

(Translation)

For Information
June 2013

Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways

Claims on and Signalling System for
Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link

PURPOSE

This paper provides the Subcommittee on Matters Relating to Railways of the Legislative Council with supplementary information on claims arising from the project of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), as well as an overview of the XRL signalling system.

CLAIMS ARISING FROM THE XRL PROJECT

2. All major contracts¹ for civil, electrical and mechanical works have been awarded. As at 31 May 2013, the cumulative expenditures were \$27.768 billion and the MTR Corporation Limited (MTRCL) had received 426 substantiated claims², with the amount claimed totalling \$7.464 billion, representing 16.7% of the total awarded contract sum of \$44.81 billion. Among these claims, 97 cases have been resolved and \$1.049 billion has been awarded. Subject to the situation of individual contracts and progress of claims assessment, interim award amounting to about \$387 million has been made for some unresolved cases.

3. The MTRCL is reviewing with the contractors concerned the details of claims submitted, and will thoroughly assess the amount claimed. The substantiated claims mentioned above are made on various grounds, including unexpected ground conditions, design co-ordination and changes, inclement weather and delay caused by external factors, etc. The relevant information is set out in Table 1 and Table 2.

¹ Major contract refers to any individual contract with a value of over \$50 million.

² Some contractors have not specified the amount they claimed.

XRL SIGNALLING SYSTEM

4. As the XRL will connect to the Mainland high speed rail network, the signalling system used must fully comply with the specifications of the Chinese Train Control System³ (CTCS). For safety-critical systems, such as the XRL signalling system, the MTRCL will closely monitor the production process and introduce control measures at different stages of the process to ensure that the end products fully comply with international safety standards and national requirements.

5. The procurement of the XRL signalling system was conducted in compliance with the Agreement on Government Procurement of the World Trade Organisation. In considering the tenders, the MTRCL has commissioned international experts for independent assessment. The Highways Department (HyD) also took part in the tender assessment.

6. At the design and production stages of the safety-critical systems, the MTRCL will commission international experts as independent safety assessors to conduct random checks of design details. During the production process, the MTRCL staff will also visit the manufacturing plants for inspection of production processes and random checks. In addition, the HyD and the Electrical and Mechanical Services Department will scrutinise the design of the XRL signalling system to ensure safe rail operation.

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³ The specifications are drawn up with reference to the European Train Control System (ETCS) and the safety requirements for CTCS and ETCS are fully compatible.

Table 1

**Substantiated Claims
by Grounds of Claim (as at 31 May 2013)**

	Claims Resolved			Claims Unresolved		
	Number of cases	Amount claimed* (\$ million)	Amount awarded (\$ million)	Number of cases	Amount claimed* (\$ million)	Interim award (\$ million)
Unexpected ground conditions	65	1,927	1,041	108	3,476	278
Design co-ordination and changes	4	0	0	97	382	24
Inclement weather	8	0	0	28	0	0
Delay caused by external factors	3	2	0	60	1,052	28
Other reasons	17	10	8	36	571	57
Total	97	1,984	1,049	329	5,481	387

* Amount stated in the contractor's claim report.

Table 2

**Substantiated Claims
by Nature of Works (as at 31 May 2013)**

	Claims Resolved			Claims Unresolved		
	Number of cases	Amount claimed* (\$ million)	Amount awarded (\$ million)	Number of cases	Amount claimed* (\$ million)	Interim award (\$ million)
Railway tunnels	47	1,737	862	139	2,787	289
West Kowloon Terminus	46	247	187	184	2,694	98
Electrical and mechanical works	4	0	0	6	0	0
Total	97	1,984	1,049	329	5,481	387

* Amount stated in the contractor's claim report.