# 立法會 Legislative Council

LC Paper No. PWSC175/16-17 (These minutes have been seen by the Administration)

Ref: CB1/F/2/1(15)B

# Public Works Subcommittee of the Finance Committee of the Legislative Council

Minutes of the 14<sup>th</sup> meeting held in Conference Room 1 of the Legislative Council Complex on Wednesday, 12 April 2017, at 8:30 am

#### **Members present:**

Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)

Hon Charles Peter MOK, JP (Deputy Chairman)

Hon Abraham SHEK Lai-him, GBS, JP

Hon Tommy CHEUNG Yu-yan, GBS, JP

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon Starry LEE Wai-king, SBS, JP

Hon CHAN Hak-kan, BBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Paul TSE Wai-chun, JP

Hon LEUNG Kwok-hung

Hon Michael TIEN Puk-sun, BBS, JP

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 CHAN Chi-chuen

Hon CHAN Han-pan, JP

Hon LEUNG Che-cheung, BBS, MH, JP

Hon Alice MAK Mei-kuen, BBS, JP

Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung

Dr Hon Fernando CHEUNG Chiu-hung

Dr Hon Helena WONG Pik-wan

Dr Hon Elizabeth QUAT, JP

Dr Hon CHIANG Lai-wan, JP

Hon Alvin YEUNG

Hon Andrew WAN Siu-kin

Hon CHU Hoi-dick

Dr Hon Junius HO Kwan-yiu, JP

Hon HO Kai-ming

Hon LAM Cheuk-ting

Hon Holden CHOW Ho-ding

Hon SHIU Ka-chun

Hon Wilson OR Chong-shing, MH

Hon CHAN Chun-ying

Hon Tanya CHAN

Hon CHEUNG Kwok-kwan, JP

Hon HUI Chi-fung

Hon LAU Kwok-fan, MH

Hon KWONG Chun-yu

Hon Jeremy TAM Man-ho

Hon Nathan LAW Kwun-chung

Dr Hon YIU Chung-yim

Dr LAU Siu-lai

#### **Members absent:**

Hon Claudia MO

Hon Kenneth LAU Ip-keung, MH, JP

#### **Public officers attending:**

Mr Raistlin LAU Chun, JP Deputy Secretary for Financial Services and

the Treasury (Treasury)3

Mr HON Chi-keung, JP Permanent Secretary for Development

(Works)

Mr Thomas CHAN Permanent Secretary for Development

Chung-ching, JP (Planning and Lands) (Acting)

Mr TSE Chin-wan, JP Permanent Secretary for the Environment

(Acting)

Ms Margaret HSIA Mai-chi Principal Assistant Secretary for Financial

Services and the Treasury (Treasury)

(Works)

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 Principal Government Engineer (Railway

Development)

Highways Department

Mr Anthony YUEN Woo-kok Chief Engineer (Railway Development)1-3

Highways Department

#### **Attendance by invitation:**

Mr Ken WONG General Manager (Projects)

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

Legislative Assistant (1)8

#### **Clerk in attendance:**

Ms Sharon CHUNG Chief Council Secretary (1)2

#### **Staff in attendance:**

Ms Clara LO

Mr Raymond CHOW
Miss Queenie LAM
Ms Christina SHIU
Ms Christy YAU
Senior Council Secretary (1)6
Senior Legislative Assistant (1)2
Legislative Assistant (1)2
Legislative Assistant (1)7

#### Action

The Chairman advised that in the 2016-2017 legislative session, the Subcommittee had completed the scrutiny of seven items up to the last meeting, involving a total funding allocation of \$18,165.5 million. There were five funding proposals on the agenda for the meeting. All of them were unfinished or outstanding items carried over from the previous meeting of the Subcommittee. The Chairman reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the proposals. He also drew members' attention to Rule 84 of RoP on voting in case of direct pecuniary interest.

# Head 711 - Highways PWSC(2016-17)44 56TR South Island Line (East) – essential public infrastructure works

2. <u>The Chairman</u> advised that the proposal, i.e. PWSC(2016-17)44, was to increase the approved project estimate ("APE") of 56TR by \$286.2 million from \$927 million to \$1,213.2 million in money-of-the-day prices. The Subcommittee had commenced deliberation on the proposal at its meeting on 5 April 2017.

#### Unfavourable ground conditions

- 3. <u>Dr YIU Chung-yim</u> and <u>Dr Kwok Ka-ki</u> expressed concern about the Administration's practice of attributing cost overruns in a number of public works projects to unforeseen ground conditions. <u>Dr YIU</u> held that the Administration should explain in detail why the geological investigation for 56TR failed to grasp ground conditions, including boulders and corestones, and provide information on the technologies applied and the site investigation works conducted. <u>Dr YIU</u> also asked whether works projects implemented by the Administration often involved underestimation of geological problems.
- 4. <u>Director of Highways</u> ("DHy") said that not all discrepancies between actual and expected ground conditions in respect of public works projects involved underestimation of geological problems. <u>General Manager (Projects)</u>, <u>MTR Corporation Limited</u> ("GM/MTRCL"), advised that it was quite difficult to gauge the distribution of boulders during ground investigations. According to the ground investigations conducted by MTRCL during the design stage of 56TR and with reference to relevant past records, boulders were found only in six of the 40 drill holes involved. It was not until the contractor commenced the construction works that boulders were found near some of the drill hole locations where there was no recorded presence of boulders. The condition indicated that there was an irregular distribution of boulders.
- 5. <u>Dr YIU</u> sought information from the Administration on the number of cost-overrun public works projects in the past in which the excessive cost increases were caused by underestimation of ground conditions on the part of the Administration, what those projects were, the respective amounts of cost overruns; and the number of non-cost-overrun public works projects in the past in which there was an overestimation of ground conditions, and what those projects were.

(*Post meeting note*: The supplementary information provided by the Administration (Chinese version) was tabled at the meeting on 20 April 2017 and circulated to members vide <u>LC Paper No. PWSC138/16-17(01)</u> on 21 April 2017.)

6. <u>Dr KWOK Ka-ki</u> noted that according to the Administration, the contractor adopted hanging falseworks, which were more expensive than traditional scaffoldings, to avoid further delay of the project. He enquired about the relationship between the increase in the estimate by \$64.5 million due to unfavourable ground conditions and the need for the contractor to use hanging falseworks. <u>GM/MTRCL</u> explained that the estimate of \$64.5 million included the additional project cost incurred from dealing with all the

unforeseen ground conditions, and the additional expenses required for the hanging falseworks were accounted in the estimate.

#### Adjustment of the on-cost payable to MTRCL

- 7. <u>Dr KWOK Ka-ki</u> and <u>Mr CHU Hoi-dick</u> disagreed to the Administration's proposal to increase the design and management cost payable to MTRCL by \$29.1 million. <u>Dr KWOK</u> enquired why the Administration not only failed to hold MTRC accountable for the project delay and cost overrun but even increased the on-cost payable to the company. He asked whether the Administration would establish a merit and demerit system in respect of MTRCL's project performance. Commenting that the topside property development at Wong Chuk Hang ("WCH") Depot would generate substantial income for MTRCL, <u>Mr CHU</u> enquired whether MTRCL would be willing to bear the design and management cost of \$29.1 million.
- 8. <u>Undersecretary for Transport and Housing</u> ("USTH") said that as the proposed increase in APE of 56TR was attributable to various factors, the Government bureaux and departments concerned did not find any fault on the part of MTRCL in project implementation. <u>GM/MTRCL</u> advised that MTRCL would continue to deal with the issue of additional cost in accordance with the terms of the Entrustment Agreement signed with the Government. <u>DHy</u> said that there was currently no merit and demerit system as proposed by Mr KWOK.
- Dr Fernando CHEUNG pointed out that MTRCL implemented the 9. South Island Line (East) ("SIL(E)") project under the ownership approach i.e. MTRCL would be responsible for the financing, design, construction and operation and maintenance of the railway project, and would own the railway. In 2011, the Administration granted the topside property development right at WCH Depot under the rail-plus-property model in order to take forward the SIL(E) project. Being granted the property development right, MTRCL was responsible for all the costs of the property development as well as the construction and operating costs of the railway project. In addition, it had to bear long term risks in financing the project, operating the railway, and market fluctuations in rail and property developments. Dr CHEUNG enquired whether under this model, MTRCL should bear the additional project cost of 56TR arising from the various factors set out in the discussion paper. Mr CHU Hoi-dick enquired about the reasons why MTRCL was not required to undertake the additional project cost arising from unforeseeable factors/circumstances under the contract of 56TR.
- 10. <u>DHy</u> advised that the design and management cost payable to MTRCL was adjusted according to the Entrustment Agreement signed

between the Government and MTRCL. Under the ownership approach, MTRCL indeed had to bear the additional cost due to extended construction period of a railway project. However, 56TR was not a railway project but an essential public infrastructure works project entrusted by the Government USTH said that 56TR was a government project and not part of to MTRCL. In taking forward the railway project, the the railway project. Administration received requests from local residents for the provision of facilities for convenient access to railway stations and improvement of community facilities. The implementation of 56TR was then proposed in response to local requests and with a view to providing a safe, convenient and barrier-free access for the public. As such, the project cost should be paid GM/MTRCL said that apart from enhancement of from public moneys. pedestrian and transport links, 56TR also comprised landscaping works in WCH to improve community facilities.

11. <u>The Chairman</u> enquired whether the Administration had signed separate contracts for the railway project and 56TR. <u>DHy</u> replied that some works items of the two projects were implemented under the same contract managed by MTRCL.

#### Underground facilities more complicated than expected

- 12. <u>Mr LEUNG Kwok-hung</u> enquired about the reasons why MTRCL could not obtain all the information from the public utility companies about the existing utilities within the scope of the road works, including the facilities underneath Police School Road. <u>Mr YIU Si-wing</u> asked which party should be responsible for MTRCL's failure to obtain all the information from the public utility companies on the existing utilities within the scope of the road works.
- DHy said that since 2004, all public utility companies and 13. government departments had been required to provide the Highways Department ("HyD") with the information on the utilities within the scope of the road works according to the terms stipulated in the excavation permits issued by HyD. However, they were not required to provide such information to other parties. For those utilities installed before 2004, the public utilities companies might not have complete records, nor were they obliged to keep and provide such information for HyD. DHy explained that public utilities companies had agreed among themselves to share information on utilities although this was not required by law. GM/MTRCL advised that the project scope of the modification of WCH Nullah was close to a training centre of the Police College which fell within the security responsibilities of the Government. MTRCL should obtain the consent of the property owner concerned before carrying any exploration works. out

Mr LEUNG Kwok-hung considered that MTRCL should seek assistance from the Security Bureau in this case.

14. Mr CHAN Chi-chuen enquired whether the uncharted utilities discovered during the implementation of the proposed works were installed before 2004 and whether the Administration could deploy the project contingencies to meet the additional cost due to the failure to detect extensive uncharted utilities. GM/MTRCL said that the uncharted utilities discovered in the course of construction included gas mains, high voltage electric cables, water pipes, drain pipes, telecommunications facilities, etc. It was indeed difficult to trace back when those utilities were installed. Mr CHAN further enquired about the use of the contingencies under the proposed project. DHy replied that the contingencies could be committed to catering for additional project cost that might arise due to various reasons.

#### Change in design to suit the actual site conditions

- 15. Mr YIU Si-wing enquired whether MTRCL would bear the additional project cost of \$33.1 million for enhancing the fire prevention facilities of the public transport interchange ("PTI") underneath WCH Station and increasing the number of street lights in WCH and Ap Lei Chau areas. Dr YIU Chung-yim considered that it was essential to enhance the fire prevention facilities in compliance with fire safety legislation. the enhancement works should be implemented under a separate project to GM/MTRCL said that the proposed avoid further delaying 56TR. enhancement of the fire prevention facilities of the semi-open PTI was not a contract requirement in the first place. After the award of the works contract, MTRCL found it necessary to raise the fire safety standards of the PTI on the advice of government departments. He explained that the enhancement works of the fire prevention facilities had not caused any further delay to the construction schedule of 56TR.
- 16. <u>Mr WU Chi-wai</u> enquired whether the PTI underneath WCH Station would be managed by government departments. <u>USTH</u> said that the facility would be managed by the Transport Department.

### Proposed increase in the approved project estimate of 56TR

17. <u>Dr YIU Chung-yim</u> pointed out that between 1997 and 2016, 21 projects among the public works projects with a cost estimate over \$1 billion experienced cost overruns totalling \$61.1 billion, representing an average cost overrun rate of 30%. However, all the funding applications for them were approved by the Finance Committee. He considered that cost overruns of major works projects had become a systemic problem and the

Administration should identify the causes of cost overruns in order to learn a lesson and formulate effective measures to prevent recurrence of the problem. Taking previous works projects relating to railway development as an example, <u>USTH</u> said that not all major works projects experienced cost overruns.

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- 18. Mr MA Fung-kwok considered the Administration's justifications for additional funding unacceptable and that the Administration/MTRCL should have foreseen the factors leading to cost overrun, e.g. unfavourable ground conditions, underground facilities more complicated than expected, as set out in the Administration's paper. He enquired about the original estimate of the relevant part of the works if those unfavourable conditions and risks had not existed. Mr MA further enquired whether the proposed increase in the provision for price adjustments (\$136.1 million) overlapped in any way with the proposed increase in APE. GM/MTRCL said that the unfavourable ground conditions mainly affected the modification of a section of WCH Nullah and the original estimate of the nullah modification works was about \$415 million.
- 19. <u>Dr YIU Chung-yim</u> requested the Administration to provide a breakdown of the proposed increase in the provision for price adjustments due to (i) design changes, (ii) force majeure events, (iii) expected risks, and (iv) the amount to be borne by the Government/public.

(*Post-meeting note:* The supplementary information provided by the Administration (Chinese version) was tabled at the meeting on 20 April 2017 and circulated to members vide <u>LC Paper No. PWSC138/16-17(01)</u> on 21 April 2017.)

20. Mr KWOK Wai-keung enquired about the consequences in the event that the Administration did not absorb the proposed increase in APE. USTH said that 56TR was about to be completed. The failure of the Administration to make a commitment for the proposed funding would lead to a breach of contract and MTRCL would therefore be unable to pay its contractors, which might give rise to claims against the Government. Mr LEUNG Kwok-hung commented that when compared to breaching a contract, the Administration's failure to explain to members the reasons for the cost overrun would have a greater impact on the Government's image.

# Project scope

21. Mr Kwok Wai-keung said that the modification of WCH Nullah would benefit the development of the area. Mr KWOK enquired whether the modification works could turn the whole nullah into a decked structure,

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say, by extending the decked surface to Kwun Hoi Path, so as to provide residents in the Southern District with more space for activities. <u>USTH</u> said that the modification works referred to by the Member were beyond the scope of 56TR, the main purpose of which was to respond to local residents' requests for enhancing pedestrian and transport links to tie in with the commissioning of SIL(E). Regarding other requests put forward by local residents, the Administration would consider addressing such requests through other works projects. <u>The Chairman</u> said that whether to modify the whole WCH Nullah to a decked structure was not directly related to 56TR and members might consider following up on the issue at the relevant Panel(s).

- 22. Mr WU Chi-wai asked the Administration why the construction of the footbridge connecting WCH Station with the adjacent industrial area and the construction of the footbridge connecting South Horizons Station and Ap Lei Chau were not incorporated into the construction projects of the relevant railway stations. He considered that enhancement of pedestrian links to railway stations should be incorporated into railway station construction projects and the project cost should be paid out of MTRCL's income from railway development. Mr CHU Hoi-dick and Ms Tanya CHAN queried why the Administration did not invite public tender for the enhancement of pedestrian links to railway stations. Mr CHU enquired whether MTRCL was involved in the decision of not incorporating those works in the railway station construction projects. He further enquired whether 56TR sought to bring in additional pedestrian flow to MTR stations for the benefit of MTRCL.
- 23. USTH said that essential facilities linking railway stations had already been incorporated into railway station construction projects. Enhancement of pedestrian links to railway stations, if included in railways station construction projects, would widen the funding gap which the Government had to bridge for railway development. DHy advised that there were mutual discussions before the Administration decided to entrust the implementation of the proposed project to MTRCL, and hence, it was not a unilateral decision. Given that 56TR was related to a railway project developed by MTRCL and some of the works items of both projects were overlapped, it was in the best interest of the public for the Government to take forward the projects in collaboration with MTRCL. Ms Tanya CHAN enquired how the Administration came to the decision that it was the Government instead of MTRCL which would bear the cost of the works for such pedestrian facilities. DHy responded that it would depend on whether the works concerned were directly related to railway operation. If they were not directly related, the works would be regarded as infrastructure works which should be undertaken by the Government.

- 24. Mr CHU Hoi-dick considered that the agreement under which the implementation of the proposed project was entrusted to MTRCL failed to adequately protect the interest and discourse right of the Government and the public. As the project would bring in additional pedestrian flow to MTR stations from which MTRCL could benefit, the Government should not increase the design and management fees payable to MTRCL. He said that members should not support the funding proposal so as to press MTRCL to improve its performance in project implementation.
- 25. Ms Tanya CHAN said that South Horizons Management Limited ("SHML") had requested information from the Administration to facilitate it to follow up on the issue relating to the liability of the owners of South Horizons in respect of the SIL(E) site. She urged the Administration to Ms CHAN also expressed concern about the provide such information. progress of the repairs carried out by MTRCL for the impacts/damages its works had caused to the facilities of South Horizons. DHy replied that the issues raised by Ms CHAN might be related to the railway construction works of SIL(E) but was not directly related to 56TR. DHy undertook that the Administration would co-ordinate with MTRCL to follow up on the issue. Ms CHAN enquired whether the Administration could use the contingencies to pay for the expenses incurred by the repair works of the facilities USTH responded that if the repair works which Ms CHAN was concerned about did not arise from 56TR, the Administration could not use the contingencies of the project to cover the expenses. The Chairman suggested that Ms CHAN might follow up on the issue with the Administration after the meeting.
- 26. Mr LAM Cheuk-ting asked whether the Administration would provide a cover on the walkway connecting to public transport facilities outside WCH Station; if yes, whether such works would form part of 56TR. He was concerned why the Administration had not yet commenced the construction of the cover. DHy said that while the walkway cover was not part of 56TR, the Administration would construct the cover in due course and the design work was currently underway by the MTRCL. Mr LAM enquired whether MTRCL had undertaken to construct the cover in 2013. GM/MTRCL replied that as the cover was not part of 56TR and after consultation with relevant government departments, MTRCL did not consider the construction of the cover and explained the situation to the District Council. Subsequently, the Administration undertook to construct the cover in response to local residents' request.

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# Motion to adjourn the discussion on PWSC(2016-17)44

- 27. At 9:57 am, when speaking on the item, <u>Mr LEUNG Kwok-hung</u> moved a motion pursuant to paragraph 33 of the Public Works Subcommittee ("PWSC") Procedure to adjourn the discussion on PWSC(2016-17)44.
- 28. <u>The Chairman</u> said that the Subcommittee would proceed forthwith to deal with Mr LEUNG's motion. Each member could speak once on the motion, and the speaking time should not be more than three minutes.
- 29. Mr LEUNG Kwok-hung considered that the Administration failed to provide reasonable justifications for the cost overrun of 56TR, including the reasons for MTRCL not being able to obtain information on all the existing utilities and the factors of force majeure which had led to cost overrun. Dr KWOK ka-ki, Mr WU Chi-wai, Dr Fernando CHEUNG, Mr CHAN Chi-chuen, Mr HUI Chi-fung, Mr CHU Hoi-dick and Mr KWONG Chun-yu spoke in support of Mr LEUNG Kwok-hung's motion.
- 30. At the Chairman's invitation, <u>USTH</u> responded to Mr LEUNG Kwok-hung's motion. He said that as the original estimate (\$927 million) of 56TR was only sufficient to pay for the project cost up to the middle of 2017, the proposal to increase APE certainly had an urgency. He reiterated that many railway development projects implemented in the past did not involve cost overrun.
- 31. <u>Mr Abraham SHEK</u> declared that he was an non-executive director of MTRCL.
- 32. The Chairman put to vote the question that the discussion on PWSC(2016-17)44 be adjourned. At the request of Mr LEUNG Kwok-hung, the Chairman ordered a division and the division bell was rung for five minutes. Fifteen members voted for, 21 members voted against the motion and no one abstained. The votes of individual members were as follows:

*For:* 

Mr Charles Peter MOK (Deputy Chairman)
Mr LEUNG Kwok-hung
Mr WU Chi-wai
Mr CHAN Chi-chuen
Dr Fernando CHEUNG
Mr CHU Hoi-dick
Mr LAM Cheuk-ting
Mr SHIU Ka-chun
Mr HUI Chi-fung
Mr Jeremy TAM
Mr Nathan LAW
Dr YIU Chung-yim

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(15 members)

Against:

Mr Abraham SHEK

Mr Jeffrey LAM

Mr CHAN Hak-kan

Mr Paul TSE

Mr Steven HO

Mr CHAN Han-pan

Ms Alice MAK

Dr Elizabeth QUAT

Mr HO Kai-ming

Mr CHAN Chun-ying

Mr LAU Kwok-fan

(21 members)

Mr Tommy CHEUNG Ms Starry LEE

Dr Priscilla LEUNG

Mr Michael TIEN

Mr YIU Si-wing

Mr LEUNG Che-cheung

Mr KWOK Wai-keung

Dr CHIANG Lai-wan

Mr Wilson OR

Mr CHEUNG Kwok-kwan

Abstain:

(0 member)

33. The Chairman declared that the motion was negatived. The Subcommittee resumed discussion on PWSC(2016-17)44.

[At 10:24 am, the Chairman asked members if they agreed to extend the meeting for 15 minutes. The majority of members agreed to extend the meeting. The Chairman then directed that the meeting be extended for 15 minutes up to 10:45 am.]

### Pain-gain share mechanism

- 34. Dr YIU Chung-yim enquired about the amount of project cost overrun to be borne by the contractor under the pain-gain share mechanism adopted for the contract of 56TR. GM/MTRCL said that some works items of 56TR and SIL(E) railway project were implemented under the same works contract. According to the pain-gain share mechanism, the amount of cost overrun to be shared by the contractor was about \$50 million. Dr YIU was concerned why the amount of cost overrun to be shared by the contractor was far less than the increase in APE of 56TR proposed by the Administration. GM/MTRCL advised that the relevant contract had stipulated the maximum amount of cost overrun to be shared by the contractor in respect of the proposed works.
- Dr YIU was concerned whether the cost overrun of 56TR was due to 35. changes in design or slippage of works. Regarding the additional payment to the contractor for extended contract period, he sought information from the

Administration on the amount of (i) the contractor's share, (ii) the share of the Government/MTRCL, (iii) the share jointly undertaken by the contractor/MTRCL/Government; and the respective share of each party in (ii) and (iii).

(*Post-meeting note:* The supplementary information provided by the Administration (Chinese version) was tabled at the meeting on 20 April 2017 and circulated to members vide <u>LC Paper No. PWSC138/16-17(01)</u> on 21 April 2017.)

#### South Island Line (East) railway project

- 36. Mr WU Chi-wai enquired about the total floor area of the sites available for property development atop the railway stations along SIL(E) and the amount of land premium involved. Senior Manager (Projects and Property Communications), MTR Corporation Limited said that she did not have the information ready at hand. She added that the property development atop railway stations along SIL(E) would provide 4 700 residential units and a shopping mall with a floor area of 47 000 square metres. The development project also comprised social welfare facilities.
- 37. Mr CHU Hoi-dick and Mr LAM Cheuk-ting enquired about the amount of income to be generated from MTRCL's property development atop Mr CHU asked whether the Administration would the WCH Depot. consider determining its share of the cost of 56TR after completion of the property development project. GM/MTRCL said that as the property development project had yet to be launched and the income generated from the development sites would be subject to future property prices, MTRCL could not estimate the income at the present stage. USTH remarked that using the rail-plus-property model for the SIL(E) project was an established practice which had its pros and cons to MTRCL. The Administration would continue to draw reference from the experience in implementing different types of railway projects and the funding models used to decide whether the development model needed adjustments.
- 38. <u>Ms Tanya CHAN</u> enquired when the \$9.9 billion funding gap of SIL(E) was estimated. <u>Mr CHU Hoi-dick</u> enquired about the latest estimate. <u>GM/MTRCL</u> said that the funding gap was estimated in December 2010.
- 39. <u>The Chairman</u> said that he received three motions proposed by Mr Chu Hoi-dick to be moved under paragraph 32A of the PWSC Procedure. Members who wished to propose motions under paragraph 32A of the PWSC Procedure should submit their proposed motions to the Secretariat by 5:00 pm on 18 April 2017.

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- 40. <u>The Chairman</u> advised that the Subcommittee would continue the discussion on this item (PWSC(2016-17)44) at its next meeting on 20 April.
- 41. The meeting ended at 10:44 am.

Council Business Division 1
<u>Legislative Council Secretariat</u>
25 May 2017