, medium and long terms. Members requested MTRCL to implement all necessary measures to increase its capacity, in particular, to expedite its plan to replace and upgrade the signalling systems of seven MTR lines<sup>8</sup>, which would be commissioned in phases starting from 2018 for completion of all the upgrading work by 2026.

27. The Subcommittee passed a motion on "Loading of Light Rail" at the meeting on 19 April 2016, urging the Administration and MTRCL to take short term measures to alleviate the crowdedness of Light Rail, including adopting a 4 ppsm standard to measure the capacity of Light Rail<sup>9</sup> and deploy, during the morning peak hours, coupled-set Light Rail Vehicles to serve routes with a loading of 80% or above.

*Mass Transit Railway By-laws and Mass Transit Railway (North-west Railway) Bylaw*

28. At the meeting on 19 April 2016, the Subcommittee was briefed by MTRCL of its plan to re-activate the review of the Mass Transit By-laws (Cap. 556B) and Mass Transit Railway (North-West Railway) Bylaw (Cap. 556H) ("two sets of bylaws") to enhance the clarity and consistency of the two sets of bylaws and to better cater for needs arisen from existing railway operation. Some members pointed out that MTRCL had proposed amendments to the two sets of bylaws during the discussion with the Subcommittee in January 2009 and June 2010. However, they were disappointed that no further actions had been taken by MTRCL/the Administration. These members considered that MTRCL/the Administration should at least have informed the Subcommittee that no amendments were necessary and no further actions would be taken.

29. The Administration advised that the Transport and Housing Bureau and MTRCL considered that a consensus or clear direction on the

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<sup>7</sup> The maximum carrying capacity of train compartments is calculated based on an accommodation of up to 6 ppsm.

<sup>8</sup> Seven lines include the Tsuen Wan Line, Island Line, Kwun Tong Line, Tseung Kwan O Line, Disneyland Resort Line, Tung Chung Line and Airport Express.

<sup>9</sup> The maximum carrying capacity of about 200 persons per Light Rail Vehicle could be translated into a passenger density of 6-7 ppsm.



amendments to the two sets of bylaws could not be arrived at by the Subcommittee during the discussion in 2009 and 2010 and as a result, there was no subsequent discussion on the proposed amendments in LegCo since then. Nevertheless, MTRCL had been closely monitoring the operation of the two sets of bylaws and noted that the bylaws still sufficiently served their purposes. In order to refine in terms of clarity and consistency of certain clauses of the two sets of bylaws and suitably amend or repeal certain obsolete clauses, MTRCL proposed that the review of the two sets of bylaws be reactivated, based on the amendments proposed by MTRCL in 2010, and the views of LegCo back then. The review was expected to complete in one year and the Subcommittee would be consulted on the outcome of the review in due course.

*Restrictions on the size of luggage*

30. According to the two sets of bylaws, luggage may only be carried on into the MTR network subject to compliance of the bylaws and the Conditions of Carriage of Luggage issued by MTRCL<sup>10</sup>. In 2015, there were public concerns on the restrictions imposed by MTRCL on the size of luggage following incidents where passengers with large musical instruments/sports equipment were disallowed from entering in the paid areas or travelling on MTR trains. In November 2015, MTRCL launched a registration scheme for carriage of oversized musical instruments<sup>11</sup> ("the Scheme") on a trial basis for four months. On 1 March 2016, MTRCL announced that the Scheme would become an on-going arrangement with immediate effect to facilitate passengers.

31. Members expressed concern about the need of the Scheme as during the four-month trial, there was no adverse impact on railway operation. They suggested MTRCL doing away with the Scheme by relaxing the dimensions of musical instruments/sports equipment allowed to be carried into the MTR network. In response, MTRCL advised that when stipulating the size and weight restrictions, it had taken into account major factors relating to the safety and operational fronts of railway, such as the need for clear passageways, emergency evacuation in stations and trains and possible contact with high-voltage overhead lines and equipment.

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<sup>10</sup> According to the conditions, passengers may carry a piece of luggage provided that the total dimensions of that piece of luggage do not exceed 170 cm and the length of any one side does not exceed 130 cm.

<sup>11</sup> Under the Scheme, total dimensions of the musical instrument should not exceed 235 cm, while the length of any one side should not exceed 145 cm (including the case or bag).

Proposed retaining of one directorate post in the Railway Development Office of the Highways Department to provide support for the Shatin to Central Link and the Kwun Tong Line Extension projects

32. The Administration consulted the Subcommittee on the proposal to retain one supernumerary post of Chief Engineer (D1) post in the Railway Development Office of HyD for six years to 31 March 2022 to continue to provide support for monitoring MTRCL to complete the East-West corridor of the SCL project (i.e. Tai Wai to Hung Hom Section, connecting the West Rail) and the KTE project. Whilst members in general expressed support for the proposal, some members enquired about the justifications for extending the post for six years until 2022 given that the East-West corridor of the SCL project was estimated to be completed in 2019 while KTE was estimated to be completed in the third or fourth quarter of 2016.

33. The Administration advised the Subcommittee that as the contractors of SCL project had submitted a spate of contractual claims to the Government, it would be necessary, with reference to the experience of projects of similar scale, to retain the post of the Chief Engineer until 31 March 2022 when most of the construction contracts and financial claims should have been settled and finalized.

**Recommendation**

34. The Panel is invited to note the work of the Subcommittee.

**Panel on Transport**

**Subcommittee on matters relating to railways**

**Terms of Reference**

To follow up various issues relating to the planning and implementation of new railway projects, and the operation of existing railways as follows:

Planning and implementation of new railway projects

- (a) planning and financing of new railway projects;
- (b) environmental impact assessment of new railway projects;
- (c) resumption of land arising from the implementation of new railway projects under the Railways Ordinance (Cap. 519);
- (d) progress update on the implementation of new railway projects;
- (e) provision of supporting public infrastructure for new railway projects; and
- (f) co-ordination of public transport services arising from the commissioning of new railway lines.

Railway operation

- (a) performance of existing railway lines including train service performance and safety management;
- (b) maintenance programme; and
- (c) train service disruptions and breakdowns, and arrangements for handling emergency situations.

Matters relating to corporate governance of the post-merger corporation and fares, including review of the fare adjustment mechanism, should be dealt with by the Panel on Transport.

**Panel on Transport**

**Subcommittee on Matters Relating to Railways**

**Membership list for 2015-2016 session**

<b>Chairman</b>	Hon CHAN Han-pan, JP
<b>Deputy Chairman</b>	Hon WONG Kwok-hing, BBS, MH
<b>Members</b>	Hon LEE Cheuk-yan Hon James TO Kun-sun Hon CHAN Kam-lam, SBS, JP Hon Mrs Regina IP LAU Suk-ye, GBS, JP Hon LEUNG Kwok-hung Hon WONG Yuk-man Hon Claudia MO Hon Michael TIEN Puk-sun, BBS, JP Hon Frankie YICK Chi-ming Hon WU Chi-wai, MH Hon YIU Si-wing, BBS Hon Gary FAN Kwok-wai Hon Charles Peter MOK, JP Dr Hon KWOK Ka-ki Dr Hon Elizabeth QUAT, JP Hon TANG Ka-piu, JP Ir Dr Hon LO Wai-kwok, BBS, MH, JP Hon Christopher CHUNG Shu-kun, BBS, MH, JP Hon Tony TSE Wai-chuen, BBS Hon Alvin YEUNG Ngok-kiu (from 4 March 2016)
	(Total: 22 members)
<b>Clerk</b>	Mr Anthony CHU
<b>Legal Adviser</b>	Mr Alvin CHUI

**Key information of the five railway projects under construction/completed recently**  
(as at May 2016)

	<b>Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link</b>	<b>Shatin to Central Link</b>	<b>West Island Line</b>	<b>South Island Line (East)</b>	<b>Kwun Tong Line Extension</b>
<i>Length of the rail line</i>	26 km	17 km	3 km	7 km	2.6 km
<i>Estimated construction cost</i>	\$66.8 billion	\$79.8 billion	\$15.4 billion	\$12.4 billion	\$5.3 billion
<i>The MTR Corporation Limited's ("MTRCL") latest estimated construction cost</i>	\$86.42 billion <i>(increased by \$19.62 billion)</i>	At least increased by \$4.1 billion	\$18.5 billion <i>(increased by \$3.1 billion)</i>	\$16.9 billion <i>(increased by \$4.5 billion)</i>	\$7.2 billion <i>(increased by \$1.9 billion)</i>
<i>Funding arrangement</i>	Implemented under the <b>concession approach</b>  Construction of the railway works: \$70.405 billion  Construction of the non-railway works: \$16.015 billion  Special ex-gratia payments in relation to the project: \$86 million	Implemented under the <b>concession approach</b>  Protection works: \$695 million  Advance works: \$7.7 billion  Construction of the railway works – main works: \$65.4 billion  Construction of the non-railway works – main works: \$5.98 billion	Implemented under the <b>ownership approach</b>  Funded by a capital grant of \$12.7 billion	Implemented under the <b>ownership approach</b>  MTRCL granted the property development right of the ex-Wong Chuk Hang Estate to bridge the funding gap of \$9.9 billion	Implemented under the <b>ownership approach</b>  MTRCL granted the property development right of ex-Valley Road Estate Phase 1 site to bridge the funding gap of \$3.3 billion

	<b>Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link</b>	<b>Shatin to Central Link</b>	<b>West Island Line</b>	<b>South Island Line (East)</b>	<b>Kwun Tong Line Extension</b>
<i>Works commenced in</i>	2010	2012	2009	2011	2011
<i>Original target commissioning dates</i>	2015	December 2018: Tai Wai to Hung Hom Section  December 2020: Hung Hom to Admiralty Section	August 2014	December 2015	August 2015
<i>Target opening</i>	Third Quarter of 2018	2019: Tai Wai to Hung Hom Section  2021: Hung Hom to Admiralty Section	HKU Station and Kennedy Town Station were opened on 28 December 2014  Sai Ying Pun Station (except Ki Ling Lane Entrance) was opened on 29 March 2015  Ki Ling Lane entrance was opened on 27 March 2016	End of 2016	Second/Third Quarter of 2016
<i>Journey time</i>	Between Hong Kong and Futian, Shenzhen: 14 minutes  Between Hong Kong and Shenzhen North: 23 minutes  Between Hong Kong and	Between Wu Kai Sha and Admiralty: 36 minutes  Between Tai Wai and Diamond Hill: 6 minutes  Between Tai Wai and Kai Tak: 8 minutes  Between Hung Hom and	Between Sheung Wan and Kennedy Town: less than 10 minutes	Between Admiralty and South Horizons: 10 minutes	Between Mong Kok and Whampoa: 5 minutes

	<b>Hong Kong section of Guangzhou-Shenzhen- Hong Kong Express Rail Link</b>	<b>Shatin to Central Link</b>	<b>West Island Line</b>	<b>South Island Line (East)</b>	<b>Kwun Tong Line Extension</b>
	Guangzhou South: 48 minutes	Admiralty: 5 minutes  Between Tai Wai and Admiralty: 17 minutes  Between Lo Wu and Admiralty: 50 minutes			

*Updated as at May 2016*