

Your Ref.: CB4/SC/13

14 August 2015

Legislative Council
Legislative Council Complex,
1 Legislative Council Road,
Central,
Hong Kong

By Email (ssylau@legco.gov.hk)
and By Hand

Attention: Ms. Sophie Lau
Clerk to Select Committee

Dear Ms. Lau,

**Select Committee Inquiry - Construction of
the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong
Express Rail Link**

Request for further information

Thank you for your letter to Mr. Lincoln Leong dated 22 July 2015.

As requested, please find enclosed our reply (in English with Chinese translation) to your questions.

Yours sincerely,



Gillian Meller
Legal Director & Secretary

Encl.

(a) Details of the quantitative risk analyses which have been conducted by the Corporation to determine the project programme providing for completion of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) project within an estimated period of approximately five and a half years, from contract commencement on 26 January 2010 to an estimated handover date of 4 August 2015.

As Mr. Leong has explained during the public hearing on 15 July 2015, the Corporation has historically used a ‘qualitative’ approach rather than a ‘quantitative’ approach to schedule risk management for projects, including the XRL project. The project team, acting in accordance with our PIMS, has detailed processes in place to identify risks relating to the project schedule. A qualitative approach, such as this, is not unusual for a project of the size and complexity of the XRL and is considered to be fit for purpose, as has been borne out in a number of internal and external audits and reviews of our overall project management system.

誠如梁先生於 2015 年 7 月 15 日之研訊中所述，港鐵公司過往採用「定性」模式管理項目（包括高鐵香港段）的施工進度風險，而非「定量」模式。按照公司的「項目綜合管理系統」，工程團隊根據詳細的程序找出有關項目施工進度的風險。我們的項目綜合管理系統經過多次內部及外部稽核和評估，確認此模式切合所需，以高鐵如此規模龐大及複雜的項目採用此類定性模式並不罕見。

(b) A comparison of the monitoring and control adopted by the Board of the Corporation for the XRL project under the concession approach with those for the other railway projects which are not implemented under the concession approach in respect of works programme and project cost.

As Mr. Leong has explained at Paragraph 90 of his Written Statement produced at the public hearing on 15 July 2015, under the XRL Entrustment Agreements entered into with the Government, the Corporation is required to act in accordance with its management systems and procedures, as may be updated from time to time, in areas including:

- (1) organisation and management responsibilities;
- (2) project management and control;
- (3) procurement; and
- (4) commercial settlements.

The monitoring and control processes adopted by the Board of the Corporation in relation to 'ownership' and 'concession' projects (including the XRL) are, accordingly, materially the same, allowing for the fact that a separate monitoring and approval process is undertaken by the Government and its appointed consultants in accordance with the provisions of the XRL Entrustment Agreements. In the case of both 'ownership' and 'concession' projects, up until April 2014, the Board relied primarily on regular reports and presentations submitted to it by the Projects Director, who is accountable to the Chief Executive Officer and the Board for the delivery of all major construction projects undertaken or managed by the Corporation.

誠如梁先生於 2015 年 7 月 15 日研訊上提交的陳述書內第 90 段所述，按照與政府簽訂的委託協議，港鐵公司需要在以下方面根據其可能不時更新的管理系統及程序行事：

- (1) 組織及管理責任；
- (2) 項目管理及監控；
- (3) 採購；及
- (4) 商業上的和解。

港鐵公司董事局對於擁有權模式及經營權模式之項目（包括高鐵香港段）所採用的監察及管控程序，性質上是一致的，但會相應地讓政府及其所委派的顧問按高鐵項目的委託協議進行額外的監察和審批程序。截至 2014 年 4 月，就擁有權模式及經營權模式的項目，董事局主要是透過工程總監的定期報告及匯報，工程總監需就完成由港鐵公司承擔及管理的所有大型建造項目向行政總裁和董事局負責。

(c) Paragraph 98 of the Written Statement of Mr Lincoln LEONG Kwok-kuen, Chief Executive Officer of the Corporation, formally produced at the hearing on 15 July 2015 mentions that Jacobs China Limited (“Jacobs”) performed a total of over 250 audits between January 2010 and April 2014 on the XRL project. On 12 January 2010, Jacobs informed the Highways Department that according to its further review report no. G/3152/213/069 review on Consultancy Agreement No. C801 Civil and Structural Scheme Design Report Geotechnical Engineering Report (Deliverable No. 2.4A) for WKT, three of the additional observations made on the review were considered critical which needed the Corporation’s earlier attention (see Annex). Please advise whether Jacobs has sent the relevant observations to the Corporation for consideration. If yes, details of the three observations which are considered critical by Jacobs.

The Corporation has, throughout the construction of the Project, promptly responded to all observations and issues raised by RDO and Jacobs. As the Jacobs’ letter referred to in your Annex was sent to RDO, we have enquired with RDO. We understand that RDO considers that comments on review reports by M&V Consultant may contain commercially sensitive information, the disclosure of which may prejudice Government’s position in the negotiation/settlement of claims with the contractors. Therefore, RDO considered necessary to keep the information confidential.

就路政署鐵路拓展處及嘉科工程顧問有限公司所提出的觀察和事宜，港鐵公司於工程期間一直有迅速作出回應。由於閣下附件之嘉科信函乃致鐵路拓展處，我們已向鐵路拓展處作出查詢，並理解鐵路拓展處考慮到監察和核證顧問於檢討報告中提出的意見可能涉及商業敏感資料，披露有關資料或會損害政府與承建商談判/解決申索時的立場。因此，鐵路拓展處認為有必要將資料保密。

(d) Paragraph 59 of Mr LEONG's statement mentions that certain design changes have led to delays of the XRL project. Please provide the number and details of the design changes in respect of Contracts 810A, 810B and 811A up to April 2014.

The information requested is confidential, the disclosure of which may prejudice the negotiations between the Corporation and our contractors. We therefore cannot provide details.

Nevertheless, the Factual Annexure to the IEP Report mentioned that, up to June 2013, Contract 810A had received 13,513 revised drawings which included layout changes, additional H-piles and changes to the structural steelwork. Most of the revised drawing changes were, however, minor in nature, relating to correction of typos, clarification of discrepancies and providing additional details.

所要求之資料屬機密性質，披露有關資料或會損害港鐵公司與其承建商之間的談判，抱歉未能提供細節內容。

然而，香港特區政府委任的高鐵獨立專家小組報告中的附件三“Factual Annexure”中提及，截至 2013 年 6 月，合約編號 810A 收到 13,513 份修訂圖則，包括佈局變更、增加工字樁、鋼結構改動。然而修訂圖則當中大多數都屬關於改正錯別字、釐清差異及提供額外資料的細微修改。

(e) Paragraph 178 of Mr LEONG’s statement mentions that the Corporation has since 2006 established an XRL Project Steering Group (“PSG”), which has, and remains, focused on all aspects of preparation for operational readiness of the XRL. Please provide details of the work of PSG in relation to preparation for operational readiness of the XRL.

The PSG was established prior to the rail merger in 2007 to prepare for the construction of the XRL. The PSG, under the chairmanship of the Senior Director – Capital Projects of the Kowloon-Canton Railway Corporation (KCRC), with representatives from the relevant departments of KCRC and the Corporation, was responsible for:

- (1) leading the Project through the feasibility and deal making stages;
- (2) engaging with senior officials of the Hong Kong Government, the then Ministry of Railway and other key stakeholders;
- (3) resolving major technical, financial, commercial, legal and interface issues; and
- (4) reporting and making recommendations to the CEOs and Boards of KCRC and the Corporation.

The PSG continued after the rail merger and has been chaired by the Projects Director of the Corporation since December 2007.

In March 2015, the Operations Director of the Corporation took up the chairmanship of the PSG so that the PSG can focus on dealing with pre-operation related issues, which have become critical for the successful opening of XRL. Since then, the primary function of the PSG has been to direct and oversee the work of the Corporation’s various specialist teams in preparing for all aspects of future XRL operations. Such operational aspects include:

- (1) procurement of rolling stock, and recruitment and training of drivers;
- (2) liaison with relevant officials of the HKSAR and Mainland Governments as well as Mainland railway interfacing parties over operational, technical, legal and commercial issues; and
- (3) preparation of relevant operational agreements.

高鐵項目督導小組於 2007 年兩鐵合併前已經成立，為高鐵的建造工程作準備。督導小組的主席由九廣鐵路有限公司 (九鐵) 的新鐵路工程高級總監擔任，其他成員包括來自九鐵及港鐵公司的相關部門代表，小組當時主要負責：

- (1) 領導項目通過可行性研究及決策階段；
- (2) 與香港政府高層官員、原鐵道部及相關持份者溝通；
- (3) 解決與技術、財務、商業、法律及銜接有關的重大事宜；
- (4) 向九鐵及港鐵公司的行政總裁及董事局匯報和提出建議。

督導小組於兩鐵合併後繼續運作，主席一職自 2007 年 12 月由港鐵公司工程總監擔任。

於 2015 年 3 月，港鐵公司的車務總監接任督導小組主席一職，讓小組可以集中處理讓高鐵順利開通的關鍵事項，即營運前的相關事宜。自此，督導小組的首要任務為指導和監督公司內各個專責團隊的工作，為未來的高鐵營運作好準備。有關營運範籌包括：

- (1) 高鐵列車的採購、列車司機的招聘和訓練；
- (2) 就營運、技術、法律及商業事宜，與香港特區政府及內地政府之相關官員、以及內地鐵路接口各方聯絡；及
- (3) 準備相關營運協議。

(f) Paragraphs 45 to 48 of Mr LEONG's statement mention that unfavourable ground conditions is one of the reasons for the project delay. Please provide details of the delay recovery measures which have been carried out by the Corporation to mitigate the delay arising from unfavourable ground conditions up to April 2014.

Examples of the DRMs that have been carried out by the Corporation to mitigate unfavourable ground conditions include:

- (1) When the site of Contract 811A encountered an increased amount of marine deposit during excavation, the tunnel earth mat was relocated from the critical area at the Mong Kok West Ventilation Building (MKV).
- (2) The presence of substantial additional corestones and unexpected wide-spread underground utilities at the south section of the Contract 811B site affected the diaphragm wall construction and also the north flip of Jordan Road. An alternative temporary traffic management to divert the Jordan Road southwards was adopted.
- (3) The Lin Cheung Road Underpass was constructed by a top-down method instead of the conventional bottom-up method, in order to address the challenge highlighted in (2) above.
- (4) The presence of substantial additional corestones at the north section of the Contract 811B site also affected the construction of diaphragm wall and completion of the cut-and-cover tunnel. To allow earlier commencement of the remaining diaphragm wall construction, a traffic deck was installed.
- (5) The presence of substantial additional corestones and higher-than-expected rockhead at the south east area of the Contract 811B site affected the timely completion of the Back-of-House Area of the West Kowloon Terminus (WKT). 15 numbers of additional socketed H piles were installed in strategic locations in the WKT area.

港鐵公司為緩解不利的地質情況而實施追回進度措施的例子包括：

- (1) 當合約編號 811A 在進行挖掘時發現海洋沉積物的數量比預期多，因而將隧道接地網遷離位於旺角西通風大樓的關鍵位置。
- (2) 在合約編號 811B 工地南面發現大量的額外孤石群及比預期更廣泛的地底公共管綫，影響了連續護土牆的建造及向北遷移佐敦道。因此，港鐵公司採取了佐敦道南移的臨時交通管理替代方案。
- (3) 採用由上而下方式取代傳統的由下而上方式建造連翔道地下行車道，以解決上述第(2)點中提及的挑戰。

- (4) 在合約編號 **811B** 工地北面發現大量的額外孤石，亦影響了連續護土牆的建造工程及以明挖隨填方式興建的隧道之完工期。為可提早興建餘下的連續護土牆而額外建造了高架橋面。
- (5) 在合約編號 **811B** 工地東南面發現大量的額外孤石及比預期高的基層岩，會影響了西九龍總站內部範圍如期完工。因而於西九龍總站策略性位置安裝額外的 **15** 條嵌入式工字樁。

(g) Paragraph 72 of Mr LEONG's statement specifies seven forms of delay recovery measures which have been developed and implemented on most of the Civil Works contracts. Please provide further information, up to April 2014, on:-

(i) the percentage of increase in cost by adopting the delay recovery measures (e.g. the increase in cost as a result of using additional labour resources); and

(ii) the actual cost breakdown of each form of delay recovery measure which has been implemented.

This information is commercially sensitive information and not appropriate for disclosure in order not to prejudice the interests of the Corporation and the Government in negotiations with contractors.

有關資料涉及商業敏感資料，為免損害港鐵公司、政府與承建商談判時的利益，不適宜公開。