Panel on Transport

Subcommittee on Matters Relating to Railways
Special meeting on 23 March 2012

Updated background brief on Shatin to Central Link

Purpose

This paper provides background information on the Shatin to Central Link (SCL) project and summarizes the major concerns expressed by the Subcommittee on Matters Relating to Railways (the Subcommittee) at its previous discussions on the project.

Shatin to Central Link

2 SCL consists of two parts –

(a) **Tai Wai to Hung Hom Section**: this is the extension of Ma On Shan Line from Tai Wai to Hung Hom, via Southeast Kowloon and connects to the West Rail Line. It will increase the Shatin-Kowloon rail capacity and provide railway service to the new developments in Southeast Kowloon; and

(b) **Hung Hom to Admiralty Section**: this is an extension of the existing East Rail Line from Hung Hom across the Harbour to Hong Kong Island. It can interchange with the Tai Wai to Hung Hom Section at Hung Hom. It will increase the cross-harbour rail capacity and enhance the connectivity
between the New Territories and Hong Kong Island.

The proposed alignment plan is in Appendix I.

3. In March 2008, the Executive Council decided to proceed with the implementation of the SCL project using the “concession approach”. While the Government is responsible for the construction costs of SCL, the MTR Corporation Limited (MTRCL) is entrusted with the planning and design of the project. Upon completion of the construction, MTRCL will be granted a service concession for the operation of the railway line while the Government will receive a service concession payment annually.

4. The Finance Committee (FC) approved the funding for the design and site investigation works of SCL in July 2008. The Administration has carried out the preliminary design in parallel with public consultation for SCL since late 2008. The SCL scheme was subsequently gazetted on 26 November 2010 and the statutory consultation process also commenced. Taking into consideration public concerns, amendments to the scheme were gazetted on 15 July and 11 November 2011 respectively. According to the Administration, the major public concerns on the SCL project cover the following issues –

   (a) ventilation facilities and emergency accesses;

   (b) temporary works site and construction facilities;

   (c) station entrances and pedestrian links with nearby areas;

   (d) resumption of underground strata;

   (e) proposed stabling siding; and

   (f) conservation of historical structures at former Tai Hom Village.

5. With a view to commencing the SCL construction works in 2012, the Administration submitted the following funding applications to the FC in February 2011 for approval -

   (a) the construction of the advance railway works of SCL at the Admiralty Station and Ho Man Tin Station (at an estimated
cost of $6,254.9 million in money-of-the-day (MOD) prices); and

(b) the construction of the advance non-railway works of SCL (at an estimated cost of $1,448.2 million in MOD prices).

The funding applications were approved by FC at its meeting on 18 February 2011. The construction works for the Tai Wai to Hung Hom Section are expected to be completed in 2018, whereas the Hung Hom to Admiralty Section is expected to be completed by 2020.

Major views and concerns expressed by the Subcommittee

Discussion on the SCL scheme

6. The Subcommittee discussed the SCL scheme at its meetings on 16 July 2007, 27 March 2008 and 31 March 2009, including meeting with deputations on the scheme. A summary of the views expressed by the deputations at the meeting held on 31 March 2009 and the Administration's response was issued vide LC Paper No. CB(1)2045/08-09(01) for members' reference.

7. When the Administration briefed the Subcommittee on the progress of the SCL project on 16 July 2007, members expressed the following views and concerns -

(a) Funding arrangement

Members were concerned that the Government would be required to provide funding support, either in the form of capital grant or granting property development rights, to the railway corporation for taking forward the SCL project. Some members considered that as the Kowloon-Canton Railway Corporation had previously undertaken to finance the whole project itself, there was no need for the Government to provide financial support to MTRCL for the SCL project.
(b) Implementation of SCL

SCL should be implemented expeditiously in one go rather than in phases in order to satisfy the transport needs of the public.

(c) Alignment of SCL

The Administration should give justifications for removing the proposed underground station at Tsz Wan Shan and provide a concrete proposal for provision of railway services for residents in Whampoa and Tsz Wan Shan areas.

(d) Proposed Diamond Hill Depot

The Administration should review the need for building a SCL depot at Diamond Hill in view of the availability of two depots at Kowloon Bay and Tai Wai, and the impact on the environment of the surrounding area and on the heritage in the vicinity.

(e) Causeway Bay North Station

The Causeway Bay North Station should be retained so as to cater for the growing transport needs of passengers.

(f) Central South Station

The Central South Station should be built in one go under the project.

(g) Kai Tak Station

There should be pedestrian's links between the Kai Tak Station and the old Kowloon City area.

8. The Administration was requested to provide information regarding the existing capacity and usage of the depots in Kowloon Bay and Tai Wai, and the justifications for building an additional depot at Diamond Hill. The Administration was also requested to consult the relevant district councils and local communities in planning and implementing the SCL project. Furthermore, MTRCL was requested to
provide a time-table for the construction of the Kwun Tong Line Extension connecting the Whampoa area, and to reconsider the need for providing a railway link to Tsz Wan Shan.

9. The Subcommittee also noted that other public transport trades had concerns about the impact of the implementation of SCL on their business.

10. The Subcommittee was consulted on the funding proposal to cover the design and site investigation of the proposed SCL project at its meeting on 27 March 2008. Members expressed the following views and concerns -

(a) **Funding arrangement**

Some members expressed concern about the determination of payment for the service concession and the sharing ratio of actual revenue generated from SCL between the Government and MTRCL.

(b) **Policy on funding support for railway projects**

Some members were concerned about the Government's inconsistency in its policy for funding railway projects, e.g. the Government adopted the "concession approach" in building SCL, whereas it provided financial support, in the form of property development rights, to MTRCL to fill the funding gap for the construction of South Island Line.

(c) **SCL depot at Diamond Hill**

Some members were concerned that the property development above the SCL depot at Diamond Hill would create a wall effect to the nearby residents, and the depot might cause noise nuisance to the residents and damage to the heritage structures in the vicinity. Some members queried why the SCL depot had to be built on such a large area of about 7.2 hectares, affecting the three heritage items in the area.
(d) Provision of stations

The Subcommittee was gravely concerned about the deferral of the construction of Central South Station, and the deletion of Tsz Wan Shan Station and Causeway Bay North Station under the SCL project. The Subcommittee urged the Administration to enhance the pedestrian facilities and public transport services to improve the traffic condition in Tsz Wan Shan and to provide adequate transport connections between Tsz Wan Shan and the rail corridors.

(e) Implementation schedule of the project

Some members urged the Government to speed up the planning and delivery of SCL for completion of the two sections of SCL before 2015 and 2019 respectively. It was also suggested that the two sections (i.e. Tai Wai to Hung Hom section and the cross harbour section) should be built in one go.

11. When the SCL project was further discussed at the Subcommittee meeting on 31 March 2009, members expressed the following major concerns on the SCL project -

(a) Phased approach for implementation of SCL

Some members considered that the construction of SCL should not be undertaken in two phases, resulting in a gap of four years and which might cause a bottleneck to be formed at Hung Hom Station. The Administration explained that the different timing of completion, i.e. Tai Wai to Hung Hom Section scheduled to be completed in 2015 while the remaining section in 2019, would be unavoidable as the latter part which involved a cross-harbour section was more complicated in construction.

(b) Enhancing pedestrian connectivity

Some members considered that the pedestrian facilities in Tsz Wan Shan should be improved to facilitate residents' access to Diamond Hill Station, since the provision of a Tsz Wan Shan Station had been confirmed to be not feasible.
The Administration advised that it had worked out some detailed proposals regarding the footbridge system in the Tsz Wan Shan area and undertook that the local communities would be consulted on the proposals.

(c) Preservation of three graded heritage items at the former Tai Hom Village site

The Subcommittee noted that one major issue of concern to the public was the planned development above the SCL depot at the former Tai Hom Village site and how the three graded heritage items\(^1\) there would be preserved. The Administration advised that it was conducting a detailed study to see how these built heritages might integrate with the future development above the SCL depot and nearby. The Administration undertook to further consult Wong Tai Sin District Council on the matter.

(d) Location of To Kwa Wan Station

Some members enquired about the Administration's consideration of residents' request for provision of To Kwa Wan Station in the vicinity of Sung Wong Toi Garden. The Administration advised that MTRCL was still studying and planning the alignment and station locations of SCL, and it would consider the request. MTRCL agreed that locations of the station entrances should be user-oriented as far as possible with a view to providing convenient pedestrian connection with residential areas nearby.

Discussion on funding applications relating to the SCL project and its progress update

12. The Administration and MTRCL briefed the Subcommittee on the progress of the SCL project at its meeting on 4 November 2010, and consulted the Subcommittee at its meetings on 6 December 2010 and 7 January 2011 on a funding application for the advance railway works and non-railway works of SCL. The Administration proposed to expand the Admiralty Station into an integrated station by constructing the SCL and South Island Line (East) (SIL(E)) works concurrently, and to build the

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\(^1\) The three graded heritage items are, namely the Old Pillbox, the Former Royal Airforce Hangar and the Stone House.
new Ho Man Tin Station as an integrated station for passengers of SCL and Kwun Tong Line Extension (KTE) to interchange. In order to tie in with the implementation programme of SIL(E), which was scheduled to commence works in 2011 for completion in 2015, the SCL portion of Admiralty Station had to be constructed in advance of other SCL works. Similarly, the Ho Man Tin Station also had to be constructed in advance of other SCL works to tie in with the implementation programme of KTE, which was scheduled to commence in 2011 for completion in 2015. The advance non-railway works of the project included reprovisioning of the International Mail Centre at Hung Hom and reprovisioning works at Harcourt Garden and Hong Kong Park. Subcommittee members expressed the following major concerns –

(a) **On-cost payment by the Government to MTRCL**

Subcommittee members noted that the rate of the on-cost payment was proposed to be 16.5% of the actual expenditure of the works undertaken. Some members were concerned about the substantial amount of money involved for the on-cost payment, which was estimated to be $10 billion. The Administration explained that the percentage was adopted with reference to an agreement made in 2003 between the Government and MTRCL, which provided that if MTRCL was entrusted with civil engineering projects, an amount at 16.5% of the works undertaken would be payable to MTRCL as the on-cost for the design, construction supervision, contract administration and the relevant insurance premium of the project. The Administration would further seek independent consultancy advice in assessing the reasonableness of the on-cost rate for the SCL project. Since the audit conducted by the independent consultant would only be completed in 2012, the Administration had adopted the 16.5% on-cost rate for calculating the on-cost on a provisional basis. The Administration advised that it would adjust the on-cost rate when it sought funding approval from FC for the SCL remaining railway and non-railway works in 2012 in the light of the final on-cost rate for the project.
(b) **Location of the To Kwa Wan Station**

Subcommittee members expressed concern about the changed location of the To Kwa Wan Station. The Administration explained that the railway catchment under the amended railway alignment would cover the more densely populated areas in To Kwa Wan and Kowloon City, thereby offering advantages for renewal of these areas.

13. At its meeting on 2 March 2012, the Subcommittee received a progress report on SCL project. The Subcommittee noted that the Administration was at the final stage of getting authorization of the SCL scheme under the Railways Ordinance (Cap 519). Subcommittee members expressed the following major concerns -

(a) **Cost estimate of the SCL main works**

Noting that the Administration had informed FC in February 2011 that the cost for the entire SCL project would be over $60 billion in September 2009 prices, the Subcommittee expressed concern as to whether there would be an upsurge in cost as a result of inflation and increases in construction costs. The Administration advised that according to the latest cost estimate, it was expected not to exceed $70 billion in September 2011 prices, notwithstanding the delay caused to the Environmental Impact Assessment (EIA) Reports of SCL by the judicial review case regarding the EIA Reports of the Hong Kong-Zhuhai-Macao Bridge local projects.

(b) **Implementation schedule**

The Subcommittee enquired whether it was possible to advance the completion of the construction works for the Hung Hom to Admiralty section to 2018 so as to improve the crowded situation of cross-harbour traffic. The Administration, however, advised that given the complexity of the construction works involved, it did not see room for advancing the targeted completed date.
Latest developments

14. The Administration has planned to consult the Subcommittee on a funding application for the SCL project at the special meeting on 23 March 2012.

Relevant papers

15. A list of relevant papers is at Appendix II.

Council Business Division 1
Legislative Council Secretariat
19 March 2012
## Appendix II

### Shatin to Central Link

#### List of relevant papers

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<thead>
<tr>
<th>Date of meeting</th>
<th>Committee</th>
<th>Minutes/Paper</th>
<th>LC Paper No.</th>
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<tr>
<td></td>
<td></td>
<td>Administration's paper on funding application for the design of the Shatin to Central Link</td>
<td>CB(1)1036/07-08(03) <a href="http://www.legco.gov.hk/yr07-08/english/panels/tp/tp_rdp/papers/tp_rdp0327cb1-1036-3-e.pdf">http://www.legco.gov.hk/yr07-08/english/panels/tp/tp_rdp/papers/tp_rdp0327cb1-1036-3-e.pdf</a></td>
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<td>18 November 2009</td>
<td>Council meeting</td>
<td>Hon James TO raised a question on the construction of Shatin to Central Link railway in the Kai Tak Development Area</td>
<td><a href="http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1028-translate-e.pdf">http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1028-translate-e.pdf</a></td>
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<td>20 January 2010</td>
<td>Council meeting</td>
<td>Hon Mrs Regina IP raised a question on the temporary supporting facilities of Shatin to Central Link</td>
<td><a href="http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1118-translate-e.pdf">http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm1118-translate-e.pdf</a></td>
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<td>Hon Starry LEE raised a question on the temporary works area of Shatin to Central Link</td>
<td><a href="http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0120-translate-e.pdf">http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0120-translate-e.pdf</a></td>
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<td>Minutes of meeting</td>
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<td>18 May 2011</td>
<td>Council meeting</td>
<td>Hon Starry LEE raised a question on the impact on various railway projects due to recent court judgement on environmental impact assessment</td>
<td><a href="http://www.info.gov.hk/gia/general/201105/18/P201105180192.htm">Link</a></td>
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<td>6 July 2011</td>
<td>Council meeting</td>
<td>Hon CHAN Hak-kan raised a question on the programme for Shatin to Central Link project</td>
<td><a href="http://www.info.gov.hk/gia/general/201107/06/P201107060194.htm">Link</a></td>
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<td>2 March 2012</td>
<td>Subcommittee on Matters Relating to Railways</td>
<td>Administration's paper on progress of the Shatin to Central Link</td>
<td>CB(1)1154/11-12(03) <a href="http://www.legco.gov.hk/yr11-12/english/panels/tp/tp_rdp/papers/tp_rdp0302cb1-1154-3-e.pdf">Link</a></td>
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