

政府總部
運輸及房屋局
運輸科
香港添馬添美道 2 號
政府總部東翼



**Transport and
Housing Bureau**
Government Secretariat
Transport Branch
East Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

本局檔號 Our Ref. THB(T) CR 10/1016/99
來函檔號 Your Ref. CB4/PS/1/12

[English translation]

Tel. no.: 3509 8190
Fax no.: 2868 5261

Council Business Division
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong
(Attn: Ms Sophie LAU)
(Fax: 2840 0716)

29 January 2019

Dear Ms LAU,

Panel on Transport
Subcommittee on Matters Relating to Railways
Special Meeting on 6 July 2018

Thank you for your letter of 11 July 2018. Our response to the motion passed under the item on the Issues relating to construction works at To Kwa Wan Station and Exhibition Centre Station under the Shatin to Central Link (“SCL”) project at the special meeting on 6 July 2018 is set out below.

2. The SCL is implemented under the service concession approach, with construction works funded by the Government. The MTR Corporation Limited (“MTRCL”) is entrusted by the Government to implement the project. The Government and MTRCL signed an Entrustment Agreement (“EA”) on the main works of the SCL which entrusted MTRCL to carry out the construction, testing and commissioning of the SCL. According to the EA, MTRCL warrants that the entrusted works shall achieve a professional and reasonable level of skill

and supervision, including the assurance of quality of the works up to the required standards.

3. The Highways Department (“HyD”) has been closely monitoring the work of MTRCL through a Project Supervision Committee led by the Director of Highways (“DHy”). Monthly meetings with Projects Director of MTRCL have been held to review the progress of the SCL project and monitor the procurement activities, post-tender cost control and resolution of contractual claims. MTRCL submits monthly progress reports to HyD to update the latest progress and financial position of the SCL project. Moreover, an officer at Assistant Director level and the relevant Chief Engineers from HyD convene monthly Project Coordination Meetings and Project Progress Meetings with MTRCL respectively to monitor various aspects and progress of the implementation of the project, the handling of issues in relation to design, construction and environment that may have potential impact on the progress and programme of the SCL project, as well as the coordination of interfacing issues with other projects. HyD has also appointed a Monitoring and Verification (“M&V”) Consultant to assist HyD in monitoring work and undertaking regular audits; and to advise HyD of any potential risk of delay and comments on the appropriateness of MTRCL’s proposed delay recovery measures. DHy meets with the Secretary for Transport and Housing on a monthly basis; submits progress reports; and, where necessary, raises any significant issue relating to the delivery of the project. To address the problem of the quality of works under the SCL, HyD has taken various measures to strengthen the monitoring of the works implemented by MTRCL.

4. On the other hand, the Chief Executive in Council appointed a Commission of Inquiry on 10 July 2018 in accordance with the Commissions of Inquiry Ordinance (Chapter 86). The Commission of Inquiry will inquire into the facts and circumstances of steel reinforcement fixing works in respect of the diaphragm wall and platform slab construction works at the Hung Hom Station Extension under the SCL project implemented by the MTRCL. The Commission of Inquiry will also review the MTRCL’s project management system, supervision system, etc., and the Government’s monitoring and control mechanisms; and make recommendations on suitable measures with a view to promoting public safety and assurance on quality of works.

5. On 15 August 2018, the Transport and Housing Bureau (“THB”) established an Expert Adviser Team (“EAT”) for the SCL, comprising three senior retired government officers. The EAT will review the project management system of the MTRCL, and recommend additional management and monitoring measures to be undertaken by the MTRCL and the relevant government

departments as appropriate in taking forward the SCL project. The EAT will also provide expert advice on any matters relating to the works of the SCL Project.

6. To allay the public concerns on the announcement arrangement for a few settlement cases near the works sites of To Kwa Wan Station and Exhibition Centre Station, the MTRCL submitted a paper to the Legislative Council Subcommittee of Matters Relating to Railways in end August 2018 promulgating the most recent settlement monitoring data along the SCL. The THB, HyD, Buildings Department and MTRCL have reviewed the relevant arrangement and, following the advice from the EAT engaged by the THB, set up an announcement mechanism for the works under the SCL. On 29 September 2018, the Government promulgated the monitoring and announcement mechanism for impact of SCL works on nearby structures and public facilities.

7. According to the EA, contractors who entered into works contracts with the MTRCL for the SCL, shall also execute collateral deeds with the Government. The collateral deeds mainly stipulate the legal liabilities and rights of the Government and the contractors in case of a breach of contract by the contractors. If the contractors fail to fulfill their contractual obligations, the Government reserves all the rights in pursuit of further actions against the MTRCL and the related contractors.

8. The remuneration of MTRCL's management is determined by a Remuneration Committee under the MTRCL's Board in accordance with an established mechanism; and with regard to the Corporation's performance, staff responsibilities, individual performance, etc. Among them, in deciding the performance-linked remuneration to the management level, the MTRCL will consider the individual performance and the Corporation's performance in the construction and operation of railway projects. Besides, the MTRCL has re-organized the management team for the SCL project in August 2018.

9. The above-mentioned Commission of Inquiry will submit a report on its findings and recommendations to the Chief Executive on or before 26 February 2019. The Government will consider the results and recommendations of the Commission and the advice from the EAT to further improve the monitoring work of MTRCL and to implement the SCL project more efficiently.

10. At last, we enclose the MTRCL's responses to the motion passed at the captioned meeting.

Yours sincerely,

[Chinese version signed]

(PANG Ka-yu)

for Secretary for Transport and Housing

c.c.:

Highways Department

MTR Corporation Limited

(Attn: Mr Jonathan LEUNG) (Fax: 2187 2971)

(Attn: Ms Prudence CHAN) (Fax: 2795 9991)

**MTRCL's responses to the motion passed
at the Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways
Special Meeting on 6 July 2018**

The Corporation has always attached top priority to the safety and quality of our railway projects. As the Project Manager of the Shatin to Central Link (“SCL”), the Corporation is responsible for supervising the works of the Contractors. The Corporation applied its Project Integrated Management System (“PIMS”) to the design and construction of the SCL project. PIMS covers different areas in project delivery including programme management, design management, construction management, safety management, environmental management, cost management, procurement, contract administration and reporting.

2. PIMS has been in use for over 20 years. On the basis of the Corporation’s well tested project management system, the Corporation has successfully delivered many railway projects which are now providing efficient and safe services to the Hong Kong public every day.

3. The Corporation understands that Members are highly concerned about the workmanship of construction works at To Kwa Wan (“TKW”) Station and Exhibition Centre (“EXC”) Station under the SCL project.

4. The Corporation has provided details of the construction issues at TKW and EXC stations, findings of investigations and follow-up actions in the press conference held on 19 June and press releases issued. The Corporation submitted to the Subcommittee a paper giving a detailed account of the issues concerning the internal wall at TKW Station, the temporary steel strutting erected for excavation works at EXC Station and the diaphragm walls at EXC Station and West Approach Tunnel (LC Paper No. CB(4)1354/17-18(01)). The paper was discussed at the Subcommittee meeting held on 6 July. The Corporation has been closely monitoring follow-up actions at these two stations.

5. While a well-established project management regime is in place, there have been lapses and inadequacies in site supervision and the provision of timely notification to Government on certain non-conforming works. We regret for

such lapses and are conscious of the need for improvement.

6. The Capital Works Committee under the MTR Board of Directors is conducting a review of the processes and procedures for SCL within PIMS to seek further improvement. As an immediate action, the Board has directed the Corporation's management to strengthen its monitoring and supervision over all SCL contracts. The Board's Remuneration Committee will take the performance of the management into account in deciding their remuneration. Furthermore, a restructuring of the management team was announced on 7 August.

7. Contractors are appointed to construct the railway and they are obliged to undertake construction works according to the contracts. If any works are not up to standard, Contractors have to propose and implement corrective measures. The Corporation will handle all construction issues in strict accordance with contract requirements.

8. The Corporation has repeatedly urged the concerned Contractors to give an account of the incidents to the Legislative Council and to the public. While a representative of Samsung - Hsin Chong Joint Venture, being the Contractor of SCL Contract 1109 for the construction of TKW Station, attended the Subcommittee meeting on 6 July, the Corporation is disappointed that Leighton - China State Joint Venture, the Contractor of SCL Contract 1123 for the construction of EXC Station, did not do so.

9. If a contractor fails to discharge its contractual obligation or does not perform well, it will be taken into consideration in future tenders. Should there be any breach of the law, the Corporation will report it to the relevant law enforcement agencies.

10. The Corporation has successfully delivered many railway projects which are now providing efficient and safe services to the Hong Kong public every day. The Corporation will continue to ensure that safety and quality are upheld in taking forward the SCL project.