

立法會
Legislative Council

LC Paper No. FC188/17-18

(These minutes have been
seen by the Administration)

Ref : FC/1/1(23)

Finance Committee of the Legislative Council

**Minutes of the 47th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 9 June 2017, at 5:10 pm**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung

Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Dr Hon Helena WONG Pik-wan
Hon Alvin YEUNG
Hon HUI Chi-fung

Hon LUK Chung-hung
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Ms Rebecca PUN Ting-ting, JP	Deputy Secretary for Transport and Housing (Transport) 1
Mr Raymond CHENG Nim-tai	Principal Assistant Secretary for Transport and Housing (Transport) 7
Mr Daniel CHUNG Kum-wah, JP	Director of Highways
Mr Jimmy CHAN Pai-ming, JP	Principal Government Engineer (Railway Development), Highways Department
Mr Frankie CHOU Wing-ping	Chief Engineer (Railway Development)1-2, Highways Department
Dr Philco WONG	Projects Director, MTR Corporation Limited
Mr Ken WONG	General Manager (Projects), MTR Corporation Limited
Mr Jason WONG	General Manager (SCL Civil (EWL)), MTR Corporation Limited
Mr Stephen YAU	Manager (Estimates, Cost Control and Logistics), MTR Corporation Limited
Ms Prudence CHAN	Senior Manager (Projects and Property Communications), MTR Corporation Limited

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Chief Council Secretary (1)5

Mr Raymond SZETO

Council Secretary (1)5

Mr Frankie WOO

Senior Legislative Assistant (1)3

Miss Yannes HO

Legislative Assistant (1)6

Action

Item No. 1 — FCR(2017-18)10

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 5 APRIL 2017**

PWSC(2016-17)43

HEAD 706 — HIGHWAYS

Transport — Railways

**63TR — Shatin to Central Link—construction of railway
works —advance works**

The Finance Committee ("FC") continued with the deliberation on item FCR(2017-18)10.

Monitoring mechanism of the Government and its effectiveness

2. Mr LEUNG Yiu-chung considered that the MTR Corporation Limited ("MTRCL") would only gain benefits from the railway construction works of the Shatin to Central Link ("SCL") because the Government had not only shouldered all project costs, but had also entrusted the management of the SCL project to MTRCL which would enjoy the profits to be generated by fare revenue in future. Mr LEUNG sought information on how the Administration had evaluated the necessity for MTRCL to adopt the mitigation measures as set out in the paper, including the deployment of more machinery and conducting the works round the clock on some public holidays. Mr LEUNG queried the need to take mitigation measures to catch up with the schedule, as well as whether the construction costs could have been lowered if such mitigation measures had not been taken.

3. Under Secretary for Transport and Housing ("USTH") responded that:

- (a) the Highways Department ("HyD") had employed a monitoring and verification ("M&V") consultant to assist in the monitoring work and undertake regular audits;
- (b) after the independent consultant appointed by HyD had reviewed the construction estimate of SCL, the estimate of the project management cost had been lowered; and
- (c) there had also been savings in the costs of building services works and E&M works of the proposed project.

4. Director of Highways ("D of Hy") explained that HyD would request MTRCL to give detailed explanation when problems pertaining to the progress of works arose. HyD would offer professional advice, and would suggest the consideration of alternative solutions by MTRCL. After evaluating the situation, HyD considered that if additional excavation machinery was not deployed and if works were not conducted round the clock on some of the days, there would be further delay. Consequently, it would affect other subsequent contracts and boost the project costs.

5. Mr Jeremy TAM requested the Administration to elaborate on the role played by Jacobs China Limited in this project, including whether any staff had been seconded to this project, and if so, their scope of work and the time when their staff members were involved.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

6. Mr Jeremy TAM queried the Administration's assertion that if the funding proposal of increasing the project estimates by \$839.2 million was not approved, the monthly interest payable by MTRCL would amount to more than \$4 million. Given the prevailing low interest rate, Mr TAM questioned that the interest rate adopted by the Administration in calculating this sum of interest expenses (an annual interest rate of prevailing Prime Rate plus 1%, i.e. "P+1" interest rate) was on the high side, and that the Administration had exaggerated the interest payable. He asked the Administration how it had determined the rate of the additional interest payable as a result of delayed payment, as agreed between the Government and MTRCL.

7. Projects Director, MTRCL ("PD/MTRCL") responded that:
- (a) Jacobs China Limited was not responsible for the advance ground investigation works, nor was it responsible for any part of the geoengineering analysis;
 - (b) Jacobs China Limited was only responsible for deploying professionals to conduct onsite rock tests during the construction stage. All such test findings had been validated by registered geotechnical engineers of MTRCL before being submitted to the Civil Engineering and Development Department ("CEDD"); and
 - (c) the P+1 interest rate was stipulated in the entrustment agreement signed between the Government and MTRCL. Under the entrustment agreement, in case MTRCL was required to make repayment to the Government, the interest was also charged at the P+1 interest rate.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

8. Mr Nathan LAW enquired whether MTRCL was responsible for determining whether a claim for project slippage lodged by a contractor was justified (i.e. the emergence of unforeseeable conditions), whether MTRCL would only consult HyD and the Project Supervision Committee ("PSC") on this matter, and whether there had been occasions where the views of MTRCL were different from those of HyD and PSC.

9. D of Hy responded that:
- (a) the Government had transferred the responsibility of taking forward the SCL project to MTRCL by way of the entrustment agreement, including the handling of claims lodged by contractors. The aforesaid description made by Mr LAW was correct;
 - (b) however, the Administration would oversee the work of MTRCL to see if it had monitored and taken forward the SCL project in strict accordance with the entrustment agreement; and

- (c) if it was found that MTRCL had not exercised due diligence in supervising the project in accordance with the entrustment agreement, the Administration would recover the loss arising from this matter from MTRCL.

10. The Chairman requested the Administration to explain how it could ensure that PSC could act as an actual supervisor of and a check and balance on the project.

11. D of Hy responded that:

- (a) HyD would provide advice on the details of how MTRCL should implement the project for consideration by MTRCL which would then make the decision; and
- (b) the provision of advice itself did not necessarily mean that there were divergent views or conflicts between the two parties.

12. Mr LEUNG Kwok-hung requested the Administration to provide information on the instances in which, in respect of this project, the Government, in disagreement with MTRCL's proposals, had provided advice to MTRCL which were subsequently turned down by MTRCL.

13. D of Hy responded that:

- (a) MTRCL was required to submit reports to HyD for its consideration and responses, prior to the making of major decisions in which a relatively huge sum of money was involved;
- (b) under the entrustment agreement, MTRCL was required to make its own decisions after taking into full account HyD's views; and
- (c) if HyD were to make it mandatory for MTRCL to make decisions according to the advice given by HyD, it was likely that the relevant responsibility of MTRCL would be waived when a problem subsequently arose.

[*Post-meeting note:* The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

14. Mr Holden CHOW enquired about the means available for resolving disputes under the existing mechanism, apart from initiating litigations.

15. USTH responded that:

- (a) the Government would not hesitate if it was necessary to initiate litigations; and
- (b) alternative means of dispute resolution were available, such as mediation.

16. Mr CHU Hoi-dick asked the Administration how it evaluated whether MTRCL had exercised due diligence in managing this project, as well as the mechanism for resolving disputes. He requested the Administration to provide information on the followings:

- (a) copies of documents setting out the relevant criteria adopted by the Administration in evaluating whether MTRCL had exercised due diligence in managing this project; and
- (b) copies of documents setting out the mechanism for resolving conflicts or disputes between the Administration and MTRCL under the entrustment agreement.

17. D of Hy responded that the entrustment agreement had stipulated the mechanism for resolving disputes, including the approach of "mediation first, arbitration next".

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

Financial arrangement

18. Dr YIU Chung-yim requested the Administration to clarify whether price fluctuation terms had been built in for the building services works and E&M works under Project No. 63TR.

19. D of Hy responded that MTRCL adopted different arrangements for different contracts. While some contracts adopted the "target cost" approach, some others allowed the adoption of other contractual arrangements.

20. PD/MTRCL responded that:

- (a) in respect of the works contracts for the Admiralty Station, the projects which had experienced increases in project costs adopted the "target cost" approach;
- (b) in respect of building services works and E&M works, under the relevant tendering requirements, tenderers were required to calculate its tender prices on the basis of "fluctuating price" and "fixed price" respectively; and
- (c) increases in project costs were attributable to the emergence of some unexpected factors, such as project slippage beyond the original contract period caused by unfavourable ground conditions.

21. Mr CHAN Chi-chuen asked how the interest expenses would be handled during the seesaw battle, if any, between the Government and MTRCL in case the two parties had divergent views over the party that should be held responsible for the prevailing cost overruns.

22. USTH responded that:

- (a) the Administration had so far not identified the need to hold MTRCL responsible for the cost overruns concerned;
- (b) in case the current funding proposal was not approved, the relevant interest expenses would increase, and by that time, the Administration had to seek funding approval from the Legislative Council ("LegCo") again; and
- (c) the Administration would make reference to members' views on the level of interest rate in determining the level of the relevant interest in future.

23. Dr LAU Siu-lai asked the Administration whether there had been previous occasions where it initiated litigations against contractors for project delays, as well as the criteria adopted by the Government in evaluating there was "a breach of duty" on the part of contractors.

24. USTH responded that:

- (a) so far, the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) ("XRL") project and the SCL project were the two projects in respect of which the construction was entrusted to MTRCL by the Government under an entrustment agreement;
- (b) in the XRL project, with regard to the queries of the Government over the handling and management approach adopted by MTRCL, the Government reserved the rights to pursue further. The relevant preparatory work was underway; and
- (c) the Government had been equally cautious in handling the SCL project.

25. Permanent Secretary for Financial Services and the Treasury (Treasury) responded that:

- (a) it was not uncommon for the Administration to have divergent views with a contractor entrusted to take forward a project; and
- (b) when divergent views arose, the Administration would take appropriate actions in strict accordance with the terms and conditions as stipulated in the contracts.

26. Dr LAU Siu-lai requested the Administration to provide information on the practices adopted by Administration in resolving the divergent views between the Administration and the contractors in respect of the XRL and the SCL projects, including whether the Administration had sought to recover from the contractors concerned the loss suffered by the Administration.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

27. Dr Fernando CHEUNG sought information on the definition of "breach of duty" in the entrustment agreement, and whether it was stipulated in SCL's works contracts that there was a "cap" on the level of expenditure.

28. D of Hy responded that:

- (a) the entrustment agreement had stipulated that MTRCL must perform all contractual requirements in a professional manner, and take forward the project according to its in-house established management system;
- (b) if it was found that MTRCL had not taken forward the project in the aforesaid manner and the Government had suffered losses as a result, the Government would sought to recover such costs from MTRCL; and
- (c) it was not stipulated in SCL's works contracts that there was a "cap" on the level of expenditure.

29. Dr Fernando CHEUNG asked for the reasons why under the works contracts of this project, the level of expenditure had not been "capped", and why the Administration had not considered other remedies. Dr CHEUNG said that the existing financial arrangement and entrustment agreement were unreasonable because the more cost overruns the project had incurred, the more management fees MTRCL could pocket. Dr CHEUNG asked how the Administration could ensure that the SCL project would not incur further cost overruns.

30. USTH responded that:

- (a) the purpose of the meeting was not to discuss the implementation of various railway projects, which could be discussed in future;
- (b) the management fees payable to MTRCL could not be regarded as part of the MTRCL's profits;
- (c) higher project supervision costs would be incurred with longer spans of project periods;
- (d) the Administration would draw experience from this project; and
- (e) the Administration believed that the project would not incur further cost overruns.

31. Mr WU Chi-wai asked whether the Administration had, at the time when it proposed the original item for consideration by LegCo, decided the adoption of a certain price adjustment mechanism for determining the provision for price adjustments, and whether the Administration or MTRCL would verify the actual expenditure of the contractors.

32. D of Hy responded that:

- (a) MTRCL would make payments to the contractors according to the price adjustment mechanism, if any, in the works contracts;
- (b) after making such payments to the contractors, MTRCL would then submit to the Administration the accounts of the works contracts under which payments were made on a reimbursement basis;
- (c) it was the responsibility of MTRCL to verify the actual expenditure of the contractors at various stages; and
- (d) M&V consultant would verify the project accounts submitted by MTRCL.

33. PD/MTRCL said that:

- (a) in respect of "fixed price contracts", MTRCL would make payments according to the price stipulated in the contracts after works verification had been completed, and the "fixed price" would not be adjusted during the contract period; and
- (b) the contract for the Ho Man Tin Station project was a "fixed price contract" while the contract for the Admiralty Station project was a "target cost contract". Under a "fixed price contract", payments were made according to the price fixed in the contract during the contract period, while under a "target cost contract", payments were made according to the actual market price at the time the works were carried out and the quantity of the works that had been carried out.

34. Mr Nathan LAW requested the Administration to consider the following suggestions/provide the following information:

- (a) clauses should be incorporated into future entrustment agreement to the effect that MTRCL was required to share part of the risks;
- (b) the minutes of meetings held by PSC of this project; and
- (c) there should be representatives of the public/community on PSCs to enhance the supervision of various projects.

35. USTH responded that:

- (a) the Government would review its experience of taking forward railway projects under the "service concession" approach, and consider whether such an approach would continue to be used as well as how to improve its operation;
- (b) the Administration would make reference to members' views on this issue; and
- (c) it was unnecessary to have representatives of the public on PSCs.

36. Mr CHU Hoi-dick said that based on the assessment made in 2012, the service concession payment for SCL would amount to \$88 billion. He sought information on the latest estimates of the service concession payment for this project and whether the amount would rise in tandem with cost overruns.

37. D of Hy responded that:

- (a) the Administration would certainly revisit the level of "service concession payment"; and
- (b) there was no direct relation between the actual operational costs of SCL in future and its existing construction costs.

38. Dr YIU Chung-yim said that a sum of over \$700 million had earlier been reserved as a provision for price adjustments in respect of the Admiralty Station project, but the contracts concerned were "target cost contracts" under which there should not be many specific elements which were subject to price adjustments. Given the earlier reservation of over \$700 million as a provision for price adjustments, together with the prevailing cost overruns of more than \$800 million, he asked whether the magnitude of cost overruns of the project had exceeded \$1.5 billion.

39. PD/MTRCL responded that:

- (a) the aforesaid reserved sum of over \$700 million had been used during the implementation of the project; and
- (b) the supplementary provision currently sought for Project No. 63TR was \$847 million.

40. Mr CHAN Chi-chuen asked whether the provision of imposing a punitive interest charged at "P+1" rate was also stated in the entrustment agreements of other MTR projects. Mr CHAN requested the Administration to provide a paper on the cost overrun arrangements as stipulated in the entrustment agreements signed between the Government and MTRCL. Mr LEUNG Kwok-hung considered that the punitive interest arrangements had enabled MTRCL to gain profits through "carry trade".

41. PD/MTRCL responded that the entrustment agreement of this project was different from the project agreements of other projects. In other project agreements, MTRCL managed a project on behalf of the Government, and all payments were made to the contractors via the Government.

42. In response to the queries raised by Mr LEUNG Kwok-hung, D of Hy said that Jacobs China Limited was not a consultant in this project.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

43. Mr CHU Hoi-dick asked how the Administration had, under the price adjustment mechanism, exercised constraints over MTRCL to ensure that the project costs were properly used.

44. Mr WU Chi-wai requested the Administration to provide the following information:

- (a) the price adjustment mechanisms adopted under different contract approaches;
- (b) whether the Administration had, at the time when it proposed the original item for consideration by LegCo, decided the adoption of a certain price adjustment mechanism for determining the provision for price adjustments;
- (c) whether the benefits that could be brought to MTRCL would be enhanced through the adoption of different price adjustment mechanisms; and
- (d) the criteria adopted by MTRCL in determining the type of works contracts to be used. (i.e. "target cost contracts" or "fixed price contracts")

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

45. PD/MTRCL added that:

- (a) the Admiralty Station project adopted the "target cost" approach; and
- (b) the price adjustment mechanism was applicable to "fixed price contracts", as in the case of the contract for the Ho Man Tin Station project. If the project experienced delays for which MTRCL was not to be held responsible, the Government would make payments to MTRCL accordingly, including price adjustments.

Unfavourable ground conditions

46. Mr Michael TIEN was concerned about the magnitude of cost overruns in this project, and how to ensure that there would not be further cost overruns in future, including how to verify the accuracy of all consultancy and investigation reports, and how to ensure that the Geoguide could truly reflect the actual geotechnical situations in Hong Kong. He considered that the Administration should engage experts to conduct territory-wide geological investigations in order to update the Geoguide. He asked the Administration to provide the following information:

- (a) whether it would engage experts to conduct territory-wide geological investigations in order to comprehensively update the Geoguide; and
- (b) in respect of the excavation works that were carried out under the Admiralty Station expansion works, the ratio of the overruns caused by unfavourable ground conditions (\$614.1 million) in the original cost estimates for the excavation works concerned.

47. USTH responded that:

- (a) the problems with the concrete cube tests for the Hong Kong-Zhuhai-Macao Bridge project did not reflect the situation of the SCL project; and
- (b) a sound system had been put in place by MTRCL to monitor the implementation of various works projects.

48. PD/MTRCL said that:

- (a) all MTRCL works were directly monitored by MTRCL's engineers;
- (b) all investigation reports would be submitted to the Buildings Department and then to CEDD for scrutiny; and
- (c) professional geotechnical engineers would be stationed at the construction sites concerned to monitor the investigation works and check the investigation reports.

49. D of Hy said that it would reflect the suggestions made by members on the updating of the Geoguide. USTH said that the Development Bureau ("DEVB") would consider updating the Geoguide.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

50. Ms Starry LEE declared that she held properties that were situated along SCL, and the accountancy firm in which she worked was also MTRCL's auditor, but she had not participated in the relevant work. Ms LEE said that the majority of cost overruns in similar projects were attributable to erroneous geological investigation results. She held that such errors might be related to an insufficient sampling size. She asked whether the Administration had considered afresh if it should continue to work with MTRCL in the form of entrustment agreements.

51. USTH responded that:

- (a) DEVB would seriously consider whether a review of the Geoguide would be conducted;
- (b) the problem of inaccurate investigation information was not necessarily avoidable even if the sampling size was increased;
- (c) there were pros and cons in taking forward a project under the "service concession" approach and the "ownership" approach; and
- (d) in determining the approaches to be adopted for the seven new railway projects to be launched in future, the Administration would draw on the experience from the aforesaid two approaches of taking forward a project.

52. Mr SHIU Ka-chun asked about the followings:

- (a) whether the Administration would review the Geoguide; and
- (b) how the Administration would ensure that the persistent problem of cost overruns caused by the outsourcing system would not recur.

53. USTH responded that:

- (a) the review of the Geoguide must proceed cautiously as it would impact on the implementation of all construction projects;
- (b) among the 650 Category A projects approved by FC in the past decade involving over \$770 billion, only about 70 projects (costing about \$60 billion) required supplementary provisions; and

- (c) although the Administration had to apply for supplementary provisions from FC regarding individual projects in the past decade, the surplus under other projects was not only sufficient to make up for the supplementary provisions that had been sought for those projects which had incurred overruns, but had also brought about a remaining sum of about \$30 billion.

54. Ms Starry LEE asked about the followings:

- (a) when the Administration would review the sampling size; and
- (b) when the Administration would review its cooperation with MTRCL in undertaking various projects in future.

55. USTH responded that:

- (a) the conduct of a review of the sampling size fell within the ambit of DEVB. As the Permanent Secretary for Development had undertaken that DEVB would conduct such a review, he believed that the Bureau would take up the relevant work; and
- (b) the Administration was currently reviewing its cooperation with MTRCL, with a view to choosing the most appropriate cooperation approach in undertaking various projects in future.

56. Mr CHAN Chi-chuen said that during the excavation works for the ventilation shaft of the expanded Admiralty Station, the MTRCL construction team found that the depth of actual bedrock surface at locations nearer Wan Chai was different from the geological information obtained by ground investigations, i.e. the depth of actual bedrock surface encountered was shallower than expected. However, according to LC Paper No. PWSC114/16-17(01), there was only one new drill hole within the works area of the ventilation shaft, and its location was nearer Central instead of Wan Chai. Mr CHAN asked about the investigation standards.

57. General Manager (Projects), MTRCL ("GM(P)/MTRCL) said that the ventilation shaft concerned was situated inside the Hong Kong Park in which facilities and buildings of the Leisure and Cultural Services Department ("LCSD") had been built. As such, only one drill hole could be bored. However, MTRCL had also made reference to information collected from other nearby investigation points.

58. Mr Nathan LAW requested the Administration to provide the detailed views offered by M&V consultant in relation to unfavourable ground conditions and amendments to the construction programmes to tie with the actual site conditions.

[Post-meeting note: The Chinese version of the supplementary information provided by the Administration was issued to members on 16 June 2017 vide LC Paper No. FC182/16-17.]

59. Mr CHAN Chi-chuen enquired about the situation in which the number of drill holes could not be increased as result of the presence of LCSD facilities and buildings.

60. GM(P)/MTRCL said that the relevant facilities included a transformer station, a refuse depot, and a dangerous goods godown. Moreover, a structure situated at the access road also constituted an obstacle. However, MTRCL had also made reference to other drilling information in conducting the assessment.

61. Mr WU Chi-wai was disappointed at the replies given by the Administration and MTRCL, indicating that the Democratic Party would vote against the funding application as both the Administration and MTRCL had failed to address the worries expressed by members about cost overruns.

62. The Chairman reminded members that if they intended to move motions under paragraph 37A of the Finance Committee Procedure, the wording of the motions should reach the Clerk by 12:00 noon, 14 June 2017. The meeting ended at 7:11 pm.