

For information

**NOTE FOR PLANNING, LANDS & WORKS
PANEL OF LEGISLATIVE COUNCIL**

**Supplementary information on
Funding of Land Resumption for West Rail**

INTRODUCTION

The Administration consulted the Planning, Lands and Works Panel on the 1999-2000 funding for the block allocations under the Capital Works Reserve Fund (CWRF) at its meeting held on 10 December 1998. At the meeting, Members enquired whether funding for land acquisition for the West Rail Phase I had been included under CWRF Head 701 subhead 1100CA (compensation and ex-gratia allowances in respect of projects in the Public Works Programme). We undertook to provide supplementary information on this matter to Members.

THE ADMINISTRATION'S RESPONSE

2. Land acquisition and other related costs arising from the implementation of the West Rail Phase I project will be borne by the Kowloon-Canton Railway Corporation (KCRC). Provision for such costs in addition to the construction and financing costs have been included in the total project cost estimate for the West Rail Phase I project. The land acquisition costs are estimated to be \$7.9 billion in Money-of-the-Day prices. The Lands Department considers this base estimate to be reasonable.

3. KCRC's obligation to bear the land acquisition and related costs is set out in Clause 21 of the Project Agreement for the Financing, Design, Construction and Operation of West Rail between the HKSAR Government and the KCRC. A clause by clause explanation of the above project agreement was given to Members vide Finance Committee paper FCR(97-98)97. On 27 February 1998, Finance Committee approved an equity injection of \$29 billion into KCRC for the total cost, including the land acquisition and related costs, of the West Rail Phase I project.

Finance Bureau
December 1998