

立法會
Legislative Council

LC Paper No. CB(1)2479/11-12
(These minutes have been seen
by the Administration)

Ref: CB1/PS/1/08/1

Panel on Transport

Subcommittee on Matters Relating to Railways

**Minutes of special meeting on
Friday, 23 March 2012, at 8:30 am
in Conference Room 2 of the Legislative Council Complex**

- Members present** : Hon Miriam LAU Kin-ye, GBS, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LAU Kong-wah, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon WONG Kwok-hing, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon KAM Nai-wai, MH
Hon Starry LEE Wai-king, JP
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon Albert CHAN Wai-yip
- Member attending** : Hon Emily LAU Wai-hing, JP
- Members absent** : Hon CHEUNG Hok-ming, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHAN Hak-kan

Hon Mrs Regina IP LAU Suk-ye, GBS, JP

**Public Officers
attending** : **Agenda item I**

Ms Eva CHENG, GBS, JP
Secretary for Transport and Housing

Ms Maisie CHENG, JP
Deputy Secretary for Transport and Housing
(Transport)1

Mr LAM Sai-hung
Principal Assistant Secretary for Transport and
Housing(Transport)7

Mr LAU Ka-keung
Director of Highways

Mr Henry CHAN
Principal Government Engineer/Railway
Development
Highways Department

Mr Michael LEUNG
Chief Engineer/Railway Development 1-2
Highways Department

Mr Anthony LOO
Assistant Commissioner for Transport/Planning
Transport Department

**Attendance by
invitation** : **Agenda item I**

Mr CHEW Tai-chong
Projects Director
MTR Corporation Limited

Dr Jacob KAM
Operations Director
MTR Corporation Limited

Mr Philco WONG
General Manager – SCL
MTR Corporation Limited

Ms Maggie SO
Deputy General Manager – Projects and Property
Communications
MTR Corporation Limited

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (1)2

Staff in attendance : Mr Franco KWONG
Council Secretary (1)2

Ms Emily LIU
Legislative Assistant (1)2

Action

- I Funding application for the Shatin to Central Link project**
- | | |
|-----------------------------------|--|
| (LC Paper No. CB(1)1326/11-12(01) | - Administration's paper entitled "Shatin to Central Link – Funding application for the main works" |
| LC Paper No. CB(1)1340/11-12(01) | - Administration's supplementary information paper on issues raised by the Subcommittee at its meeting on 2 March 2012 |
| LC Paper No. CB(1)1327/11-12 | - Updated background brief entitled "Shatin to Central Link" prepared by the Legislative Council Secretariat) |

The Subcommittee deliberated (Index of proceedings attached in **Annex**).

Action

2. Ms Starry LEE declared that she owned properties along the alignment of SCL. Mr Jeffrey LAM declared that he was an independent non-executive director of a construction company. Ir Dr Raymond HO declared that he was an independent non-executive director of an engineering company.

3. With the aid of Powerpoint presentation, the Administration and representatives of the MTR Corporation Limited (MTRCL) briefed the Subcommittee on the funding applications for the construction of the remaining Shatin to Central Link (SCL) main works (both railway works and non-railway works) which amounted to \$57.3 billion (in September 2011 prices). Including the approved funding for the advance works and protection works, the overall construction cost for SCL was estimated at \$64.9 billion (in September 2011 prices).

4. The Subcommittee examined the reasons for the upsurge in the estimated construction cost and the project management cost (PMC) payable by the Government to MTRCL. The Subcommittee noted that the PMC for the entire SCL project (including the advance works and the main works) was adjusted downwards from the provisional assumption of 16.5% to 10.5% of the total construction cost estimate including contingencies for all the works entrusted to MTRCL. Some members asked whether there was room to further adjust downward the PMC rate. Mr Andrew CHENG suggested that a sliding scale be introduced for determining PMC such that the higher the construction cost, the lower should be the rate of PMC. The Administration was requested to consider the suggestion.

5. Ms Starry LEE urged the Administration to consider adding a pedestrian subway from Ma Tau Wai Station to the east of To Kwa Wan Road as requested by residents concerned.

Admin/
MTRCL

6. At the request of the Subcommittee, the Administration/MTRCL agreed to provide supplementary information on the following –

- (a) details of the estimation and calculation of PMC; and the impact on the SCL construction works if the PMC rate was further adjusted downward from 10.5% to 7.5%;
- (b) changes in the carrying capacity of the East Rail Line (ERL) after the replacement of 12-car trains with nine-car trains to support the MTRCL's claim that the overcrowding condition of ERL (in particular the section between Tai Wai and Lo Wu/Lok Ma Chau) would not be aggravated;

Action

- (c) calculation of concession payment payable by MTRCL under the service concession approach for financing the SCL project, and treatment of non-fare revenue of SCL;
- (d) planning parameters for topside development above SCL stations;
- (e) installation of facilities in SCL for passengers to listen to digital broadcasting;
- (f) estimated costs of art work in SCL stations;
- (g) provision of public toilets in SCL stations; and
- (h) the proposals raised by the District Councils and the public on the design and proposed facilities of the SCL project, as well as the Administration's responses to those proposals.

(Post-meeting note: The supplementary information provided by the Administration (LC Paper No. CB(1)1434/11-12(01)) was issued on 29 March 2012.)

7. Subcommittee members agreed to hold another meeting to further discuss the funding application for the SCL project.

(Post-meeting note: The special meeting was subsequently arranged to be held on 30 March 2012 at 8:30 am.)

II Any other business

8. There being no other business, the meeting ended at 10:43 am.

Council Business Division 1
Legislative Council Secretariat
20 August 2012

Panel on Transport

Subcommittee on Matters Relating to Railways

Proceedings of the special meeting on Friday, 23 March 2012, at 8:30 am in Conference Room 2 of the Legislative Council Complex

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Funding application for the Shatin to Central Link project			
000210 – 002400	Chairman Administration MTRCL	Briefing and powerpoint presentation by the Administration and MTR Corporation Limited (MTRCL) (LC Paper No. CB(1)1326/11-12(01)).	
002401 – 003226	Chairman Mr WONG Sing-chi Administration	<p>Mr WONG Sing-chi expressed concerns on the high construction cost of the Shatin to Central Link (SCL) project and whether the construction cost would be passed on to passengers through fare increase. He also enquired whether there was room to further adjust downward the rate of project management cost (PMC).</p> <p>The Administration's response –</p> <p>(a) the scale of SCL project was enormous, which was a 17 km railway line with 10 stations. Of these, six would be interchange stations. The project was very complicated as a majority part of it would go through a number of densely populated urban districts and involve a number of reprovisioning and improvement works;</p> <p>(b) construction prices had surged rapidly since 2007. The latest estimate on the construction cost of SCL reflected an overall escalation of the project cost of some 47% between 2007 and 2011;</p> <p>(c) PMC was mainly for meeting the salaries of the staff employed for SCL project. During the construction period, MTRCL needed a large number of resident site staff (over 1 000 personnel during the period of peak demand) to discharge the responsibilities of site supervision and management of some 100 contracts; and</p> <p>(d) the independent consultant commissioned by the Administration considered the rate of PMC reasonable. The Administration agreed to provide supplementary information on the</p>	The Administration /MTRCL to provide information (para 6 of the minutes)

Time marker	Speaker	Subject(s)	Action required
		calculation of PMC.	
003227 – 004005	Chairman Ms Starry LEE Administration	<p>Ms Starry LEE's declaration of interest and enquiries on whether it was possible –</p> <ul style="list-style-type: none"> (a) to advance the completion of the construction works for the Hung Hom to Admiralty section to 2018; (b) to add a pedestrian subway from Ma Tau Wai Station to the east of To Kwa Wan Road; and (c) to further adjust downward the PMC rate. <p>The Administration's response –</p> <ul style="list-style-type: none"> (a) as the Hung Hom to Admiralty section involved a cross-harbour section, it was more complicated in construction. The SCL construction works also needed to match the timetables of other large-scale infrastructure projects (the Central – Wan Chai Bypass and the Wan Chai Development Phase II projects) in order to reduce the extents of works site and reclamation area. There was little room for advancing the targeted completion date; (b) from the traffic point of view, the proposal of adding pedestrian subway from Ma Tau Wai Station to the east of To Kwa Wan Road would reduce vehicle-pedestrian conflicts and enhance traffic safety. However, construction of the pedestrian subway would require partial closure of nearby major roads, hereby posing serious impact to the traffic and ground floor shops in the district. After the commencement of SCL construction works, it would carry out further study and consultation on the proposed subway; and (c) in estimating the total amount of PMC, the independent consultant assessed the actual need of manpower resources relating to the site supervision and management. The detailed breakdowns of PMC were – <ul style="list-style-type: none"> (i) staff deployed for construction supervision – 80%; 	

Time marker	Speaker	Subject(s)	Action required
		<p>(ii) staff deployed for contract management and supports – 15%; and</p> <p>(iii) staff deployed for other supports – 5%.</p>	
004006 – 004554	Chairman Mr Jeffery LAM Administration	<p>Mr Jeffery LAM's declaration of interest, views and enquiries –</p> <p>(a) the SCL construction works should commence as soon as possible, otherwise the construction cost might be higher due to the inflation;</p> <p>(b) when carrying out the construction works at densely populated old districts, necessary measures should be taken to reduce the nuisance to the residents; and</p> <p>(c) the detailed breakdowns of the design changes.</p> <p>The Administration's response –</p> <p>(a) after careful cost control through extensive efforts to strive for enhancing and streamlining the design, the overall construction cost stood at about \$65 billion, despite the overall escalation of the project cost of some 47% from 2007 to 2011; and</p> <p>(b) enclosure 9 of the relevant draft PWSC paper provided the detailed breakdown of the design changes.</p>	
004555 – 005440	Chairman Ms LI Fung-ying Administration MTRCL	<p>Ms LI Fung-ying's views –</p> <p>(a) MTRCL should improve station facilities, train frequency and the overcrowded conditions at station concourses; and</p> <p>(b) MTRCL should give priority to local workers in its recruitment for the SCL project. Consideration should be given to incorporating specific terms into the works contracts to this effect. Adequate training for local workers should also be provided.</p> <p>The Administration and MTRCL's response –</p> <p>(a) upon commissioning of SCL, two strategic railway corridors, namely "East West Corridor" and "North South Corridor", would be formed</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>to help diverting passenger flow. The facilities of interchange stations would be enhanced and the train frequency would also be increased;</p> <p>(b) MTRCL would take measures, such as conducting regular inspections and making public announcements, to ensure smooth passenger circulation inside MTR stations; and</p> <p>(c) MTRCL had all along liaised closely with worker unions, Hong Kong Contractors Association and Hong Kong Construction Industry Council on matters of recruitment and training of local workers. MTRCL currently employed over 6,000 construction workers. Most of them were local workers. During the construction peak period of SCL project, the MTRCL would employ over 17,000 local construction workers. It would also stipulate in contracts to require all contractors to provide necessary training to young workers.</p>	
005441 – 010403	Chairman Mr Andrew CHENG Administration	<p>Mr Andrew CHENG suggested introducing a sliding scale for determining PMC. The higher the construction cost, the lower should be the PMC rate. It was reasonable to set the PMC rates of projects of \$30 billion at 16.5%, \$50 billion at 10.5% and \$80 billion at 7.5%.</p> <p>The Administration responded that it was not feasible to apply a fixed percentage of the construction cost for determining PMC. The Administration further explained the complexity of the SCL project and calculation of PMC.</p> <p>Mr CHENG requested the Administration to provide supplementary information to explain the impact on implementation of the project if the PMC rate was further reduced.</p>	The Administration /MTRCL to provide information (para 6 of the minutes)
010404 – 011320	Chairman Ir Dr Raymond HO Administration	<p>Ir Dr Raymond HO's declaration of interest, views and enquiries –</p> <p>(a) comparison of construction costs of the SCL project and other railway projects, such as Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) calculation of the economic internal rate of return (EIRR).</p> <p>The Administration's response –</p> <p>(a) reference had been drawn from the latest construction price trends. The prices of the works of stations/depot/ventilation buildings, tunnels, building services and rolling stock (electrical and mechanical) increased by about 59%, 26%, 55% and 55% respectively from 2007 to 2011. The overall escalation of project cost was some 47%;</p> <p>(b) it was infeasible to compare the cost of SCL project with that of XRL project directly, because the complexity and scope of works were different; and</p> <p>(c) EIRR mainly measured the saving in travelling time for the public.</p>	
011321 – 012209	Chairman Ms Emily LAU Administration MTRCL	<p>Ms Emily LAU's views and enquiries –</p> <p>(a) railway service should be improved. Public toilets, radio reception systems and barrier-free facilities should be provided at SCL stations. MTRCL should comply with the up-to-date standards for the provision of sanitary fitments in female toilets;</p> <p>(b) the PMC rate should be further adjusted downward. The tendering process should be transparent, fair and impartial; and</p> <p>(c) whether pedestrian connection facilities between Hin Keng Estate shopping centre and Hin Keng Station would be provided.</p> <p>The Administration and MTRCL's response –</p> <p>(a) the Administration assured members that the tendering process would comply with the relevant World Trade Organization's requirements;</p> <p>(b) the train frequency of Tsuen Wan Line had been increased and flexible arrangements would be made to deploy more trains to serve passengers at busy stations during peak hours;</p>	

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		<p>(c) MTRCL and related service operators had carried out testing of digital broadcasting in railway network, but the result was not satisfactory. It would continue with the relevant test and study;</p> <p>(d) in the design of pedestrian connection facilities, some objective factors would be considered, including traffic conditions, existing pedestrian network, pedestrian flow, geographical environment, etc. Between Hin Keng Estate shopping centre and Hin Keng Station, there were at-grade pedestrian walkway system and crossing facilities; and</p> <p>(e) public toilets would be provided in SCL stations. Consideration would be given to enhancing the provision of sanitary fitments in female toilets.</p>	
012210 – 012950	Chairman Mr KAM Nai-wai Administration	<p>Mr KAM Nai-wai's enquiries –</p> <p>(a) the proposals raised by the District Councils and the public in respect of the SCL project, as well as the calculation of concession payment;</p> <p>(b) for the sake of clarity, the Administration should consider changing the name of SCL to "Shatin to Admiralty Link"; and</p> <p>(c) whether SCL would interchange with the proposed monorail system in Kai Tak Development Area.</p> <p>The Administration's response –</p> <p>(a) the name of SCL had been widely accepted by the public;</p> <p>(b) the concession payment was based on the revenue due to SCL, which was difference in the total revenues of the entire railway network with and without the commissioning of SCL. According to the operating agreement, 90% of the profits from SCL should be payable to Kowloon Canton Railway Corporation and the remaining 10% was regarded as the management fee to the MTRCL. During the 50-year operation period, the estimated concession payment was about \$88 billion;</p>	The Administration /MTRCL to provide information (para 6 of the minutes)

Time marker	Speaker	Subject(s)	Action required
		(c) an adjacent site of Kai Tak Station of SCL had been earmarked for interchange facilities with the future monorail station.	
012951 – 013604	Chairman Mr WONG Kwok-hing Administration	<p>Mr WONG Kwok-hing enquired whether the high construction cost of SCL would affect the fare level. He also enquired about the MTRCL's profits derived from topside developments of SCL stations.</p> <p>The Administration's response –</p> <p>(a) there was an established fare adjustment mechanism and the construction cost would not affect the fare level; and</p> <p>(b) the Administration agreed to provide the information on the planning parameters for topside developments above SCL stations.</p>	The Administration /MTRCL to provide information (para 6 of the minutes)
013605 – 014340	Chairman Mr Albert CHAN Administration	<p>Mr Albert CHAN's concern about the service concession approach which in his view might result in the lack of competition and have led to high construction cost of SCL. His enquiry about the estimated cost of art work in SCL stations.</p> <p>The Administration's response was that competition would be ensured through the open tendering process and it agreed to provide information on art work in SCL stations.</p>	The Administration /MTRCL to provide information (para 6 of the minutes)
014341 – 015144	Chairman Mr IP Wai-ming Administration	<p>Mr IP Wai-ming's views and enquiries –</p> <p>(a) having regard to the huge profit earned by MTRCL and the anticipated profit to be generated from SCL upon commissioning, the MTRCL should voluntarily reduce the PMC rate; and</p> <p>(b) MTRCL should increase the provision of female toilet facilities in its stations and improve overcrowded conditions of station concourses.</p> <p>The Administration's response –</p> <p>(a) the new stations would provide public toilets and consideration would be given to increasing the provision of female toilets; and</p>	

Time marker	Speaker	Subject(s)	Action required
		(b) the PMC rate and the calculation mechanism of concession payment in the current service concession agreement were further explained.	
015145 – 015845	Chairman Miss Tanya CHAN Administration	<p>Miss Tanya CHAN's enquiries –</p> <p>(a) whether the trees felled due to the SCL construction would be reused; and</p> <p>(b) whether the relevant reprovisioning works of culverts would adversely affect the traffic conditions at Fleming Road and Fenwick Pier Street.</p> <p>The Administration's response –</p> <p>(a) the trees felled could be chipped to produce a mulch that could be used on planting beds; and</p> <p>(b) during the reprovisioning of culverts, it would make use of the lands generated from the Wan Chai Development Phase II Project and the reprovisioning of public transport interchange at Wanchai North to implement traffic diversion measures at Fleming Road and Fenwick Pier Street.</p>	
015846 – 020553	Chairman Mr LAU Kong-wah Administration	<p>Mr LAU Kong-wah expressed concerns on the high PMC rate; and the impact on carrying capacity of the East Rail Line (ERL) after the replacement of 12-car trains with nine-car trains.</p> <p>The Administration and MTRCL explained that when nine-car trains were used, the train frequency would be increased. Therefore, the overall capacity would not be affected. The population growth and anticipated cross-boundary passenger growth had been taken into consideration. Upon commissioning of SCL, about 23% of the passengers of ERL and the Ma On Shan Line would use the East West Corridor for Kowloon East and Hong Kong East, which could help diverting the passenger flow on ERL.</p> <p>Mr LAU enquired whether the train capacity of the section north of Tai Wai Station could meet the passenger demands. The Administration/MTRCL agreed to provide supplementary information.</p>	The Administration /MTRCL to provide information (para 6 of the minutes)

Time marker	Speaker	Subject(s)	Action required
020554 – 021308	Chairman Mr LEUNG Kwok-hung Administration	In response to Mr LEUNG Kwok-hung's enquiry, the Administration advised that it had conducted a thorough public consultation on SCL project, including organizing roving exhibitions in various districts.	
021309 – 021745	Chairman Mr Albert CHAN Mr Wong Sing-chi Ms Emily LAU Mr LAU Kong-wah	Mr WONG Sing-chi requested the Administration to provide supplementary information on the non-fare revenue to be generated from SCL, such as the rental income of shops in stations. Members agreed to hold another meeting to discuss the funding application for SCL.	The Administration /MTRCL to provide information (para 6 of the minutes)