

政府總部
運輸及房屋局

運輸科
香港添馬添美道 2 號
政府總部東翼



**Transport and
Housing Bureau**
Government Secretariat

Transport Branch
East Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

本局檔號 Our Ref. THB(T)CR 1/16/581/99
來函檔號 Your Ref. CB4/SC/13

電話 Tel. No.: 3509 8213
傳真 Fax No.: 2537 4917

26 June 2015

Ms Sophie LAU
Clerk to Select Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

By Fax : 2543 9197

Dear Ms. LAU,

**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”)**

Request for further information

Thank you for your letter dated 9 June 2015 to me on the captioned subject. Your letter requested the provision of certain information by me and the Transport and Housing Bureau (“THB”). My reply is as follows.

Item (a)

In paragraph 27 of my written statement formally produced at the hearing on 26 May 2015, I stated that when THB identified issues of concerns, it would make enquiry with the Highways Department (“HyD”) and requested HyD to provide information and/or arrange briefings, together with the MTR

Corporation Limited (“MTRCL”) as necessary. A list of the examples of the related events and incidents is at Annex 1. The Select Committee may wish to note that since, during the period in question, communication among THB, HyD and MTRCL were numerous, it would not be practicable to list out, exhaustively, all related events and incidents.

Item (b)

HyD and MTRCL briefed me and other THB officers on 23 July 2013 on the overall progress of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) and the cross-boundary section. The attendance list of the 23 July 2013 meeting is at Annex 2.

Item (c)

The written statement of Mr Yau Shing-mu, Under Secretary for Transport and Housing (“USTH”), formally produced at the hearing on 28 April 2015 stated that “[a]s 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 were present at the MTRCL Board meeting.”

Generally speaking, prior to a MTRCL Board meeting, THB officers would prepare brief(s) for the reference of the Secretary for Transport and Housing (“STH”) (or, in the case of the MTRCL Board meeting on 22 August 2013, for the reference of USTH who attended the said meeting as an alternate member to STH) in anticipation of the items scheduled for discussion at the MTRCL Board meeting. The XRL was not among the agenda items scheduled for discussion at the MTRCL Board meeting on 22 August 2013, and hence no brief on XRL was provided to USTH for attending that meeting. The discussion on XRL at the MTRCL Board meeting on 22 August 2013 was incidental to the discussion of another item.

Item (d)

At the 44th Project Supervision Committee (“PSC”) meeting held on 2 April 2014, MTRCL reported that the contractor was assessing the damage to the tunnel boring machine (“TBM”) and would make use of any available spare parts for necessary replacement, if the machine was not beyond repair. MTRCL also said at the same meeting that they were working on measures to minimize the delay. At the meeting, the Chairman (i.e. the Director of Highways (“DHy”)) requested MTRCL to report on the detailed findings of the incident, as well as their assessment on the associated cost and programme impacts when available. MTRCL submitted on 5 May 2014 a preliminary investigation report on the TBM tunnel flooding incident and a final report on 5 June 2014 which addressed the queries from HyD. It is noted that the report did not cover any aspect on programme and cost. The effect on programme and cost were separately included in the Programme to Complete (“PTC”) and Cost to Complete (“CTC”) exercises conducted by MTRCL.

As requested by DHy, MTRCL submitted in May 2014 the proposed PTC (i.e. commissioning of the XRL by end 2017) which included the impact due to the flooding incident on 30 March 2014. On 11 August 2014, MTRCL announced that the CTC of the XRL would be \$71.52 billion. On the same day, HyD wrote to MTRCL requesting supplementary information on the CTC. On 22 August 2014, MTRCL submitted details of the CTC to the Government. HyD and the monitoring and verification (“M&V”) consultant reviewed the details on PTC and CTC submitted by MTRCL and provided comments to MTRCL in October and November 2014 respectively for the Corporation to follow-up.

Item (e)

Risk-based samplings are carried out by HyD and its M&V consultant as part of their regular monitoring work on the XRL project. The information requested by the Select Committee has been provided by DHy in Item (c) of his response of 10 April 2015 to the Select Committee’s request of 27 March 2015. I have no further information to add.

Disclosure of information

Your letter of 9 June 2015 that information provided by me or THB will be made available to the media and the public upon request and be placed on the website of the Legislative Council, and may also be included in the Select Committee's report. Please be advised that the information mentioned in the preceding paragraphs is provided to the Select Committee for the sole purpose of assisting in its inquiry into the delay of the XRL project.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Joseph Y T Lai'.

(Joseph Y T Lai)

for Secretary for Transport & Housing

Encl.

c.c.

Director of Highways

**Examples of events and incidents relating to
Item (a) of Select Committee's letter of 9 June 2015**

No.	Example
1.	<p>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 cause of “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. Based on information provided by MTRCL, the Government replied on the same day (7 May 2013) to the media that the target completion date of the XRL remained as 2015. Taking note of the growing concern in the matter, THB and HyD requested MTRCL to review the latest position and get ready to brief the Legislative Council Panel on Transport Subcommittee on Matters Relating to Railways (“RSC”) at its next meeting on 24 May 2013. 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.</p>
2.	<p>In July 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 through HyD to THB. The subject team of THB submitted the report to STH for sight. STH advised HyD and MTRCL to continue liaison with the Mainland partner to devise measures to mitigate the delay.</p>
3.	<p>At my request and arranged by HyD, HyD and MTRCL briefed me and other THB officers on 23 July 2013 on the overall progress of the XRL and the cross-boundary section. According to MTRCL, it was forecast that the cross-boundary tunnel civil works would be completed in March 2015; testing of the XRL across the boundary would commence in July 2015; and the target date for commissioning would be December 2015. The Government reminded MTRCL to make its best endeavours to deliver the project on time and within budget.</p>
4.	<p>Based on the third quarterly report on the construction progress of the cross-boundary XRL tunnel section, the subject team in THB reported on 22 October 2013 to STH (and me) that the cross-boundary tunnelling works continued to encounter delay. If the delay could not be mitigated, testing and commissioning of the XRL could only start in October 2015, thus impacting on the overall commissioning date for the XRL. The subject team also reported that MTRCL had recently proposed to HyD a target of</p>

	<p>partial opening of XRL (putting into service six tracks by end-2015) and the commissioning of four more tracks in mid-2016. This was based on the latest progress of works, taking into account all delay recovery measures being implemented in various contracts. WKT and the cross-boundary tunnel section were on the critical path of the XRL project and any further delays at either of these might affect the target commissioning date of the XRL. Mitigation measures such as re-sequencing of works and phased access of E&M installation works were under consideration. Based on the latest financial situation and the status of contract claims, it was considered that the expenditure of the project could be kept within the approved project estimate. In view of the latest development, I became very concerned with the possibility that the XRL might not commence service in 2015 and requested MTRCL and HyD to provide a detailed briefing on the latest progress of the project (see Event no. 5).</p>
5.	<p>As requested by THB, HyD (represented by DHy) and MTRCL (represented by the then Projects Director) provided on 8 November 2013 a detailed briefing to me and other THB officers on the latest progress of the XRL project. MTRCL presented the progress of the works of the XRL, including WKT and Contract 826 tunnelling works. At the meeting, MTRCL stated that WKT could be ready for operation on a partial opening basis (“the partial opening scenario”) by December 2015. MTRCL explained that by “partial opening”, it meant that 6 out of the 15 tracks and the essential railway facilities should be ready to provide passenger service. They explained that even with only 6 tracks in this interim period, it would be sufficient to meet early year demand. 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. I considered that it was necessary for Government departments, including, for example, HyD and the Transport Department (“TD”), to examine the feasibility of the proposal, I did not confirm with MTRCL whether the partial opening scenario was acceptable to the Government or not. I further queried whether and how the partial opening scenario would have helped, given that the slow progress of the tunnelling works remained a main hurdle. It was pointed out to MTRCL that 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. As the XRL might not be able to commence operation in 2015, THB subsequently arranged DHy to report to STH (see Event no. 6).</p>
6.	<p>The subject team of THB arranged a briefing on 20 November 2013 by HyD for STH, essentially using the information provided by MTRCL on 8 November 2013. Based</p>

	<p>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.</p>
7.	<p>As directed by STH, an urgent meeting was held amongst THB (led by me), HyD and MTRCL (led by the then Chief Executive Officer (“CEO”)) in the evening of 21 November 2013.</p> <p>The key points of discussion at the meeting have been set out in detail in my written statement (SC(4)(XRL) Paper No.: W7(C)), the written statement by Mr Yau Shing-mu, USTH (SC(4)(XRL) Paper No.: W4(C)) and the Annex to the Administration’s response to the RSC dated 15 May 2014 (LC Paper No.: CB(1)1422/13-14(04)).</p>

**Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL)
Briefing by RDO and MTRCL on 23 July 2013**

Progress of Construction

Attendance

Transport and Housing Bureau

Mr. Joseph LAI	Permanent Secretary for Transport and Housing (Transport)
Ms. Rebecca PUN	Deputy Secretary for Transport and Housing (Transport) 1
Miss Winnie WONG	Principal Assistant Secretary for Transport and Housing (Transport) 3
Mr. Frankie WAN	Assistant Secretary for Transport and Housing (Transport) 3D

Highways Department

Mr. Henry CHAN	Principal Government Engineer / Railway Development
Mr. H.C. TAM	Government Engineer / Railway Development (2)
Mr. Robert CHAN	Chief Engineer / Railway Development 2-2
Mr. Jason LEUNG	Chief Engineer / Railway Development 2-3 (Acting)

MTR Corporation Limited

Mr. T. C. CHEW	Projects Director
Mr. Antonio CHOI	General Manager - XRL
Mr. Simon TANG	General Manager - XRL Tunnels
Mr. Alvin LUK	General Manager - XRL E&M
Mr. Eric CHAN	Senior Construction Engineer