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本局檔號 Our Ref. THB(T)CR 10/1/16/581/99

來函檔號 Your Ref. CB4/SC/13

15 January 2016

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 23 December 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)

The Select Committee requested me to provide a copy of the letter from the then Chief Executive Officer of the MTR Corporation Limited (“MTRCL”) to me in July 2012 mentioned in paragraph 35 of my Written Statement. The letter is an internal correspondence between the Government and MTRCL being the project manager of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”). In normal circumstances, the letter is for the internal reference of the Government only.

To facilitate the work of the Select Committee, we are prepared to provide the letter (some sensitive information may need to be redacted) on a confidential basis for use by the Select Committee members at closed hearings. Subject to the Select Committee's agreement, we will provide the document to the Select Committee separately.

Item (b)

At the meeting on 16 April 2010 of the Subcommittee on Matters Relating to Railway ("RSC") under Panel on Transport of the Legislative Council, Members requested the Administration to submit a report at six-month intervals, with the first report covering the period between 16 January 2010, i.e. when the Finance Committee approved the project funding of the XRL, and 30 June 2010. The subsequent half-yearly reports covered the project progress for the periods ending 30 June and 31 December of each of the following year. On the scope of the progress reports, in addition to the work progress of the XRL project, it also covered some major aspects such as pre-construction preparatory work, claims situation, interface issues and employment opportunities created by the XRL project .

Up to mid-2014, the Administration had submitted a total of seven half-yearly progress reports to the RSC. The MTRCL, as the project manager of the XRL project, was responsible for **preparing the first draft** of the above mentioned half-yearly progress reports. Upon receipt of MTRCL's progress reports, Highways Department ("HyD") **verified** the accuracy of the content in the reports, and also proof-read the original version such as correcting spelling and grammar as well as the organisation to facilitate readers in comprehending the reports. In principle, the main content in the MTRCL's draft progress reports was retained. The above mentioned amendments would be given to the MTRCL for review. With the agreement by the MTRCL, the Administration would submit the report, as a joint report by the Administration and the MTRCL, to the RSC.

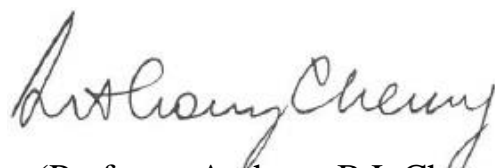
Starting from the fourth quarter of 2014, in order to enhance the reporting of the progress and financial situation of the construction of XRL project to the Legislative Council, we have been submitting the progress and financial situation reports of the XRL project **from half-yearly to quarterly**. For the quarterly reports submitted by the MTRCL, the verification by the HyD is the same as the above mentioned half-year reports. The MTRCL will submit the draft progress reports to the Administration for giving comments. However, the content of the progress reports for submission to the Legislative Council is

ultimately decided by the MTRCL. In addition to MTRCL's progress report on the XRL project, THB and HyD will prepare a separate paper, mainly on the assessment on the progress and challenges of critical contracts of the XRL project, and submit to the RSC along with the progress report provided by the MTRCL.

Disclosure of information

We note from your letter of 23 December 2015 that information provided by me or the 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 preceding paragraphs is provided to the Select Committee for the sole purpose of assisting its inquiry into the delay of the XRL project. On Item (a), the document is for internal reference within the Government only. We should therefore be grateful if the Select Committee would confirm its agreement to our proposed arrangement as aforesaid. Subject to the Select Committee's confirmation, we will provide the Select Committee with the documents accordingly.

Yours sincerely,



(Professor Anthony B L Cheung)
Secretary for Transport and Housing

c.c.
Director of Highways