

For information

**Note for Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways**

**Progress and Financial Situation of
the Construction of the Hong Kong Section of
Guangzhou–Shenzhen–Hong Kong Express Rail Link**

(1st Half-yearly Report for the Period ending 30 June 2010)

INTRODUCTION

This is the first half-yearly report on the construction of the Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link (XRL) project. It reports on the progress of the XRL project from 16 January 2010 to 30 June 2010.

BACKGROUND

2. At the meeting of the Legislative Council Panel on Transport Subcommittee on Matters Relating to Railways (the Railways Subcommittee) on 16 April 2010, the Administration reported on the Government's monitoring mechanism over the implementation of the Hong Kong section of the XRL and made proposal on the scope of the progress report on the project to be submitted to the Railways Subcommittee.

3. Members agreed that the report should be submitted at six-month intervals, with the first report covering the period between 16 January 2010 and 30 June 2010. On the scope of the report, Members agreed that in addition to progress of the works of the Hong Kong section of the XRL, the progress report should cover pre-construction preparatory work and interface issues, and employment opportunities created by the XRL project. At the request of the

Subcommittee, the Administration also agreed to provide in the first report (a) a flow chart on the Government's monitoring mechanism; (b) detailed information on job opportunities created by the XRL project; and (c) information on home visits to the Tai Kok Tsui (TKT) residents and owners.

OVERALL PROGRESS OF THE XRL PROJECT

4. After the Finance Committee of the Legislative Council approved the project funding on 16 January 2010, construction works commenced in late January 2010.

(I) Major Works

5. As of 30 June 2010, 11 major construction contracts¹ have been awarded, making up a total awarded value of \$13.9 billion. They are mainly contracts for the tunneling works (total amount \$11.8 billion) and the construction of the West Kowloon Terminus (total amount \$2.1 billion). Mobilization of the contractors has been progressing satisfactorily. We will offer further contracts for the tunnelling works and the construction of West Kowloon Terminus South in the second half of 2010. The award of contracts will be conducted through open tenders and comply with the provisions of the World Trade Organisation's Agreement on Government Procurement. The lists of major contracts awarded in this reporting period and the award schedule for the next reporting period are shown in **Annex 1**.

6. The overall progress of the key areas of works is summarized below -

- (a) **Railway tunnels** - preparatory work such as hoarding erection, building access ramp and launching shaft at various works sites is progressing smoothly and will continue in the next reporting period to meet the delivery schedule of the tunnel boring machines (TBM) starting from the first quarter of 2011. In general, the progress of tunnel works is satisfactory without major difficulty so far.

¹ Major construction contract means individual contract with value above \$50 million.

- (b) **West Kowloon Terminus (WKT)** – the foundation works, including piling and diaphragm wall works, are progressing on schedule and will continue in the next reporting period. The detailed design of the terminus building is being finalized; and
- (c) **System-wide electrical and mechanical (E&M) works** – scheme design for major systems is being carried out and will continue in the next reporting period. As E&M equipment installation works can only commence when the respective civil structure is ready, it is planned that E&M tenders will be invited in sequence at a later stage.

7. Further details of the progress of works are set out at **Annex 2**. The Government will continue to monitor closely the progress of the XRL project through the monitoring mechanism. As requested by Members at the meeting of the Railways Subcommittee on 16 April 2010, we enclose at **Annex 3** a flowchart on the Government's monitoring mechanism on the construction of the Hong Kong section of the XRL.

(II) Pre-construction preparatory works and interface issues

- (a) Temporary traffic arrangements

8. We consulted the Yau Tsim Mong District Council Traffic and Transport Committee on 4 March 2010 and it had raised no objection to the five-stage temporary traffic management scheme (TTMS) to be implemented in West Kowloon area to facilitate construction of the WKT. Temporary roads will be built before existing roads are closed. The road capacity at West Kowloon will not be reduced at any time during the construction of WKT. The first stage of the TTMS has been activated. No adverse impact on traffic has been observed. A temporary road at Lin Cheung Road has been built and opened to traffic on 11 June 2010 to facilitate the implementation of the second stage of the TTMS in the second half of 2010. Details of the temporary traffic arrangements are set out at **Annex 2**.

(b) Building condition surveys in TKT

9. The Hong Kong section of the XRL tunnel will run through the rock layer deep underground along the original coastline in the TKT district, with the tunnel crown at around 30 meters below ground. Hence part of the underground strata of 19 buildings need to be resumed. Representatives of the Government and the MTRCL have maintained frequent liaison with residents of the affected buildings. To allay the residents' concerns, the MTRCL has prepared a summary of the impact assessment report for distribution to the owners of the affected buildings. Briefing sessions were held from April to May 2010 for the owners and tenants of all the 19 affected buildings to help them correctly understand the content of the report. Details of the liaison with TKT residents are set out at **Annex 4**.

10. We are now conducting condition surveys for the 19 buildings in TKT to record the current conditions of the buildings. The MTRCL has completed the condition surveys for common areas of 16 (out of 19) affected buildings and about 450 individual units. The completed survey reports on the common areas and individual units are being delivered to the respective Incorporated Owners and individual owners. The MTRCL and the Government will continue to liaise closely with the affected Incorporated Owners and households to continue to explain to them the situation of their buildings. Free independent professional service will continue to be provided.

(c) Land resumption in Choi Yuen Tsuen (CYT)

11. The progress is as follows:-

- (i) about 230 CYT households were registered by the deadline on 28 February 2010;
- (ii) out of the 230 registered households, 190 households applied for Special Assistance under the Special Ex-gratia Rehousing Package. We have completed processing all these applications and informed the applicants of the outcome in or before May 2010. Over 75% of the applications were approved. The applicants of the rejected cases failed to meet the relevant criteria (e.g. many have lived in the affected

area for less than 10 years). The ex-gratia cash allowance granted in all the approved cases adds up to about \$72 million;

- (iii) the special sale of surplus flats under the Home Ownership Scheme (HOS) for the affected households of CYT was completed in June 2010 and 35 villagers purchased HOS units;
- (iv) we are processing ex-gratia land compensation for owners residing in CYT, which amounts to about \$160 million. Release of payment started in early June 2010;
- (v) we have almost completed surveying agricultural vegetation and permanent improvements to farm. The ex-gratia allowance for the assessed cases amounts to about \$8 million so far. Release of ex-gratia compensation started in early June 2010;
- (vi) we are arranging some 40 households for rehousing to public rental housing or interim housing. The households which have accepted housing offers have started to move in. We aim to provide offer to the rest in July 2010;
- (vii) We have received about 20 applications for agricultural resite from CYT villagers affected by the land clearance exercise and 10 villagers have been verified as genuine farmers. They have been informed of the outcome. Some villagers have submitted to us preliminary information instead of formal applications. Upon their request, we have conducted preliminary assessment of their eligibility based on materials provided by them, the relevant government records, interviews and farmland inspection. We have informed them of the outcome and the follow up actions required for some cases. Their applications, if submitted, can be processed quickly. We will sympathetically consider their applications and take into account their family farming practice.

Villagers of CYT are gradually moving out from the site affected by land clearance and we will continue to assist the remaining ones. Details of the preparation of the land resumption in CYT are set out at **Annex 2**.

(III) Employment opportunities

12. By end June 2010, about 1 200 construction workers and 250 technical / professional staff members are employed to work on the XRL project. It is estimated that the figures will increase to 1 870 and 670 by the end of the next reporting period respectively. As requested by Members at the meeting of the Railways Subcommittee on 16 April 2010, we set out at **Annex 5** the detailed information on job opportunities created by the XRL project as well as the types of jobs involved.

UPDATED FINANCIAL SITUATION OF THE XRL PROJECT

13. Up to 30 June 2010, the cumulative expenditure for the awarded contracts to date is \$1,517 million. So far, the award of contract is on schedule and within budget. There is no sign of budget overrun or programme delay. There is no contractual claim against the awarded major construction contracts. Details of the financial situation of the XRL project are shown in **Annex 6**. We will continue to encourage tenderers to submit alternative proposals and explore opportunities that can save cost while delivering the same or even better values to the project.

THE NEXT HALF-YEARLY REPORT

14. The next half-yearly report covering the period 1 July 2010 to 31 December 2010 will be issued in January 2011.

Transport and Housing Bureau
July 2010

Annex 1**Major contracts awarded in this reporting period and
award schedule for the next reporting period**Table 1 - List of major contracts awarded in this reporting period

Contract number and title	Date of award	Awarded contract sum (\$ million)
(A) Railway tunnels		
802 – Nam Cheong Property Foundation Removal / Reprovisioning	27 Jan 2010	334
805 – Sham Mong Road Obstruction Removal	27 Jan 2010	160
811A – West Kowloon Terminus Approach Tunnel (North)	3 May 2010	1,040
820 – Mei Lai Road to Hoi Ting Road Tunnels	3 May 2010	3,669
822 – Tse Uk Tsuen to Shek Yam Tunnels	10 Mar 2010	3,235
825 – Mai Po to Ngau Tam Mei Tunnels	27 Jan 2010	1,684
826 – Huanggang to Mai Po Tunnels	10 Mar 2010	1,691
Total amount :		11,813

(B) West Kowloon Terminus		
803A – West Kowloon Terminus Diaphragm Walls (Site A)	27 Jan 2010	461
803B – West Kowloon Terminus Piles (Site A – North)	10 Mar 2010	497
803C – West Kowloon Terminus Piles (Site A – South)	27 Jan 2010	321
803D – West Kowloon Terminus Diaphragm Walls and Piles (West Kowloon Cultural District)	27 Jan 2010	819
Total amount :		2,098
(C) System-wide E&M works		
Nil	--	--

Table 2 – Award schedule for major contracts between 1 July 2010 and 31 December 2010

Contract number and title

(A) Railway tunnels

- 811B – West Kowloon Terminus Approach Tunnel (South)
- 821 – Shek Yam to Mei Lai Road Tunnels
- 823A – Tai Kong Po to Tse Uk Tsuen Tunnels
- 823B – Shek Kong Stabling Sidings & Emergency Rescue Siding
- 824 – Ngau Tam Mei to Tai Kong Po Tunnels

(B) West Kowloon Terminus

- 810B – West Kowloon Terminus Station South

(C) System-wide E&M works

- Nil

Detailed half-yearly progress report of works ending 30 June 2010

Tunnels

To minimise the impact of works on the public, hoarding is being erected around the work site adjacent to Nam Cheong Station before removal of existing pile foundation.

At Shek Yam works area, site formation works for the construction of access ramp to the temporary tunnel adit has commenced.

At Mai Po, construction of diaphragm walls for the launching shaft of the tunnel boring machine (TBM) is in good progress.

Procurement order of the three TBMs for the tunnels between Mainland boundary and Ngau Tam Mei has been placed.

**West Kowloon
Terminus
(WKT)**

Piling and diaphragm wall works have commenced. The works carried out so far are smooth with no major engineering problems. 56 concrete piles (15%), 505 steel piles (16%) and 294 meters diaphragm wall (20%) completed. Preparation of temporary carriageway and laying of utilities are in progress.

**System-wide
E&M works**

Scheme design for the major E&M systems is actively carried out. The target is to complete most of the E&M system design work by mid 2011. Schemes for E&M interfaces between the Hong Kong section and the Mainland section of the XRL have been produced and refined in collaboration with Mainland parties.

**Preparatory
work and
interface issues**

Major temporary traffic measures

Yau Tsim Mong District Council was consulted on 4 March 2010 regarding the five-stage temporary traffic management scheme (TTMS) to be implemented in West Kowloon for the construction of WKT. The District Council had not indicated objection to the proposed diversion.

The first stage has been activated. Minor temporary traffic management schemes have been implemented at Jordan Road and Lin Cheung Road. A section of the Lin Cheung Road western footpath has been converted to temporary carriageway and opened to traffic on 11 June 2010. One of the staircases of the footbridge at north of Jordan Road was closed for demolition on 18 June 2010 to facilitate subsequent utility laying and temporary carriageway construction works. The trial trench across Jordan Road was completed and utility laying works commenced.

The Sham Shui Po District Council and Yau Tsim Mong District Council were consulted on 7 April 2010 and 15 April 2010 respectively on minor temporary traffic management schemes to be implemented commencing from the second quarter of 2010 at various locations along Sham Mong Road in connection with the removal of obstructions to XRL tunnelling works, as well as the establishment of site accesses, modification works and

utilities diversion. The two District Councils did not have any objection to the proposed measures.

We will continue to engage the relevant District Councils in proceeding with various stages of temporary traffic diversion schemes.

Building condition surveys

Details set out at **Annex 4** separately.

Land resumption and clearance

1. **Household registration:** completed on 28 February 2010. About 230 households, comprising around 450 residents, were registered.
2. **Special Assistance under the Special Ex-gratia Rehousing Package (the Special Package):** about 190 applications received and all have been processed. 145 applications were approved. The applicants of the rejected cases failed to meet the criteria of the Special Package (e.g. many have lived in the affected area for less than 10 years). All applicants were informed of the outcome in or before May 2010.
3. **Units under the Home Ownership Scheme (HOS):** 35 villagers have purchased HOS units under the special sale. The special HOS sale for clearerees affected by the XRL project has been completed in June 2010.
4. **Rehousing to public housing:** we are arranging some 40 households to rehouse to public rental housing or interim housing. We aim to provide housing offers in July 2010.

5. **Agricultural resite:** We have received about 20 applications from CYT villagers affected by the land clearance exercise and 10 villagers have been verified as genuine farmers. They have been informed of the outcome. Some villagers have submitted to us preliminary information instead of formal applications. Upon their request, we have conducted preliminary assessment of their eligibility based on materials provided by them, the relevant government records, interviews and farmland inspection. We have informed them of the outcome and the follow up actions required for some cases. Their applications, if submitted, can be processed quickly. We will sympathetically consider their applications and take into account their family farming practice.

6. **Ex-gratia cash allowance (EGCA)**

(a) **EGCA under the Special Package:** added up to about \$72 million. More than half of the successful applicants were offered an EGCA of \$500,000 or above. All offers have been made between February and May 2010. Release of payment started in February 2010.

(b) **EGCA for resuming private land:** EGCA for land owned by villagers residing in Choi Yuen Tsuen amounts to about \$160 million. Offers of EGCA have been made to them. Release of payment started in early June 2010.

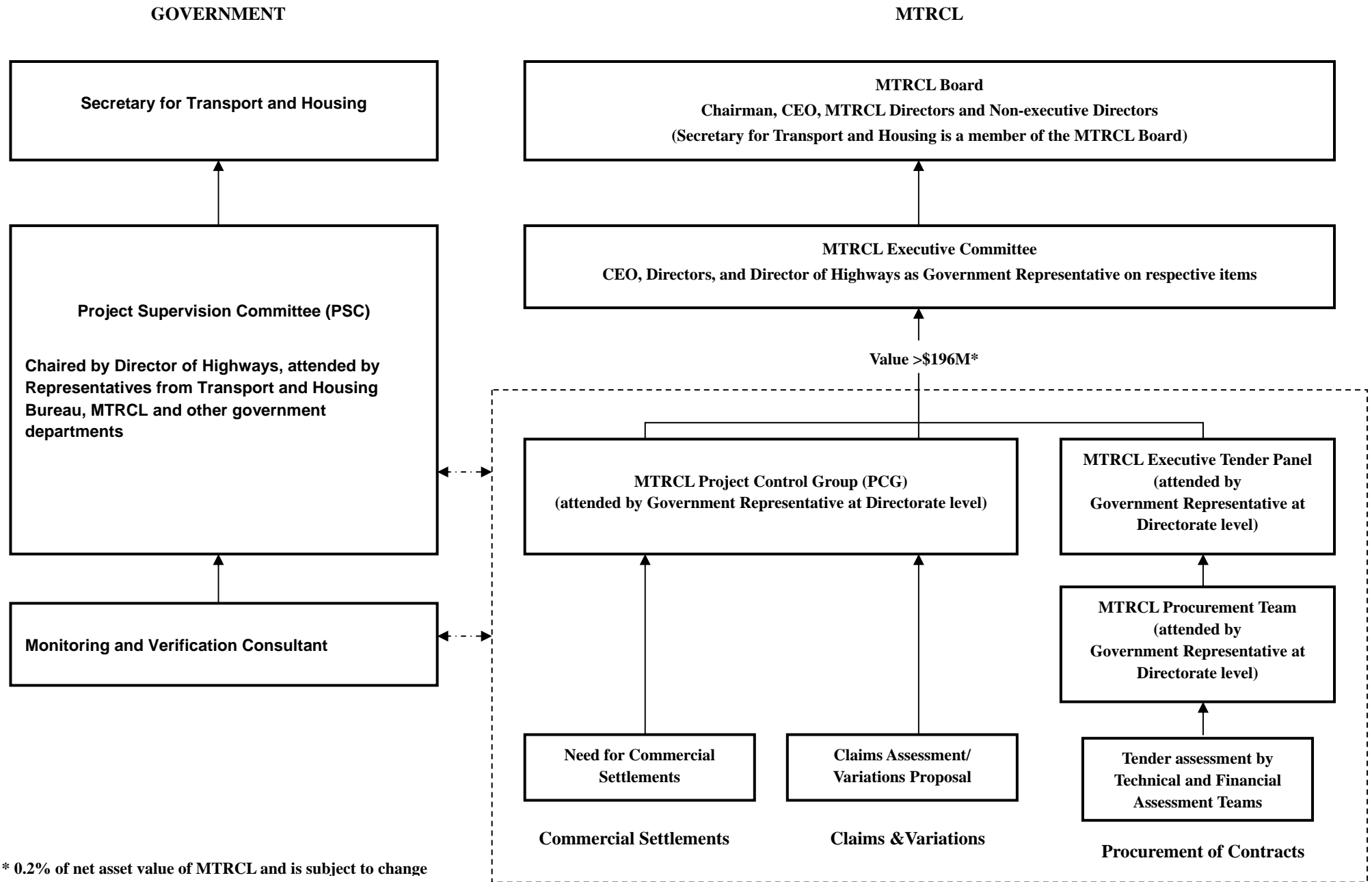
(c) **EGCA for agricultural vegetation or permanent improvements to farms:** the surveying process has made good progress and is expected to be completed in July 2010. The EGCA for the assessed cases so far amounts to about \$8 million. Release of payment

started in early June 2010.

**Employment
Opportunities**

Details set out at **Annex 5** separately.

Flowchart on Government's monitoring mechanism on the construction of the Hong Kong section of the XRL Project



* 0.2% of net asset value of MTRCL and is subject to change

Liaison with Tai Kok Tsui (TKT) residents

The Government and the MTRCL have close and frequent liaison with TKT residents. Since January 2010, there are some 60 meetings of various types, including individual residents' forums, meetings with Incorporated Owners/individual owners, home visits, etc., attended by a total of about 680 TKT residents.

2. At the meetings, residents have been repeatedly assured that the tunnelling works will not undermine the structural integrity of their buildings and that if they have any compensable interest, such as damage to building and loss of re-development potential, they may submit, in accordance with the Railways Ordinance, a claim to the Secretary for Transport and Housing, which can often be settled by mutual agreement and does not necessarily involve judicial proceedings. Reasonable expenses for professional services to prepare the claim may also be reimbursable. We have also undertaken the commitment to conducting site inspection within one working day upon receipt of any damage report, and starting the repair work within seven working days for any damage to building caused by the works of the XRL project. We will conduct re-examination of the respective units during the construction period upon request.

3. To enable direct communication with individuals, and hence ease the residents' concern about the tunnelling works, the MTRCL set up a community ambassador team. An Information Centre was also set up in New Kowloon Plaza, where residents can also obtain useful information such as newsletters and leaflets. The Information Centre has received over 250 visitors and over 200 enquiries by calls since January 2010.

4. Besides, we have consolidated a list of questions frequently asked by residents in our contacts with them. A leaflet responding to these questions will be distributed to all residents of the 19 buildings in July 2010. Roving exhibitions with contents related to the services provided to TKT residents are organized in MTR Olympic Station, the Information Centre at New Kowloon Plaza and in local community centre in TKT.

5. As regards residents' concerns on building safety, we have distributed simplified building impact assessment reports for each of the 19 buildings affected by strata resumption. Briefing sessions on the reports were held for the residents of these buildings in April and May 2010.

6. To protect the rights of both residents and the MTRCL, we are now conducting building condition surveys. Among the 19 buildings affected by strata resumption, condition surveys for respective common areas of the 16 buildings were completed. The surveys for individual units are on going, of which around 450 units have been completed. The survey results on the common areas and individual units are being delivered to the respective Incorporated Owners and individual owners since late June 2010.

7. In addition, professional engineering and surveying services from the Hong Kong Institution of Engineers and three other surveying consultants have been arranged to provide independent advice to TKT residents on building safety and matters concerning compensation under the Railways Ordinance. The first engineering advisory session was conducted on 21 June 2010 for one of the buildings.

Detailed information on job opportunities created by the project

About 1 200 nos. construction workers and 250 nos. technical / professional staff are currently employed for the XRL project by the contractors. They are mainly engaged in the construction works of the West Kowloon Terminus.

2. In the next reporting period from 1 July 2010 to 31 December 2010, we expect that 1 870 nos. construction workers and 670 nos. of technical / professional staff will be employed for the XRL project. It is estimated that the total project manpower figure will gradually increase to the peak of 11 000 nos. in 2013 which includes 9 200 nos. construction workers and 1,800 nos. technical / professional staff.

3. Job opportunities will be created for workers of different skill sets, such as formwork carpenter and steel fixers for concrete works; skilled plant operators and truck drivers for material transportation; electrical, mechanical and architectural fitting out workers for building finishes and facility installation.

4. The MTRCL joined the pledge with Construction Industry Council Training Academy to support their Enhanced Construction Manpower Training Scheme (ECMTS) for encouraging young people to develop their career in the construction industry. It is expected that around 5% of the job opportunities of the XRL project will be taken up by graduates of the ECMTS.

Half-yearly expenditure report ending 30 June 2010

Table 1- Situation of expenditure

	Awarded contract sum for the contracts (\$ million)	Cumulative expenditure (\$ million)	Estimated amount of unresolved claim (\$ million)
Tunnels	11,813	1,073	0
West Kowloon Terminus (WKT)	2,098	444	0
System-wide E&M Works	0	0	0
Total	13,911	1,517	0

Table 2- Situation of substantiated claims

	Claims resolved			Claims unresolved		
	Number	Amount claimed originally (\$ million)	Amount awarded (\$ million)	Number	Amount claimed (\$ million)	Interim award (\$ million)
Tunnels	0	0	0	0	0	0
WKT	0	0	0	0	0	0
System Wide E&M Works	0	0	0	0	0	0
Total	0	0	0	0	0	0