

**立法會**  
***Legislative Council***

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**Public Works Subcommittee of the Finance Committee  
of the Legislative Council**

**Minutes of the 12<sup>th</sup> meeting  
held in Conference Room 1 of the Legislative Council Complex  
on Wednesday, 18 March 2020, at 8:30 am**

**Members present:**

Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)  
Hon Charles Peter MOK, JP (Deputy Chairman)  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon MA Fung-kwok, SBS, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, BBS, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon HO Kai-ming

Hon Holden CHOW Ho-ding  
Hon Wilson OR Chong-shing, MH  
Hon Tanya CHAN  
Hon HUI Chi-fung  
Hon LUK Chung-hung, JP  
Hon LAU Kwok-fan, MH  
Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Member attending:**

Dr Hon KWOK Ka-ki

**Members absent:**

Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Hon CHU Hoi-dick  
Dr Hon Junius HO Kwan-yiu, JP  
Hon CHEUNG Kwok-kwan, JP  
Hon Vincent CHENG Wing-shun, MH, JP

**Public officers attending:**

Mr Howard LEE Man-sing	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>3</sup>
Mr LAM Sai-hung, JP	Permanent Secretary for Development (Works)
Ms Bernadette LINN, JP	Permanent Secretary for Development (Planning and Lands)
Ms Maisie CHENG Mei-sze, JP	Permanent Secretary for the Environment

Ms Margaret HSIA Mai-chi	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mr Frank CHAN Fan, JP	Secretary for Transport and Housing
Mrs Sharon YIP LEE Hang-ye, JP	Deputy Secretary for Transport and Housing (Transport)1
Mr Peter MAK Chi-kwong	Principal Assistant Secretary for Transport and Housing (Transport)7
Mr Jimmy CHAN Pai-ming, JP	Director of Highways
Mr Robert CHAN Cheuk-ming, JP	Principal Government Engineer (Railway Development) Highways Department
Mr LEUNG Sai-ho	Chief Engineer (Railway Development) 1-2 Highways Department

**Attendance by invitation:**

Dr Jacob KAM	Chief Executive Officer MTR Corporation Limited
Mr Roger BAYLISS	Projects Director MTR Corporation Limited
Mr James CHOW	Divisional General Manager (Project Construction) MTR Corporation Limited
Mr Scott MACKENZIE	General Manager (Procurement & Contracts) MTR Corporation Limited
Mr Lam CHAN	Deputy General Manager (Projects & Property Communications) MTR Corporation Limited

**Clerk in attendance:**

Ms Doris LO

Chief Council Secretary (1)2

**Staff in attendance:**

Mr Raymond CHOW

Senior Council Secretary (1)10

Ms Christina SHIU

Legislative Assistant (1)2

Ms Christy YAU

Legislative Assistant (1)8

Ms Clara LO

Legislative Assistant (1)9

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Action

The Chairman advised that there were four papers for discussion on the agenda for the meeting. The first item was a funding proposal newly submitted by the Administration and the second to fourth items were funding proposals carried over from the last meeting. These four funding proposals involved a total funding allocation of \$12,745.6 million. He reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the proposals. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

**Head 706 — Highways**

**PWSC(2019-20)27    61TR    Shatin to Central Link — construction of railway works — remaining works**  
**62TR    Shatin to Central Link — construction of non-railway works — remaining works**

2. The Chairman advised that this proposal, i.e. [PWSC\(2019-20\)27](#), sought to increase the approved project estimates ("APEs") of 61TR and 62TR (hereinafter collectively referred to as "main works of the Shatin to Central Link ("SCL)") by \$8,696.8 million and \$1,367 million respectively (totalling about \$10,063.8 million), bringing the APE of 61TR from \$65,433.3 million to \$74,130.1 million and the APE of 62TR from \$5,983.1 million to \$7,350.1 million in money-of-the-day prices. The Administration consulted the Subcommittee on Matters Relating to Railways under the Panel on Transport on this funding proposal on 3 March 2020. A report on the gist of the discussion of the Subcommittee on Matters Relating to Railways was tabled at the meeting.

3. At the invitation of the Chairman, Secretary for Transport and Housing ("STH") briefed members on the background of increasing the APEs of the main works of SCL by around \$10,063.8 million in total. Director of Highways ("DHy") then explained to members the main reasons for the APE increases with the aid of a powerpoint presentation. Chief Executive Officer, MTR Corporation Limited ("CEO/MTRCL"), explained to members the importance of SCL and reported on the progress of the SCL project. He said that MTR Corporation Limited ("MTRCL") was making every effort to take forward the remaining works of SCL. He appealed for members' support for the proposed increase in APEs to facilitate early works completion.

(*Post-meeting note: A soft copy of the above powerpoint presentation materials ([LC Paper No. PWSC114/19-20\(01\)](#)) was circulated to members by email on 18 March 2020.*)

Proposal to increase the approved project estimates of the main works of Shatin to Central Link

*The issue of cost overruns*

4. Mr KWONG Chun-yu objected to the funding proposal. He expressed discontent with the problem of the SCL project such as cost overruns and construction errors found at various SCL stations (e.g. Hung Hom Station and Exhibition Centre Station). He enquired whether there would be any government officials held responsible for the cost overruns of the SCL project. Dr KWOK Ka-ki and Ms Claudia MO also expressed concern about the cost overrun problem of the project.

5. STH said that the increase in the SCL project cost was mainly attributed to unforeseen conditions which necessitated corresponding alterations to the project. The Government and MTRCL would press ahead with the SCL project and learn a lesson to improve their future railway projects.

6. Mr Jeremy TAM enquired whether the Administration had, after the SCL incidents, reflected how cost overruns could have been avoided and learned how to prevent the same problem from recurring in other railway projects.

7. STH and DHy replied that the Administration had conducted detailed design and site investigation under 51TR (Shatin to Central Link — design and site investigation) before commencing the main works of SCL to ensure the accuracy of its project cost estimate. However, owing to the enormous

scale of the SCL project, the substantial underground excavation and construction works involved, as well as the railway alignment that ran through the densely populated urban areas, Victoria Harbour and country parks, the aforesaid site investigation was subject to many constraints, making it hard to foresee all relevant conditions.

8. Dr CHENG Chung-tai, Mr LUK Chung-hung, Mr KWONG Chun-yu and Ms Claudia MO enquired whether the Administration would set a cap for the SCL project cost. Dr CHENG questioned whether the Administration intended to leave room for its future payment of an additional project management cost amounting to some \$1,371 million to MTRCL. Mr LUK opined that since contingency provisions of around \$1,700 million had been made in the cost estimate of the remaining works of SCL, the Administration should undertake not to seek further funding from LegCo.

9. STH responded that the Administration had estimated the additional funds required for the SCL project based on known risks and the belief that the funding upon approval would be sufficient for completing the remaining works of SCL. However, the great uncertainty in the development of the coronavirus disease 2019 ("COVID-19") pandemic posed substantial challenges to the material supply and the work resumption arrangement; it was thus hard for the Administration to predict at this stage the impacts of the pandemic on the SCL project. Moreover, some unforeseen circumstances might come into play before the full commissioning of SCL in the first quarter of 2022. Therefore, the Administration could not undertake to cap the SCL project cost at the moment.

10. Mr CHAN Chi-chuen enquired about the deadline for the Administration to obtain additional funding for the SCL project, as well as the consequences and the Administration's contingency plan in case the funding was not approved by the deadline.

11. STH replied that the original APE of the SCL project was expected to be exhausted in around October 2020. Therefore, the failure to obtain additional funding within the current legislative session would have profound implications, including works delays and cost increases caused by works suspension of contractors, inconvenience to the commuting public and adverse effects on workers' livelihood. The Chairman pointed out that, according to the opening speech of CEO/MTRCL, some 2 700 engineering personnel and construction workers engaged in the SCL project would be affected in case of works suspension.

*Reasons for increase in project cost*

12. Mr Holden CHOW and Mr Jeremy TAM concurred with the view that certain unforeseen circumstances (e.g. the additional archaeological work at Sung Wong Toi Station) had contributed to the increase in the SCL project cost. However, they questioned why some of the foreseeable items, such as the costs to be incurred for meeting the ever-advancing safety and technical requirements and replacing the seven-car trains on the Tuen Ma Line with eight-car trains for the purpose of enhancing the carrying capacity, were not taken into account in the initial estimation of the SCL project cost.

13. Projects Director, MTRCL, explained that as the construction period of SCL spanned about 10 years, MTRCL could only foresee some but not all of the costs to be incurred for meeting the advancing safety and technical requirements. New safety and technical requirements (e.g. the new requirements for train operation safety and fire services, the revised requirements for dust and noise prevention, and the improved design of escalators), though beneficial to the public, would drive up the project cost. DHy said that the train acquisition cost was usually included in the budget of a railway project. In view of the public demand for railway services, the Administration had decided to replace the seven-car trains on the Tuen Ma Line with eight-car trains to enhance the passenger carrying capacity in advance.

14. Regarding the additional cost of about \$2,993.6 million arising from the additional archaeological work on site at Sung Wong Toi Station of SCL, Ms Claudia MO requested the Administration to provide a breakdown of such additional cost as supplementary information.

15. The Chairman said that as stated in the discussion paper, the final archaeological report on Sung Wong Toi Station detailing the information of the above archaeological work was submitted to the Antiquities and Monuments Office in June 2017. DHy responded that the Administration had regularly reported to the Subcommittee on Matters Relating to Railways on the archaeological work on site at Sung Wong Toi Station. It had also provided an information paper explaining the impact of the above archaeological work and the modification of the associated station design and construction method on the cost of the SCL project ([LC Paper No. CB\(1\)241/14-15\(07\)](#)). The Administration would provide the supplementary information requested by Ms MO after the meeting.

*(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC118/19-20\(01\)](#) (Chinese version only) on 24 March 2020.)*

16. Mr Alvin YEUNG pointed out that prior to the commencement of the main works of SCL, the Administration had conducted the relevant design and site investigation work under 51TR, the site investigation of which cost \$50.8 million (in September 2007 prices). However, during the construction, the actual geological conditions were found to be different from the assessment findings obtained in the investigation stage. In this connection, Mr YEUNG enquired whether the Administration had laid down objective criteria for judging the accuracy of pre-construction site investigations conducted by contractors. Ms Claudia MO was also concerned whether the pre-construction site investigations had been conducted properly to avoid cost overruns during construction.

17. STH and DHy said that due to the extensiveness of geological data (e.g. bedrock depth and ground conditions), there could hardly be a single standard for the accuracy of site investigation results. Moreover, the geological investigation work of SCL was subject to multiple constraints. For example, given that many existing facilities (e.g. the ex-Wan Chai North public transport interchange) at some of the works sites were not yet demolished during the investigation, engineering personnel could only conduct geological investigation to a limited extent. As MTRCL had compiled the Geotechnical Baseline Report based on the assessment findings obtained during the investigation stage and had incorporated it into the tender documents for tenderers' reference, the project cost would be adjusted correspondingly if the actual geological conditions turned out to be different. This established practice had all along been effective, and it was a better approach than stating in tender documents that geological risks had to be borne by tenderers as the tenderers would then build risk premium into the project cost to push up the tender price.

18. Mr LUK Chung-hung noted that the proposed increase in the APEs included a fee totalling around \$44 million payable to the monitoring and verification ("M&V") consultant. He opined that the engagement of the M&V consultant to assist the Highways Department ("HyD") with the monitoring of the SCL project had made the monitoring mechanism unduly complicated. Mr LUK therefore requested HyD to strengthen its own monitoring role and take up the duties of the M&V consultant to save the consultancy fee.

19. STH replied that the additional cost was incurred as HyD had stepped up the work of the M&V consultant in the light of the recommendations given in the Interim Report of the Commission of Inquiry into the Construction Works at and near the Hung Hom Station Extension under the SCL Project.



20. Mr WU Chi-wai said that given the imminent completion of SCL, the Administration should have a rough foresight of the potential risks involved in the project. In this connection, he asked about other possible factors that would further drive up the project cost, the specific uses expected of the contingency provisions totalling around \$1,700 million and the percentage of such contingency provisions in the cost estimate of the remaining works. Mr WU and Mr LUK Chung-hung also enquired how the Administration would try not to deploy the additional contingency provisions. Mr Tony TSE was concerned whether the Administration had already planned to use those contingency provisions as well.

21. STH and DHy responded that the Administration had to make additional contingency provisions totalling around \$1,700 million in the cost estimate of the SCL project to cope with unforeseen circumstances (e.g. the current COVID-19 outbreak) and meet the payment required for the substantiated claims by contractors as the amounts involved might be higher than expected. The additional contingency provisions accounted for about 10% of the estimated cost of the remaining works, a percentage similar to that in other general public works projects. The Administration would avoid using the contingency provisions as far as possible. As for other currently foreseeable conditions, the Administration had already included the additional costs that they might brought about in the proposed increase in the APEs.

22. Mr WU Chi-wai requested the Administration and MTRCL to provide further information on the claims filed by the contractors of the SCL project on the premise that their claims would not be prejudiced. For example, the Administration and MTRCL might set out the number of claims received so far, a breakdown of such cases by the grounds of claims (with the amounts involved) and the number of processed cases (with the amounts awarded), as well as stating whether the amounts involved (awarded or not) in such claims were included in the proposed increase in the APEs for the SCL project.

23. STH replied that it was inappropriate to disclose the information of individual claims currently processed by MTRCL. The Administration had, however, provided a summary of those claims in its submission to the Subcommittee on Matters Relating to Railways ([LC Paper No. CB\(4\)322/19-20\(03\)](#)) in February 2020. It would consider providing further information if that would not prejudice the processing of those cases.

*(Post-meeting note: The supplementary information provided by the Administration after consulting MTRCL was circulated to members via [LC Paper No. PWSC118/19-20\(01\)](#) (Chinese version only) on 24 March 2020.)*

*Reasons for the additional project cost to be partly offset*

24. Mr Alvin YEUNG noted that there was a total saving of about \$315.3 million to the project cost of the main works of SCL owing to the apportionment arrangement for the difference between the actual contract prices and the original estimate, as well as other savings items. He sought details in this regard. Given the recent development that the estimated project cost of 780CL (Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long) could be reduced from the original estimate of \$2,390.2 million to \$1,800.2 million (i.e. about \$590 million less than the earlier estimate) due to the fact that the returned tender price was lower than the original estimate, Mr YEUNG continued to ask whether the project cost of SCL could be further reduced.

25. DHy explained that based on the actual tendered price for each contract, the sum of all contract prices for the entire SCL project was lower than the pre-tender estimate assessed by MTRCL in 2012, with a net saving of \$289 million. The contract prices concerned reflected the prevailing market situation. In addition, the cost of works was reduced by about \$26.3 million as some of the works items were no longer necessary. The two factors mentioned above had contributed to a total saving of about \$315.3 million.

26. Mr Alvin YEUNG enquired about the use of the original contingencies of the SCL project. DHy replied that the contingencies totalling \$6,399.7 million had been reserved in the funding proposal submitted to LegCo for the main works of SCL in 2012. Those contingency provisions would all be used to meet the additional cost of the SCL project.

Additional project management cost proposed by MTRCL

27. Mr CHAN Han-pan supported the Administration's proposal of not paying MTRCL the additional project management cost to save public money. However, he was concerned whether the Administration could fully justify its view that such payment to MTRCL was unnecessary. Mr CHAN Han-pan, Ms Tanya CHAN and Mr Michael TIEN pointed out that MTRCL had embarked on a number of additional endeavours for the SCL project, such as the additional works to allow flexibility for the development of convention facilities atop Exhibition Centre Station and the additional measures to address site constraints. They enquired whether such additional endeavours should be regarded as material modifications to the scope of works/entrustment activities/entrustment programme annexed to the

entrustment agreement between MTRCL and the Government for the SCL project; if so, whether the Administration should pay the additional project management cost of about \$1,371 million to MTRCL.

28. Mr LUK Chung-hung was concerned whether the Administration would pay part of the additional project management cost to MTRCL to resolve the dispute. Dr KWOK Ka-ki and Ms Claudia MO opined that as the Government was the majority shareholder of MTRCL, the additional project management cost would eventually be paid with public money regardless of whether it was borne by the Administration or MTRCL.

29. CEO/MTRCL explained that should there be any material modifications to the scope of works/entrustment activities/entrustment programme annexed to the entrustment agreement for the SCL project, the Administration was required to negotiate the resultant cost increase/decrease (including the increase/decrease in the project management cost) with MTRCL. STH said that the Administration did not consider the justification submitted by MTRCL for the proposed additional project management cost sufficient as there had not been any material modifications to the scope of works/entrustment activities/entrustment programme of the entrustment agreement. Therefore, the Administration did not agree to the payment.

30. Ms Tanya CHAN requested the Administration and MTRCL to clarify which party would eventually be held responsible for the payment in question, how far the negotiation had progressed and when the dispute was expected to be resolved.

31. Mr Michael TIEN said that if the Administration refused to pay MTRCL the additional project management cost for the SCL project, MTRCL would have less revenue for dividend payouts. On the other hand, MTRCL had received in full the additional project management cost for the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"), which was also an overspending project. In view of this, he did not think the independent shareholders of MTRCL would accept the Administration's decision of not paying the additional project management cost. Mr TIEN enquired whether MTRCL would, say, hold an extraordinary general meeting or distribute special dividend to gauge support from its independent shareholders for the solution proposed by the Administration and MTRCL to the dispute over the additional project management cost. He was also worried that the Administration might still have to seek funding from LegCo for the additional project management cost in case MTRCL insisted on the payment.

32. Mr LUK Chung-hung suggested that MTRCL should draw reference from the handling of cost overruns regarding the Hong Kong section of XRL project and compensate the Government — MTRCL's majority shareholder — for its payment of additional project cost owing to SCL's cost overruns by means of special dividend. Dr CHENG Chung-tai enquired whether MTRCL would bring up the matters relating to the additional project management cost for discussion at its upcoming annual general meeting.

33. Mr Tony TSE was concerned whether the Administration would use the additional contingency provisions for the SCL's remaining works of around \$1,700 million to pay up the additional project management cost charged by MTRCL in case such provisions were left unspent. If that happened, the Administration would not have to seek funding approval from LegCo for the payment. Mr CHAN Han-pan enquired how the Administration would avoid its dispute with MTRCL over the additional project management cost being taken to court and whether it would seek funding from LegCo again in case it lost the lawsuit.

34. STH replied that the Administration would negotiate with MTRCL in good faith based on facts and according to the entrustment agreement for the SCL project to resolve their dispute over the additional project management cost, which was about whether there had been material modifications to the scope of works/entrustment activities/entrustment programme. As the Administration believed it could eventually reach a consensus with MTRCL, it was confident of settling the dispute satisfactorily. The Administration would not use the proposed additional contingency provisions to pay up the additional project management cost charged by MTRCL. MTRCL, being a listed company, was required to obtain consent from its Board or shareholders at its general meetings before it could distribute dividends or make other special arrangements.

35. CEO/MTRCL supplemented that since MTRCL and the Administration could not agree on whether there had been material modifications to the SCL project, MTRCL would deal with the dispute in accordance with the entrustment agreement for the project. Considering the time needed for resolving the dispute, MTRCL would temporarily bear the additional project management cost to facilitate the early completion of the SCL project, and this sum had not been included in the current funding proposal.

Hung Hom Station Extension incidents

36. Dr KWOK Ka-ki enquired which party, the Government or MTRCL, would eventually be held responsible for the additional expenses of about \$2,000 million arising from the Hung Hom Station Extension incidents; if MTRCL was to be held responsible, what the impacts on the public and its shareholders would be. He also enquired about the actions taken by MTRCL against the contractor Leighton Contractors (Asia) Limited ("Leighton") and whether the management of MTRCL would take responsibility for the incidents. CEO/MTRCL said that MTRCL would file claims against Leighton for those additional expenses in accordance with the project contract.

37. Ms Tanya CHAN noticed that according to the Administration's paper provided to the Subcommittee on Matters Relating to Railways ([LC Paper No. CB\(4\)153/19-20\(03\)](#)) in December 2019, the view given by the Administration regarding the long-term monitoring arrangement for the structural safety of the Hung Hom Station Extension did not tally with that of MTRCL. While the Administration stated that MTRCL would draw up a long-term monitoring scheme and details of the related measures for the authorities' approval, MTRCL only said that it would consider a long-term monitoring scheme. She requested the Administration and MTRCL to clarify the monitoring arrangement.

38. CEO/MTRCL responded that MTRCL would introduce a long-term monitoring scheme and was selecting the technologies to be adopted for monitoring the structural safety of the Hung Hom Station Extension on an ongoing basis.

Construction schedule and project scope of the Shatin to Central Link

39. Mr CHAN Chi-chuen enquired about the completion date of SCL originally undertaken by the Administration and whether the Hung Hom to Admiralty Section of SCL could be commissioned in the first quarter of 2022 as scheduled. Mr CHAN also expressed dissatisfaction about the Administration shifting the blame of SCL's works delay to the social events in recent months. He requested the Administration to give an account of how the damage to the East Rail Line and the subsequent reinstatement works had affected the works progress of SCL.

40. STH replied that the Administration and MTRCL had already given clear accounts of the reasons for works delay at different stages of the SCL project (including the impacts of the aforesaid damage on the works progress

of the SCL North South Corridor in recent months) during the meetings of the relevant LegCo committees. The Administration did not shift the blame.

41. Dr KWOK Ka-ki questioned why the SCL project included the reprovisioning of police facilities near Causeway Bay Typhoon Shelter and the improvement to the Police Sports and Recreation Club at Boundary Street. He also enquired about the final costs of such reprovisioning and improvement works and whether those works had experienced cost overruns. Mr KWONG Chun-yu was also dissatisfied with the Administration's use of public money to reprovision the former Police Officers' Club adjacent to Causeway Bay Typhoon Shelter and procure the items therein.

42. HyD responded that it was the responsibility of the Administration to reprovision the facilities affected by the SCL project, including the former Police Officers' Club adjacent to Causeway Bay Typhoon Shelter, in order to maintain comparable levels of services. Details of the in-situ reprovisioning of the Police Officers' Club and the compensatory improvement to the Police Sports and Recreation Club at Boundary Street were set out in the Administration's submission of the funding proposal for the SCL project ([PWSC\(2012-13\)2](#)) to the Public Works Subcommittee in April 2012. MTRCL had awarded the contracts for the reprovisioning works and certain railway works altogether under Contract No. 1128 (i.e. Causeway Bay Typhoon Shelter to Admiralty Tunnels) at a total value of around \$5,200 million, with the reprovisioning cost of the former Police Officers' Club accounting for some \$600 million.

#### Providing the Legislative Council with the information required

43. Mr Abraham SHEK said that he was the Chairman of LegCo's Public Accounts Committee ("PAC"). Mr SHEK and Ms Tanya CHAN asked whether the Administration would provide information on the Hong Kong section of XRL project and SCL project to PAC upon its request in accordance with the terms stipulated in the entrustment agreements for the two projects. They also enquired about the Administration's monitoring arrangement for MTRCL's railway projects under the above entrustment agreements.

44. STH affirmed that the Administration would provide the relevant information upon the request of PAC.

Fare concessions for passengers and rent concessions for business operators

45. Mr Abraham SHEK and Mr CHAN Han-pan urged the Administration to request fare and rent/property manager's remuneration concessions from MTRCL for passengers and commercial tenants amid the pandemic. Mr SHEK opined that the concessions so offered should range from 20% to 30% and last till the end of this year. Mr LUK Chung-hung suggested that the Administration should ask MTRCL to use the better part of its additional funding for the SCL project to benefit the public by providing fare concessions. The Chairman also called on the Administration and MTRCL to roll out relief initiatives during the pandemic.

46. STH said that in view of the current pandemic and economic situations, MTRCL had already announced a fare freeze and a commercial rent reduction for this year. The Administration would encourage MTRCL to introduce more relief measures after due consideration of factors such as shareholders' interests and corporate social responsibilities. CEO/MTRCL supplemented that under the motto of "working together with the people of Hong Kong to fight against the pandemic", MTRCL had reduced the rents of its small to medium tenants by half for February and March and provided support to its large corporate tenants on an individual basis. It had also put in substantial resources to keep the travelling environment clean and protect the health of its staff. However, MTRCL was responsible for its routine railway operation costs and capital investments, and it suffered huge financial losses amid the pandemic. In addition, MTRCL had to balance the interests of different stakeholders (including the corporation, shareholders, passengers and society) before making any important decisions.

*[At 10:28 am, the Chairman directed that the meeting be extended for a short while for members to finish their questions.]*

47. The Chairman said that the Subcommittee would continue to discuss this item at the next meeting. The meeting ended at 10:32 am.