

Translation

For Information

December 2018

**Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways**

**Progress and Financial Situation of the
Construction of the Hong Kong Section of the
Guangzhou-Shenzhen-Hong Kong Express Rail Link**

(Quarterly Report for the Period ending 30 September 2018)

INTRODUCTION

This paper aims to brief Members on the major works progress and financial situation of the construction of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) and the relevant monitoring work carried out by the Highways Department (“HyD”) for the period ending 30 September 2018.

BACKGROUND

2. At the meeting of the Subcommittee on Matters Relating to Railways (“RSC”) under the Legislative Council (“LegCo”) Panel on Transport in April 2010, Members agreed that reports on progress update and financial situation of the construction of the Hong Kong Section of the XRL should be submitted at six-month intervals. To enhance the reporting to the LegCo on the progress update and financial situation of the construction of the Hong Kong Section of the XRL, such reports have been submitted to the RSC at quarterly intervals since the fourth quarter of 2014.

— 3. This paper, which is appended with the progress report (**Annex**) of the MTR Corporation Limited (“MTRCL”), reports on the major works progress,

indicators, financial situation, and an overview of trial operations for the third quarter of 2018 (i.e. from 1 July to 30 September 2018).

PROGRESS UPDATE OF THE PROJECT

4. The HyD, with the assistance of its Monitoring and Verification (“M&V”) Consultant, continued to monitor systematically the implementation of the works on the Hong Kong Section of the XRL by the MTRCL under its monitoring mechanism and took appropriate follow-up actions. Such mechanism includes meetings at various levels (such as meetings of the Project Supervision Committee chaired by the Director of Highways, Project Coordination Meetings chaired by an Assistant Director of HyD, Contract Review Meetings chaired by HyD’s Chief Engineer) and regular site inspections.

5. Since the third quarter in 2015, the Government has been monitoring the progress of the remaining works of the XRL project against the revised commissioning target of the XRL in the third quarter of 2018.

6. As stated in the MTRCL’s progress report, all the works required for the commissioning of the XRL were completed in the third quarter of 2018. The progress of works is set out below.

(a) Construction of West Kowloon Station (“WKS”) and Nearby Roads

7. The works for Architectural Builder’s Works and Finishes on various floor levels of the WKS had been completed, and all electrical and mechanical and building services systems installation and testing had also been completed. The installation of lifts and escalators in the WKS had been completed and “Use Permits” from the Electrical and Mechanical Services Department (“EMSD”) had also been obtained. Construction works of the “Hong Kong Port Area” and the “Mainland Port Area”, installation of immigration counters and clearance facilities as well as system testing had been completed. In addition, the hardware for passenger facilities at the WKS including passenger service counters, tourist information centre etc. had been put in place.

8. Following the completion and the opening of three-tiered underpass in stages at the junction of Austin Road West and Lin Cheung Road in the vicinity of the WKS, to tie in with the commencement of operation of the Hong Kong Section of the XRL on 23 September this year, the remaining road facilities, seven footbridges and two subways connecting the WKS and adjacent areas had been opened to the public, putting in place an efficient pedestrian link to and from the WKS.

(b) Fire Services Installation and Inspections

9. The Fire Services Department certified the satisfactory condition of fire services installation and equipment at the WKS on 12 July this year.

(c) High Speed Trains

10. All nine sets of the high speed trains had passed various tests, including reliability run tests, and all related trial operations had also been completed. Moreover, the MTRCL had completed the operational safety assessment of all Mainland trains that would enter the Hong Kong Section of XRL in the operation stage, and confirmed that the Mainland trains concerned were suitable for providing train services in the Hong Kong Section. The EMSD had also agreed that the MTRCL had completed the relevant technical assessment.

(d) Trial Operations

11. The MTRCL commenced trial operations since April 2018 and cross-boundary trial operations commenced in May 2018, covering run-in of various systems for safety and reliability, and training of staff to familiarise themselves with the various operation systems and operating environment, through the simulation of actual operating environment. In early September this year, the MTRCL had completed all the major drills and exercises in conjunction with relevant emergency and rescue departments on different scenarios that might occur during the operation of the XRL to ensure that the entire railway system was safe and sound.

12. The MTRCL submitted a “safe and sound” report to the EMSD in early August 2018. After consulting relevant government departments, the EMSD confirmed on 15 August 2018 that the Hong Kong Section of XRL was safe and in sound condition.

13. The Hong Kong Section of the XRL was commissioned on 22 September 2018 and formally commenced operation on the following day (23 September 2018).

Transport and Housing Bureau
Highways Department
December 2018

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Subcommittee on Matters Relating to Railways**

**Progress and Financial Situation of the Construction of the
Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link**

(Report for the period between 1 July and 30 September 2018)

INTRODUCTION

This paper presents the construction progress of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) project up to 30 September 2018.

BACKGROUND

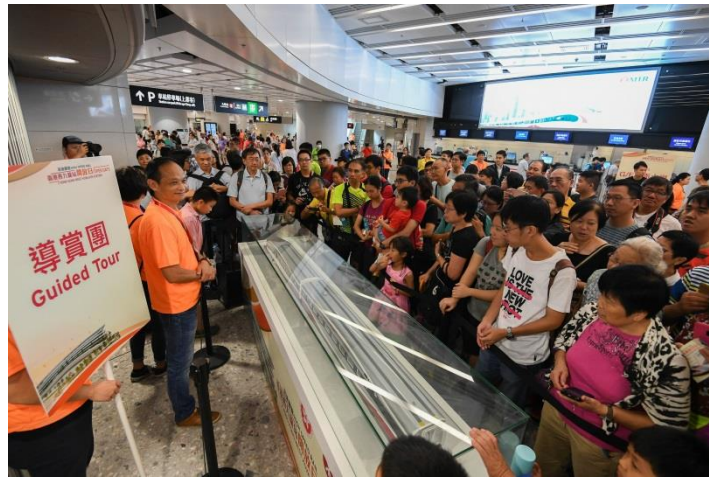
2. The progress reported below is based on the target completion of the XRL project to commence passenger service in September 2018. This paper outlines major works progress and financial status for the period from 1 July to 30 September 2018.

PROGRESS UPDATE OF THE PROJECT

(I) Preparation for the Commissioning of the Hong Kong Section of the XRL

3. All the works required for the commissioning of the XRL were completed in the third quarter of 2018. The Hong Kong Special Administrative Region Government confirmed in August 2018 the Project to be in all aspects safe and in sound condition for passenger services. The “safe and sound” confirmation was an important milestone, signifying that all required statutory inspections and testing, as well as required drills and exercises had been completed.

4. To provide members of the public with an opportunity to familiarise themselves with new station facilities and to gain a better understanding of high speed rail (“HSR”) service before its commencement, public open days were held on 1 and 2 September 2018 at the Hong Kong West Kowloon Station. Around 20,000 visitors attended the open days.



Around 20,000 visitors enjoyed fun and memorable experiences at the Hong Kong West Kowloon Station Public Open Days

5. The Hong Kong Section of the XRL was commissioned on 22 September 2018 and formally commenced operation on the following day (23 September 2018) to provide passengers with a brand new experience in cross-boundary travel.

6. HSR operation has been generally smooth since service commencement. The operation team did encounter some teething issues during the initial period of operations, mainly on passenger rules, ticketing arrangements and the ticketing system's interface with the Mainland system, but have since made every effort to resolve them. The Corporation will also continue to communicate closely with the China Railway Corporation and China Railway Guangzhou Group Co., Ltd., with a view to enhancing HSR service.

(II) Updated Financial Situation of the XRL project

7. As at 30 September 2018, the cumulative expenditure for the awarded contracts was \$71.4 billion.

8. The Corporation will continue to closely monitor the costs and progress of the XRL project. Details of the financial situation of the project are shown in Annex 1.

MTR Corporation Limited
December 2018

Annex 1 - Financial Expenditure

Expenditure report ending 30 September 2018

Table 1 – Situation of Expenditure¹

	Awarded contract sum for the contracts (\$ million)	Cumulative expenditure (\$ million)
Railway Tunnels	22,550.4	31,138.0
Station	14,742.3	28,326.4
E&M Works	8,453.8	11,952.8
Total	45,746.5	71,417.2

Table 2 – Situation of substantiated claims²

	Claims resolved			Claims unresolved		
	Number	Amount claimed originally* (\$ million)	Amount awarded# (\$ million)	Number	Amount claimed* (\$ million)	Interim award (\$ million)
Railway Tunnels	170	5,173	2,491	417	7,913	2,245
Station	129	10,066	6,285	289	2,040	742
E&M Works	21	1,041	723	102	4,539	1,926
Total	320	16,280	9,499	808	14,492	4,913

*Amount stated in the contractor's detailed claim report.

The amount awarded means the payment for claims resolved.

¹ Table 1 shows the awarded contract sums and the cumulative expenditures for contracts in respect of railway tunnels, station and E&M works. The cumulative expenditures exceeded the respective contract sums because of the increase in cost due to price escalations, unfavourable ground conditions, changes in design to suit actual site conditions and various unforeseen circumstances etc.

² Table 2 shows the details (no. of claims, amount claimed and amount awarded) for claims resolved and unresolved in respect of railway tunnels, station and E&M works. The amount awarded and amount of interim award are not necessarily equal to the amount claimed as all the claims are subject to the Engineer's assessments based on justifications and information provided by the contractors.

As at 30 September 2018, the Corporation had received 1,128 substantiated claims and the total claim amount was approximately \$30.8 billion, representing 67.3% of the awarded contract sum for the contracts. The Corporation has been discussing the details of the claims with the contractors concerned, and would thoroughly assess the amount claimed. The Corporation would process each claim in a prudent manner, and the contractors are required to provide sufficient justifications and information. As at 30 September 2018, 320 cases were resolved and about \$9,499 million was awarded, representing about 20.8% of the awarded contract sum for the contracts. Subject to the needs of individual works and progress of the relevant assessment and discussion, interim awards amounting to about \$4,913 million have been made for some cases.