

**Select Committee to Inquire into the Background of and Reasons for
the Delay of the Construction of the Hong Kong section of the
Guangzhou-Shenzhen-Hong Kong Express Rail Link
("Select Committee")**

Written Statement of Mr YAU Shing-mu

Part	Content	Page no.
I	Introduction	3
II	Background of and reasons for the delay of the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"), as announced by the Government and MTR Corporation Limited ("MTRCL") in April 2014	3
III	Performance and accountability of the Government and MTRCL relating to the project delay	7
IV	Whether the Government and MTRCL have deliberately covered up the project delay, particularly the communication/reporting mechanism between MTRCL and the Government in respect of the announcement of the project delay	9
V	Work of Under Secretary for Transport and Housing ("USTH") relating to the XRL during the last Administration (August 2008 to June 2012)	17

Annex 1	List of Abbreviations	18
Annex 2	A list of Legislative Council Panel on Transport Subcommittee on Matters Relating to Railways (“RSC”) meetings USTH attended to report the progress and financial situation of the construction of the XRL	19
Annex 3	An example (Contract 826) to illustrate how Transport and Housing Bureau (“THB”) was informed of the progress and delay of works, the delay mitigation and recovery measures implemented, as well as THB’s reliance on HyD and its monitoring and verification (“M&V”) consultant’s monitoring and assessment	20

I. Introduction

This Statement is prepared in response to the invitation by the Select Committee to me to attend a hearing and to submit a Statement. As suggested by the Select Committee, this Statement contains information which is relevant to the Select Committee's major areas of study.

II. Background of and reasons for the delay of the construction of the XRL, as announced by the Government and MTRCL in April 2014

(a) Scope and implementation schedule of the construction of the XRL

2. The XRL is a 26-kilometre (km) long underground rail corridor. It will run from a new terminus in West Kowloon, going north passing Yau Tsim Mong, Sham Shui Po, Kwai Tsing, Tsuen Wan, Yuen Long to the boundary south of Huanggong, where it will connect to the Mainland section of XRL.

3. In April 2008, the Executive Council ("ExCo") decided that, amongst others, the Central Alignment Scheme should be adopted for the XRL, that MTRCL should be requested to proceed with the further planning and design of the XRL on the understanding that it would be invited to undertake the operation of the XRL under the concession approach, and that further negotiation should be carried out with MTRCL on the implementation details of the XRL. The Legislative Council Finance Committee Public Works Subcommittee ("PWSC") supported and the Finance Committee ("FC") approved the funding for the design and site investigation of the XRL project in June 2008 and July 2008 respectively. On 24 November 2008, the Government and MTRCL entered into an *Entrustment Agreement for Design and Site Investigation in relation to the Express Rail Link* ("EA1"). ExCo further decided in October 2009 that MTRCL should be requested to proceed with the construction, testing and commissioning ("T&C") of the XRL on the understanding that it would be invited to undertake the operation under the concession approach.

4. On 16 January 2010, FC approved the funding for the construction of the railway (\$55.0175 billion) and non-railway works (\$11.8 billion) of the XRL, amounting to a total of \$66.8 billion. On 26 January 2010, the Government and MTRCL entered into an *Entrustment Agreement for Construction and Commissioning of the Express Rail Link* (“EA2”). According to the EA2, MTRCL shall use its best endeavours to complete, or procure the completion of, the Entrustment Activities in accordance with the Entrustment Programme (subject to fair and reasonable adjustment under justifiable situations); and to minimize any delay or other effect which any modifications may have on the Entrustment Programme. The Entrustment Programme indicates that the XRL project would complete testing and trial running, and be ready for operation in August 2015.

(b) *Monitoring mechanism of the project, in particular THB’s role relating to the implementation of the XRL project under the current Administration*

THB’s role

5. THB is responsible for devising the policy relating to the planning and implementation of the XRL project. THB and Highways Department (“HyD”) have also worked jointly with the Mainland authorities on the development and cross-boundary matters of the XRL.

6. Since the commencement of the construction of the XRL in January 2010, THB has been carrying out general monitoring of the works progress of the project through representative(s) from THB sitting on the monthly Project Supervision Committee (“PSC”) meetings chaired by the Director of Highways (“DHy”) between the Government and MTRCL. In addition, DHy updates Secretary for Transport and Housing (“STH”) on the project progress, among other things, at their regular Head of Department (“HoD”) meetings about the work of HyD. Where necessary, DHy also reports to STH any significant issue relating to the implementation of the XRL. With information submitted by MTRCL and vetted by HyD, THB prepared and submitted half-yearly progress reports (9 reports submitted as at March 2015) on the project to

the RSC. THB and HyD also submitted various documents¹ to the RSC in May 2014 which, amongst others, reported on the works progress as at end March 2014 for Members' perusal.

7. HyD, together with its M&V consultant, has been carrying out general monitoring of the XRL project (through the multi-level monitoring mechanism), including the monitoring and verification as to whether MTRCL properly fulfils its obligations in accordance with the EA1 and EA2, as well as day-to-day liaison with MTRCL and the relevant departments to facilitate the implementation of the project. The mechanism has been clearly set out in the papers² THB and HyD submitted to the RSC for discussion at its meetings in May 2014.

8. THB would offer advice/input from the policy angle in relation to the planning and implementation of the project and on issues which may attract public or media attention. For special issues which require immediate attention and/or prompt response, urgent meetings among THB, HyD and MTRCL would be lined up to discuss the issue and the way forward as necessary.

*Work of USTH under the current Administration (September 2012 till present)*³

9. I was appointed as USTH for the period from August 2008 to June 2012 during the last Administration. I was appointed again as USTH under the current Administration since September 2012.

10. My current duties as USTH are as follows:

- (i) assisting STH in the political work involved in the setting of transport and housing policy objectives and priorities, formulating policy and legislative initiatives to achieve agreed objectives and priorities, and related implementation issues;

¹ LC Paper No.: CB(1)1328/13-14(03), CB(1)1422/13-14(02), CB(1)1451/13-14(01) and CB(1)1422/13-14(04)

² LC Paper No.: CB(1)1328/13-14(03) and CB(1)1422/13-14(02)

³ Work of USTH during the last administration (August 2008 to June 2012) will be discussed in Part V below.

- (ii) supporting STH in handling LegCo business and strengthening the working relationship with LegCo;
- (iii) assisting STH in engaging and liaising with LegCo Members, stakeholders, the media and the general public to explain and solicit support for government policies and decisions.

11. Specifically, I have been involved in the following work in relation to the XRL under the current Administration:

- (i) obtained information about the progress and any issues of concern of the XRL project from HyD when I attended regular HoD meetings between DHy and STH and received reports from HyD;
- (ii) attended and led the Administration's attendance at RSC meetings to report the progress and financial situation of the construction of the XRL (a list of such RSC meetings which I attended is at Annex 2); and
- (iii) other work as assigned by STH, e.g. attending MTRCL Board meetings as an alternate member to STH if STH was not available.⁴

⁴ Since September 2012 when I joined the current Administration till April 2014, the only MTRCL Board meeting relevant to the XRL which I attended was the meeting on 22 August 2013. As mentioned in paragraph 4.52 of the First Report by the Independent Board Committee on the Express Rail Link Project of MTRCL, at the MTRCL Board meeting on 22 August 2013, the former Projects Director of MTRCL said in his presentation to the MTRCL Board meeting that he believed that there was a programme in place to complete the key elements of the XRL project for opening in 2015 and within the budget set, although some non-essential works may have to be completed at a later date, however there was no mention of partial opening by the former Projects Director or any other of those who was present at the MTRCL Board meeting. I did not gain further insight on the XRL project through the MTRCL Board meeting. The partial opening of the XRL by end 2015 (with 6 long haul platforms in service), and the remaining external works at WKT would be completed in mid-2016 for full operation, was proposed by MTRCL to HyD on 20 August 2013. This piece of information pertaining a partial opening was not known to me until 21 November 2013.

III. Performance and accountability of the Government and MTRCL relating to the project delay

Communication/reporting mechanism between MTRCL and the Government in respect of the progress of the project, and delay recovery measures (“DRM”) adopted by MTRCL to catch up with the implementation schedule

12. As mentioned in paragraphs 5-8, at the Bureau level, general monitoring of the works progress of the project, including overall programme and project cost, is carried out through THB’s attendance at the monthly PSC meetings and the regular HoD meetings between STH and DHy. THB, being the policy bureau, relies on HyD for technical advice regarding the implementation of the XRL project, whereas THB would offer advice/input from the policy angle in relation to the planning and implementation of the project and on issues which may attract public or media attention. There is no regular meeting per se between THB and MTRCL for monitoring the XRL project as the day-to-day monitoring of the project requires a high degree of technical expertise. The day-to-day liaison with MTRCL to facilitate project implementation is mainly carried out by HyD. However, when THB identifies issues of concerns, it will make enquiry with HyD and request HyD to provide information and/or arrange briefings together with MTRCL as necessary. From time to time, HyD and/or MTRCL are requested to provide briefings to THB on major issues relating to the project. Where necessary, DHy also reports to STH any significant issue relating to the implementation of the XRL.

13. It should be noted that it is not unusual for major civil works contracts (in particular those involving extensive underground works in built up urban areas) to experience programme delay whereby the progress of works at a certain moment in time lags behind the programmed level of production due to various project risks. Such delay may be mitigated or even rectified with appropriate mitigation or recovery measures.

14. During the course of project implementation, THB noticed from the aforementioned channels of reporting and communication that the

XRL project at various junctures has encountered issues causing delay and remedial measures have been deployed by MTRCL to mitigate the delay. When there was delay vis-à-vis the programmed schedule, HyD would request MTRCL to devise mitigation measures or DRM to ensure that the overall programme would be maintained.

15. A table at **Annex 3** uses Contract 826 as an example to illustrate how THB was informed of the progress and delay of works, the delay mitigation and recovery measures implemented through regular PSC meetings and reports from or ad-hoc meetings with HyD and/or MTRCL, as well as THB's reliance on HyD and its M&V consultant's monitoring and assessment.

IV. Whether the Government and MTRCL have deliberately covered up the project delay, particularly the communication/reporting mechanism between MTRCL and the Government in respect of the announcement of the project delay

16. As mentioned in paragraphs 5-8 and 12, generally speaking, THB being the policy bureau relies on HyD for technical advice regarding the implementation of the XRL project including monitoring of progress. The subject team at THB mainly offers advice/input from the policy angle in relation to the planning and implementation of the project and on issues which may attract public or media attention. For special issues which require immediate attention and/or prompt response, the subject team at THB would draw to the attention of THB seniors and, as necessary, line up urgent meetings among THB, HyD and MTRCL to discuss the issue and the way forward. The subject team at THB would get me involved where necessary.

(a) Media report dated 7 May 2013 regarding delay of the XRL project

17. On 7 May 2013, there was a media report claiming that the XRL project would be delayed by a year with significant cost overrun (“西九總站設計出事 嚴重超支 高鐵延誤一年”). Amongst other things, the report claimed that the major delay lay with the construction of the West Kowloon Terminus (“WKT”), which would result in a delay of at least one year and cost overrun up to \$4.4 billion. According to information provided by MTRCL, the Government replied on the same day (7 May 2013) to the media that the completion of the XRL remained at 2015.

18. Taking note of the growing concern with the matter, THB and HyD requested MTRCL to review the latest position and get ready to brief the RSC at its next meeting on 24 May 2013.

19. On 8 May 2013, MTRCL briefed HyD about the progress of the XRL, including the progress of all major contracts. MTRCL raised, in particular, the delays in the works of the tunnel section from the boundary to Mai Po (Contract 826) and the WKT. MTRCL presented that the WKT works and Contract 826 were behind schedule with the

track-related installation programme works extending into the T&C period. MTRCL proposed to procure additional plants for trackworks as mitigation measures to catch up the delay. The M&V consultant also joined the briefing by MTRCL and did not disagree with the effectiveness of DRM proposals. The M&V consultant also enquired about the details of the critical activities and provided comments.

20. Subsequently, MTRCL submitted the DRM proposal to the Project Control Group on 16 May 2013 proposing to procure additional plants associated with track-laying works under Contract 830 to improve the progress of works. HyD and the M&V consultant, with no objection to the submission after vetting it, provided comments on the proposal and followed up on implementation of the DRMs upon approval of the proposal.

21. On 23 May 2013, a meeting was held among THB, HyD and MTRCL to further review the latest position of the project. THB submitted a paper (LC Paper No. CB(1)1072/12-13(03)) to the RSC on the basis of assurances the Government received from MTRCL. In paragraph 2 of the paper, the Government stated that –

“[t]he construction is targeted for completion in 2015. We spare no effort in monitoring the works entrusted to MTRCL to ensure the implementation of the XRL project is within the approved project estimate, of good quality and on schedule. We will continue to work closely with the parties concerned to ensure that the XRL works will be completed as scheduled within the approved budget”.

22. At the RSC meeting on 24 May 2013, STH stated that it was not uncommon for some activities to encounter delay against the original programme. In the case of the WKT, it is an underground station as deep as at 26 metres below ground and its construction is very complicated and involves careful coordination. MTRCL and the contractors have been exploring feasible measures to catch up with the programme so that the completion of the construction of the XRL would not be affected.

23. Following the above RSC meeting, DHy reminded MTRCL at the PSC meeting on 30 May 2013 that if the delay rendered the current target completion not achievable, HyD should be informed as early as possible. MTRCL confirmed that they would do so and said that they would continue to keep close monitoring of the situation.

24. At the PSC meeting on 28 June 2013, MTRCL reported that they would consider implementing a series of short and medium term mitigation measures to catch up the programme. A presentation on the revised WKT programme and the overall master programme would be arranged for HyD. HyD was subsequently briefed on these programmes in August and September 2013.

(b) Meeting amongst THB, HyD and MTRCL in the evening of 21 November 2013

25. On 8 November 2013, HyD (represented by DHy) and MTRCL (represented by its former Projects Director) were invited to brief the Permanent Secretary for Transport and Housing (Transport) (“PST”) on the latest position of the XRL project. MTRCL presented the progress of the works of the XRL including the WKT and Contract 826 tunnelling works. At the meeting, MTRCL stated that WKT could be ready for partial opening scenario⁵ by December 2015. As for Contract 826 tunnelling works, they could only be completed by October 2015 and the testing of the XRL (which would normally take three months) could only commence from October 2015. As it would take another three months to conduct trial runs, the target opening date of end-2015 might be affected. THB queried if the testing of the XRL could only commence from October 2015, it would be unlikely that the XRL could start operation by end-2015. If that was the case, the public should be informed as soon as possible. A similar briefing was conducted for STH by HyD on 20 November 2013, which I also attended. Based on the assessment of works progress, THB contemplated making it public at the RSC meeting scheduled for 22 November 2013 that the XRL might only commence operation after 2015 and explaining the latest construction progress and the actual challenges encountered.

⁵ Under the partial opening scenario, six out of the 15 tracks and the essential railway facilities should be ready to provide passenger service.

26. On the following day (21 November 2013), the former Chief Executive Officer (“CEO”) of MTRCL called STH, expressing disagreement with reporting to RSC that the target for commencing operation in 2015 could not be met. The former CEO stressed that it was still feasible to complete all the works and that the XRL could commence operation by end-2015.

27. As directed by STH, PST convened a meeting with MTRCL on 21 November 2013 in which I also attended. MTRCL emphasized that it was imperative that the target of 2015 be adhered to, lest MTRCL would lose its leverage to press its contractors to push forth the project. MTRCL added that it was still possible for the XRL to complete and commence operation within 2015. THB pointed out that according to an earlier briefing by MTRCL, the XRL had encountered problems at WKT and the cross-boundary tunnelling works. The Government queried that even if the partial opening scenario for the WKT were adopted, the XRL could not commence operation if the tunneling works of Contract 826 could not be completed in time. THB enquired why MTRCL remained of the view that the XRL could be completed and commissioned in 2015. MTRCL said that it was trying hard to identify solutions to meet this target; at the very least, single track operation⁶ was possible. The Government stated that single track operation did not comply with Government’s requirement and was therefore unacceptable. THB reiterated that while it was appreciated that MTRCL needed to use the 2015 target to continue exerting pressure on its contractors to expedite the works, the Government needed a realistic assessment and should alert the public immediately if the target was not achievable. THB said that based on MTRCL’s information, the XRL would only be ready for testing in October 2015 and queried if the XRL could be commissioned in time within 2015. It was noted that there was delay in the cross-boundary tunnelling works, and such delay would eat into the time for the tunnelling work on Hong Kong side, thus posing challenges to MTRCL. MTRCL responded that they would be in a position to assess the impact once the cross-boundary tunnelling works were completed on the Mainland side and commenced on the Hong Kong side. THB cautioned

⁶ Single track operation scenario is to use a single tunnel for the northbound and southbound trains, running alternatively between WKT and the boundary of the Mainland.

MTRCL not to over-state its ability to overcome the challenges. After much discussion, the meeting concurred that while the target of 2015 should be maintained at that stage, the Government and MTRCL should be upfront with the challenges faced by the project when attending the RSC meeting the following day. Meanwhile, MTRCL should provide the Government with a clear roadmap on how the target could be met.

28. The Government had two prime considerations on the meeting on 21 November 2013. First, while the commissioning of the XRL by 2015 was an important policy and planning objective which should be achieved as far as possible, we had to face squarely any delay caused by insurmountable technical difficulties that the project had come across. It was paramount that we had to alert LegCo and the public as early as possible. Second, at the meeting, the former CEO and former Projects Director of MTRCL both assured the Government many times, with much confidence, that the XRL could be commissioned in 2015, and did not lose their confidence despite the Government's repeated queries and challenges. Based on the information available, DHy and his colleague could not rule out, at the meeting, the possibility of the commissioning of the XRL by 2015. At the meeting, MTRCL also made it clear that should it be made public at that stage that the target of 2015 might be postponed, MTRCL would lose its leverage to urge its contractors to push forth the project, and the commissioning of the XRL by 2015 would then be really impossible. At that time, the Government considered MTRCL's view not unreasonable.

29. At the RSC meeting on 22 November 2013, the Government stated that based on the latest assessment of MTRCL, the major works of the XRL could be completed within 2015. Thereafter, testing and trial runs would be conducted. Normally, this would take six to nine months. The railway might only come into operation after the relevant authorities have approved the test results so as to ensure the safety and reliability of the railway service. The statement did reflect the respective views of THB (including HyD) and MTRCL on the progress of the works. In particular, THB would like to convey that while the major works could be completed within 2015, the date of commissioning would have to be confirmed. The statement also took account of the consideration on urging the contractors to push forth the project hoping to give the

MTRCL a chance to catch up with the delay. We also made it clear to the MTRCL that we had to report to the public as soon as possible if it became clear in the coming months that the progress of delay recovery was not satisfactory.

30. Following the meeting, HyD has been asking MTRCL to submit details on the progress of the DRM to ascertain whether the target commissioning date should be revised, including the following-

- (i) At the PSC meeting on 29 November 2013 (which THB also attended), MTRCL presented a roadmap towards the proposed target opening scenario, which set down the target dates for completion of all civil works and electrical and mechanical (“E&M”) works by June 2015 for testing and commissioning. DHy was not satisfied because the roadmap was very brief and only listed out the target completion dates without any milestones for assessing and monitoring whether the target dates could be met. MTRCL undertook to arrange another briefing to provide more details on the proposed opening arrangement of the XRL, including the readiness of WKT external works and public areas.
- (ii) Subsequently, at the PSC meetings in January and February 2014 (which THB also attended), DHy expressed his continued concerns on the programme slippage against the original schedule. MTRCL said that it would review the overall programme situation and present to HyD in April 2014 the latest forecast opening arrangement and commissioning timeframe. Apart from the progress of works, DHy reiterated the importance of financial control to ensure project delivery within the approved budget. At the February 2014 meeting, MTRCL said that they had been working closely with the contractors on measures to catch up with the construction programme.
- (iii) At the Project Coordination Meeting on 18 March 2014, MTRCL still maintained that the project was targeted for completion in 2015.

- (iv) In preparation of a reply to a media enquiry on 28 March 2014, MTRCL provided a draft response to THB for consideration. In MTRCL's proposed draft reply, MTRCL stated that the target for completion of the construction of the XRL project was 2015.
- (v) At the PSC meeting on 2 April 2014, in response to HyD's concerns about the continued programme slippage, MTRCL said that it was still reviewing the overall picture of the project delivery and had scheduled to give a briefing to HyD on 7 May 2014 on the forecast project commissioning date and updated financial position. At the same meeting, MTRCL reported that a minor slope failure at the side of a drainage channel at Shek Kong had caused flooding of the lower end of the tunnel including the north drive tunnel boring machine ("TBM") and that the contractor was assessing the damage to the TBM. HyD requested MTRCL to report the detailed findings of the incident and their assessment on the associated cost and programme impacts.

(c) Announcement of delay of the XRL project in April 2014

31. In the weekend of 12 and 13 April 2014, the former CEO and the Chairman of MTRCL, respectively, called STH urgently informing STH that the completion date of 2015 could not be met. The former CEO of MTRCL said that construction works of the XRL could only be completed by end-2016 and that service could only be commissioned in 2017. More details had yet to be ascertained. STH demanded MTRCL to provide a full assessment report on the construction progress including a full and proper account for the substantial delay. He also tasked DHy to provide him with an independent review and assessment of the construction progress of the XRL, including an assessment on the reasons for the substantial delay.

32. On 14 April 2014, an urgent meeting was held at THB attended by, amongst others, the Chairman, former CEO and former Projects Director of MTRCL to review the latest situation. At the meeting, it was agreed that THB (STH himself) and MTRCL should come out on the following day to inform the public, and to make a report to the RSC at the

meeting originally scheduled for 2 May 2014 to explain the situation.

33. On 15 April 2014, STH informed the public that he had received verbal notifications from MTRCL that the completion of the XRL would be delayed. He had asked MTRCL to submit a full assessment report. At the same time, he had tasked DHy to conduct an independent review and assessment of the construction progress. MTRCL subsequently held a press conference and stated that the completion date of the XRL would be pushed to 2016 for operation in 2017.

V. Work of USTH relating to the XRL during the last Administration (August 2008 to June 2012)

34. As mentioned in paragraph 9, I was appointed as USTH for the period from August 2008 to June 2012 during the last Administration. My duties as USTH back then were basically the same as the current ones set out in paragraph 10.

35. When I joined THB in August 2008, the planning work of the XRL project was almost completed and my civil service colleagues were making preparation to seek funding for the construction of the XRL project.

36. During the period when I was appointed as USTH in the last Administration, I was involved in garnering public support for the XRL project. To this end, I attended various meetings and received press interviews during 2009. I also briefed RSC, PWSC and FC about the XRL project, and was also involved in lobbying LegCo Members for support when the Government sought funding approval from LegCo for the construction of the XRL project.

YAU Shing-mu
Under Secretary for Transport and Housing
April 2015

List of Abbreviations

XRL	Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
CEO	Chief Executive Officer
DHy	Director of Highways
DRM	Delay Recovery Measures
E&M	electrical and mechanical
EA1	Entrustment Agreement for Design and Site Investigation in relation to the Express Rail Link
EA2	Entrustment Agreement for Construction and Commissioning of the Express Rail Link
ExCo	Executive Council
FC	Legislative Council Finance Committee
HoD	Head of Department
HyD	Highways Department
LegCo	Legislative Council
M&V	monitoring and verification
MTRCL	MTR Corporation Limited
PSC	Project Supervision Committee
PST	Permanent Secretary for Transport and Housing (Transport)
PWSC	Legislative Council Finance Committee Public Works Subcommittee
RSC	Legislative Council Panel on Transport Subcommittee on Matters Relating to Railways
STH	Secretary for Transport and Housing
TBM	tunnel boring machine
T&C	testing and commissioning
THB	Transport and Housing Bureau
USTH	Under Secretary for Transport and Housing
WKT	West Kowloon Terminus

**A list of RSC meetings USTH attended
to report the progress and financial situation of
the construction of the XRL**

- 22 November 2013 (USTH led the Administration's attendance)
- 2 May 2014
- 19 May 2014
- 24 November 2014 and 2 January 2015 (USTH led the Administration's attendance)
- 6 March 2015 (USTH led the Administration's attendance)

**An example (Contract 826) to illustrate
how THB was informed of the progress and delay of works,
the delay mitigation and recovery measures implemented,
as well as THB's reliance on HyD and its M&V consultant's
monitoring and assessment**

Date	Actions
28/5/2010	At the 3 rd PSC meeting, MTRCL advised that the Mainland section of the cross-boundary tunnel would likely suffer a delay of six months. HyD suggested that the issue be discussed with the relevant Mainland authorities.
10/6/2010	A meeting on the cross-boundary connecting tunnel was held with the relevant Mainland authorities. It was noted that there was some delay in the cross-boundary tunnelling works and mitigation measures should be taken. The Shenzhen side was working out solutions to ensure the commissioning of this section by mid-2015.
23/9/2011	At the 17 th PSC meeting, MTRCL said that the delay would be up to 10 months if the Mainland contractor maintained their current tunnelling method. MTRCL undertook to resolve the problems with the Mainland contractor. DHy requested MTRCL to closely monitor the progress.
20/1/2012	MTRCL reported that the drill and blast works at Huanggang were still suspended. That would likely delay the start of the TBM drive from Huanggang to the boundary by two months, and consequently the works of the XRL. MTRCL said that they had written to relevant Mainland authorities expressing concern about the tunnel construction programme of the Mainland section. The works were four months behind schedule. DHy requested that MTRCL and HyD keep monitoring the situation closely and consider reflecting the concern to relevant Mainland authorities in due course.

21/2/2012	A meeting between DHy and relevant Mainland authorities was held. It was noted that the TBM would reach the boundary in mid-2013, about six months behind schedule.
24/2/2012	At the 21 st PSC meeting, MTRCL advised that the Mainland contractor had rescheduled the tunnel lining completion and launch of TBM to 31 March 2012 and 10 March 2012 respectively, possibly leading to further delay.
27/4/2012	At the 23 rd PSC meeting, MTRCL said that, according to the Mainland contractor's programme, there would be a delay of four months regarding the cross-boundary section.
7/5/2012	A meeting with the relevant Mainland authorities was held to review the progress of the cross-boundary tunnels.
25/5/2012	At the 24 th PSC meeting, MTRCL reported that the cross-boundary section was still four months behind schedule.
18/7/2012 and 26/7/2012	The CEO of MTRCL wrote to STH stating that MTRCL maintained their target to complete all works to enable the successful opening of the XRL in 2015 as planned. Amongst others, he highlighted the cross-boundary tunnel as one of the challenges that "we need to focus". THB responded by saying that HyD had registered concern about the cross-boundary tunnel to the relevant Mainland authorities.
13/8/2012	HyD met the relevant Mainland authorities expressing concern about the cross-boundary tunnelling works and the latter undertook to take measures to expedite works.
21/8/2012	A meeting was held with the relevant Mainland authorities. HyD expressed that while there was delay in the first TBM, the work of the connecting tunnels must be completed on time to ensure that the XRL could be completed in 2015.
31/8/2012	At the 27 th PSC meeting, MTRCL indicated that the Mainland section remained a concern. The tunnelling works were six months behind schedule and might be

	delayed further.
23/11/2012	A meeting was held with the relevant Mainland authorities. It was noted that works had to be expedited. The meeting agreed to step up monitoring efforts over the relevant works. MTRCL and the owner of the Mainland section of XRL would be invited to submit regular progress reports on the construction works.
30/11/2012	At the 30 th PSC meeting, MTRCL reiterated that the current delay of the tunnelling works of the Mainland section would affect the progress of the XRL. In response to HyD, MTRCL said they would perform a holistic review on the overall project programme and report the results to DHy.
25/1/2013	At the 31 st PSC meeting, MTRCL said that the tunnelling works of the Mainland section were one year behind schedule. MTRCL would meet with the relevant Mainland authorities to seek their assistance in pressing their contractor to expedite the works. MTRCL was exploring measures to compress the works under Contract 826 and expedite other work to recover the delay, with a view to completing the works in 2015. DHy enquired, amongst others, when MTRCL could advise on the overall project master programme. MTRCL said that they were still working on the matter and could give a presentation to HyD and THB in late February/March.
1/3/2013	At the 32 nd PSC meeting, HyD enquired and MTRCL responded that the revised master programme only incorporated the revised programmes of the tunnel contracts while those for WKT contracts were yet to be agreed with the contractors. MTRCL mentioned that they would closely liaise with relevant Mainland authorities on the works progress of the Mainland section. HyD again enquired, amongst others, when MTRCL would give a presentation on the overall project master programme. MTRCL replied that they would do so once ready. [Note: Such a presentation was

	given to HyD on 8/5/2013.]
22/3/2013	At the 33 rd PSC meeting, MTRCL said that the progress of the tunnelling works of the Mainland section were still slow. MTRCL would provide assistance on production improvement. MTRCL advised that, based on the programme then, most of the works would be completed by August 2015 for T&C.
8/5/2013	MTRCL presented the progress situation to HyD that the WKT works and Contract 826 were behind schedule with the track-related installation programme works extending into the T&C period. MTRCL proposed to procure additional plants for trackworks as mitigation measures to catch up the delay.
28/6/2013	At the 36 th PSC meeting, MTRCL said that there was an overall delay of six to seven months, and the critical paths were WKT and the cross-boundary section. MTRCL advised that they would consider implementing a series of short and medium term mitigation measures to catch up the programme.
5/7/2013	The second quarterly report on the construction progress of the cross-boundary tunnel section compiled by MTRCL and the owner of the Mainland section of XRL was submitted to THB. HyD and MTRCL briefed STH on the overall progress of the XRL and the cross-boundary tunnelling works. STH advised HyD and MTRCL to continue liaison with the Mainland partner to devise measures to mitigate the delay.
23/7/2013	At the request of THB, HyD and MTRCL briefed THB on the overall progress of the XRL and the cross-boundary section. It was forecast that the cross-boundary tunnel civil works would be completed in March 2015; testing across the boundary would commence in July 2015; and the target date for revenue service would be December 2015. The Government reminded MTRCL to make its best endeavour to deliver the project on time and within budget.
22/10/2013	Based on information by HyD, it was reported to STH that the cross-boundary tunnelling works continued to

	<p>encounter delay. If the delay could not be mitigated, T&C of the XRL could only start in October 2015, thus impacting on the overall commissioning date for the XRL. In view of the latest development, THB requested MTRCL and HyD to provide a detailed briefing on the latest progress of the project.</p>
24/10/2013	<p>MTRCL made a presentation to HyD, with the presence of the M&V consultant, about the details of allocated and unallocated contingencies. The presentation also covers the analysis to justify that the planned DRMs would be the optimum approach and most cost-effective to the project.</p>
29/10/2013	<p>At the 40th PSC meeting, MTRCL reported that there was an overall delay of about nine months in general, and an 11-month delay in the cross-boundary tunnelling works. MTRCL said that measures were being considered to mitigate the delay.</p>
8/11/2013	<p>MTRCL and HyD briefed PST. Amongst others, MTRCL presented Contract 826 tunnelling works. It was indicated that Contract 826 tunnelling works could only be completed by October 2015 and the testing of the XRL (which would normally take three months) could only commence from October 2015. As it would take another three months to conduct trial runs, the target opening date of end-2015 might be affected. THB queried that, having regard to the progress of Contract 826, it would be technically impossible to have partial operation in December 2015. As the XRL might not be able to commence operation in 2015, THB subsequently arranged DHy to report to THB.</p>
20/11/2013	<p>HyD briefed STH on the XRL. Based on the assessment of works progress, THB contemplated making it public at the RSC meeting scheduled for 22 November 2013 that the XRL might only commence operation after 2015.</p>
21/11/2013	<p>The CEO of MTRCL called STH expressing disagreement with reporting to RSC that the 2015 completion target would be delayed. He stressed that</p>

	it was still feasible to complete all the works and that the XRL could commence operation by end-2015.
21/11/2013	<p>As directed by STH, an urgent meeting was held amongst THB (led by PST), HyD and MTRCL (led by CEO) in the evening of 21 November 2013. MTRCL emphasized that it was imperative that the target of 2015 be adhered to, lest MTRCL would lose its leverage to press its contractors to push forth the project. MTRCL added that it was still possible for the XRL to be completed and commence operation within 2015. THB pointed out that according to an earlier briefing by MTRCL, the XRL had encountered problems at WKT and the cross-boundary tunnelling works. The Government queried that even if the partial opening scenario for the WKT were adopted, the XRL could not commence operation if the tunneling works of Contract 826 could not be completed in time. THB enquired why MTRCL remained of the view that the XRL could be completed and commissioned in 2015. MTRCL said that it was trying hard to identify solutions to meet this target; at the very least, single track operation was possible. The Government stated that single track operation did not comply with Government's requirement and was therefore unacceptable. THB reiterated that while it was appreciated that MTRCL needed to use the 2015 target to continue exerting pressure on its contractors to expedite the works, the Government needed a realistic assessment and should alert the public immediately if the target was not achievable. THB said that based on MTRCL's information, the XRL would only be ready for testing in October 2015 and queried how it could be commissioned within 2015. It was noted that there was delay in the cross-boundary tunnelling works, and such delay would eat into the time for the tunnelling works on the Hong Kong side, thus posing challenges to MTRCL. MTRCL responded that they would be in a position to assess the impact once the cross-boundary</p>

	<p>tunnelling works were completed on the Mainland side and commenced on the Hong Kong side. THB cautioned MTRCL not to over-state its ability to overcome the challenges. After much discussion, the meeting concurred that while the target of 2015 should be maintained at that stage, the Government and MTRCL should be upfront with the challenges faced by the project when attending the RSC meeting the following day. Meanwhile, MTRCL should provide the Government with a clear roadmap on how the target could be met.</p>
28/11/2013	<p>A meeting was held among HyD and relevant Mainland authorities. It was noted that the first TBM would reach the boundary by 28 February 2014 and the current progress might affect the opening date of 2015.</p>
29/11/2013	<p>At the 41st PSC meeting, HyD enquired and MTRCL confirmed that the target dates were achievable. The Chairman of the PSC, i.e., DHy, reminded MTRCL to ensure that the project would be delivered within the approved budget.</p>
28/2/2014	<p>At the 43rd PSC meeting, MTRCL reported that the cross-boundary section continued to suffer delay as the second TBM drive from Shenzhen was further behind schedule. MTRCL said that some improvement had been observed after the implementation of mitigation measures. MTRCL said that the progress of the cross-boundary section was unsatisfactory, mentioning that the contractor had mobilised some resources to help with the Mainland tunnelling works. MTRCL added that they would take all necessary measures to ensure that the contractor would deploy adequate resources for the works on the Hong Kong side.</p>
2/4/2014	<p>At the 44th PSC meeting, the Chairman showed concern about the significant programme slippage and asked if the target completion in 2015 was still achievable. MTRCL replied that they were reviewing the overall picture of project delivery and would give a presentation to DHy in May. MTRCL reported that the</p>

	<p>progress of the cross-boundary section had further slowed down. The works on the Hong Kong side had to achieve the planned rates to make up for the delay of the Mainland section.</p>
--	---