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Works Branch Development Bureau Government Secretariat

West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong

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

6 July 2015

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 11 June 2015 on the captioned subject.

Regarding the information requested, I would like to reply as follows:-

(a) Paragraph 15 of the Written Statement of Mr WAI Chi-sing, the former Director of Highways ("DHy"), formally produced at the hearing on 2 June 2015 mentions that where necessary DHy reports to the Secretary for Transport and Housing ("STH") any significant issues relating to the implementation of the Hong Kong section ("HKS") of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"). Please provide details of the "significant issues", including the number, dates and relevant contents, which had been reported by Mr WAI relating to the implementation of the XRL project to Ms Eva CHENG, the then STH, up to June 2010.

"Significant issues" relating to the implementation of the XRL are reported to the STH by the HyD through Head of Department ("HoD") meetings. While there are no formal notes of such HoD meetings, briefing notes are prepared by the HyD for discussion at the meetings. In view of the confidential nature of the HoD meetings, these briefing notes are normally for Government's internal reference only. The disclosure thereof may prejudice the Government's position in the negotiation/settlement of claims. To facilitate the work of the Select Committee, a list of the examples of the related significant issues is extracted from the briefing notes are provided at **Annex** for Members' reference.

(b) Mr WAI Chi-sing gave evidence at the hearing on 2 June 2015 that he and the MTR Corporation Limited ("the Corporation") were aware of the underground conditions at the West Kowloon Terminus ("WKT") when Mr WAI was holding the office of DHy by June 2010. Please advise whether the Corporation has ever drawn to the attention of the Administration or Mr WAI the difficulties in removing the bedrock at WKT, has taken into account the difficulties when planning that the XRL project would be completed and handed to the Government by August 2015 and has included the cost of removing the bedrock at WKT in the estimated XRL project cost.

Based on the relevant file records kept by HyD, there is no record to show that the Corporation has drawn to the attention of HyD or myself the difficulties in removing the bedrock at the WKT for the period up to June 2010 before I left the post of DHy.

During the design stage of the XRL project, the Corporation has carried out site investigation works to obtain geotechnical information, including the WKT area. It is therefore considered that the Corporation was aware of the underground condition and had taken into account the underground condition of the WKT when planning the XRL project.

As for the cost of removing the bedrock, it has been included in the estimated XRL project cost. The works for removing the bedrock has also been included in relevant tender documents.

(c) Paragraph 7.4 of the Report of HKS of XRL Independent Expert Panel recommends that quantitative risk analyses ("QRAs") (schedule and cost) should be carried out as part of the process for establishing the baseline parameters for the project. This would ensure more robust and achievable budgets and timescales, including adequate contingency to cover foreseen and unforeseen risks for highly complex projects such as XRL. Please provide details of QRAs which have been conducted by the Corporation, if any, to identify the cost implications to budget and time implications to overall project programme arising from the unfavourable ground conditions of the project sites.

I understand the Corporation would regularly conduct quantitative risk analyses ("QRAs") in nature on project programme and cost in accordance with its Project Integrated Management System. As for the provision of details of the QRAs and their application to the various aspects of the project (including the possible existence of unfavourable ground conditions), HyD has enquired with the Corporation and understands that the Corporation prefers the Select Committee to approach it direct for the information.

Yours sincerely,

(WAI Chi-sing)

Former Permanent Secretary for Development (Works)

cc Secretary for Transport and Housing (Attn: Miss Winnie Wong)

Director of Highways

Examples of "significant issues" reported to STH relating to the implementation of the XRL up to June 2010

Item -	No. of	Date of	Examples
	Reporting	Reporting	
1.	7	17/12/2007	Consultancy Study on the Institutional Arrangements for the
		21/1/2008	Implementation of the XRL Project
		18/2/2008	
		10/3/2008	The issues reported to STH during the meetings include the
		21/4/208	invitation of consultancy firms to submit proposals for the
		16/5/2008	study on the institutional arrangements for the XRL
		17/6/2008	implementation, the award of consultancy study and the progress of works, etc.
2.	12	18/5/2009	Choi Yuen Tsuen
		15/6/2009	
		20/7/2009	The issues reported to STH during the meetings include the
		17/8/2009	handling of objections due to land resumption at Choi Yuen
		21/9/2009	Tsuen, the arrangement of briefings/public forums to the
		19/10/2009	villagers and handling of compensations, etc.
		16/11/2009	
		21/12/2009	
		11/1/2010	
		8/2/2010	
		15/3/2010	
		19/4/2010	
3.	4	16/11/2009	Funding Application
		21/12/2009	
		11/1/2010	The issues reported to STH during the meetings include the
		8/2/2010	preparation and submission of PWSC paper to the LegCo,
			the preparation for the FC meeting and the approval by the
			FC for the funding application, etc.

Abbreviation:

PWSC = Public Works Subcommittee

FC = Finance Committee