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17 August 2015

Secretary General  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Miss Katherine CHAN)

Dear Miss CHAN,

**Panel on Transport  
Subcommittee on Matters Relating to Railways (“RSC”)**

**Hong Kong section of the  
Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”)  
Matters to be Followed Up**

Regarding the matters to be followed up on the Hong Kong section of the XRL project raised by Members at the RSC meeting on 3 July 2015, our reply is as follows –

**Further Breakdown of the Revised Cost to Complete (“CTC”) of the XRL Project**

The further breakdown of the Revised CTC of the XRL project provided by MTR Corporation Limited (“MTRCL”) is at the **Annex**.

Highways Department (“HyD”), assisted by its Monitoring and Verification (“M&V”) Consultant, is critically scrutinising MTRCL’s review results. As for the Revised CTC submitted by MTRCL, we will critically assess the basis of the underlying assumptions of the figure in accordance with the established practice in assessing Government’s public works projects. Upon completion of review by Highways Department, we will report the outcome to the public and the Legislative Council as soon as possible.

The above-mentioned review of MTRCL’s Revised CTC only focuses on the engineering estimate of the cost required to complete the whole XRL project. Apart from that, obligations regarding project cost overrun will have to be ascertained. The Government will assess MTRCL’s obligations regarding project implementation, works delay and project cost overrun, and will reserve all the rights to pursue the warranties and obligations from MTRCL.

Yours sincerely,



(Miss Winnie WONG)

for Secretary for Transport and Housing

c.c.

Highways Department (Attn: Mr Alex CHAN)

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MTR Corporation Limited (Attn: Ms Gloria WOO)

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**Further Breakdown of  
the Revised Cost to Complete (“CTC”) of  
the Hong Kong section of the Express Rail Link project (“XRL”)  
provided by MTRCL**

Following the detailed review and revision of the Project to Complete (“PTC”), the MTRCL has conducted a complete review of the estimated CTC of the Project. The latest Revised CTC estimate is HK\$85.3 billion (in money-of-the-day prices). This comprises a contingency amount of HK\$2.1 billion and a Revised Total Project Cost of HK\$83.2 billion derived from a “bottom up” exercise.

2. The increase in costs from the original Project estimate of HK\$65 billion to the HK\$85.3 billion can be broken down into four main categories as defined in the Corporation’s paper submitted on 30 June 2015 (LegCo paper CB(4)1228/14-15(01)).

3. A breakdown of the changes in the Revised CTC is as follows:

<b>Description</b>	<b>Change (\$ million)</b>	<b>Project Cost Estimate (\$ million)</b>
Original Project Cost Estimate (2009)		65,000
(a) Programme Extension	6,500	
(b) Changes/Unaccounted Items	2,840	
(c) Additional Project Costs	8,860	
(d) Contingency	2,100	
Revised Project Cost to Complete (June 2015)		85,300

**MTR Corporation Limited**  
**August 2015**