

立法會

Legislative Council

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the Administration)*

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Panel on Transport

Subcommittee on Matters Relating to Railways

Minutes of meeting on Tuesday, 3 March 2020, at 10:45 am in Conference Room 1 of the Legislative Council Complex

Members present : Hon LUK Chung-hung, JP (Chairman)
Hon CHAN Han-pan, BBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon LEUNG Che-cheung, SBS, MH, JP
Dr Hon Helena WONG Pik-wan
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Wilson OR Chong-shing, MH
Hon Tanya CHAN
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Tony TSE Wai-chuen, BBS

Members attending : Hon KWOK Ka-ki
Hon Holden CHOW ho-ding
Hon KWONG Chun-yu

Members absent : Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Public Officers attending : **Agenda item III**

Mr Frank CHAN Fan, JP
Secretary for Transport and Housing
Transport and Housing Bureau

Mrs Sharon YIP LEE Hang-ye, JP
Deputy Secretary for Transport and Housing
(Transport)1
Transport and Housing Bureau

Mr Kevin CHOI, JP
Deputy Secretary for Transport and Housing
(Transport)2
Transport and Housing Bureau

Mr Peter MAK Chi-kwong
Principal Assistant Secretary for Transport and
Housing (Transport)7
Transport and Housing Bureau

Mr Jimmy CHAN Pai-ming, JP
Director of Highways
Highways Department

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

Mr Patrick WONG Chi-kwong
Assistant Commissioner / Bus & Railway
Transport Department

Agenda item IV

Mr Frank CHAN Fan, JP
Secretary for Transport and Housing
Transport and Housing Bureau

Mrs Sharon YIP LEE Hang-yee, JP
Deputy Secretary for Transport and Housing
(Transport)1
Transport and Housing Bureau

Mr Peter MAK Chi-kwong
Principal Assistant Secretary for Transport and
Housing (Transport)7
Transport and Housing Bureau

Mr Jimmy CHAN Pai-ming, JP
Director of Highways
Highways Department

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** :

Agenda item III

MTR Corporation Limited

Mr Roger BAYLISS
Projects Director

Mr James CHOW
Divisional General Manager — Projects
Construction

Mr Lam CHAN
Deputy General Manager — Projects & Property
Communications

Agenda item IV

MTR Corporation Limited

Dr Jacob KAM
Chief Executive Officer

Mr Roger BAYLISS
Projects Director

Mr James CHOW
Divisional General Manager — Projects
Construction

Mr Scott MACKENZIE
General Manager — Procurement & Contracts

Mr Lam CHAN
Deputy General Manager — Projects & Property
Communications

Clerk in attendance : Ms Sophie LAU
Chief Council Secretary (4)2

Staff in attendance : Ms Jacqueline LAW
Council Secretary (4)2

Miss Mandy LAM

Legislative Assistant (4)2

I. Information papers issued since the meeting on 6 December 2019
(LC Paper Nos. CB(4)179/19-20(01) and CB(4)233/19-20(01))

Members noted the above papers which had been issued since the last regular meeting of the Subcommittee on Matters Relating to Railways ("the Subcommittee") held on 6 December 2019.

II. Items for discussion at the next meeting
(LC Paper Nos. CB(4)322/19-20(01) – (02))

2. Members agreed to discuss the following items at the next meeting to be held on Friday, 27 March 2020 at 8:30 am:

- (a) MTR East Rail Line incident on 17 September 2019 and Tsuen Wan Line incident near Lai King Station on 6 October 2019; and
- (b) Implementation of Railway Development Strategy 2014.

(Post-meeting notes: the meeting originally scheduled for Friday, 27 March 2020 was rescheduled to Tuesday, 5 May 2020. At the request of the Administration and with the concurrence of the Chairman, item (a) was retitled as "Derailment Incident at Hung Hom Station on East Rail Line on 17 September 2019 and Incident near Lai King Station on Tsuen Wan Line on 6 October 2019"; and item (b) was changed to "Tung Chung Line Extension". Members were informed of the above changes on 15 April 2020 vide LC Paper No. CB(4)477/19-20.)

III. Progress update of the construction of Shatin to Central Link
(LC Paper Nos. CB(4)322/19-20(03)-(04))

3. At the invitation of the Chairman, Divisional General Manager—Projects Construction of MTR Corporation Limited ("MTRCL") briefed members on the progress update of the construction of the Shatin to Central Link ("SCL") with the aid of a powerpoint presentation (LC Paper No. CB(4)371/19-20(01)). The Subcommittee deliberated (index of proceedings at **Annex**).

4. On members' requests, the Administration/MTRCL agreed to provide the following information:

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- (a) the concrete measures to be adopted to ensure that the suitable measures at the Hung Hom Station Extension would be completed by mid-2020 as scheduled; and the details of the contingency plans, if any, in case of delay in implementation of the suitable measures;
- (b) whether compensations would be provided to residents living in To Kwa Wan who were affected by the delayed construction of SCL; if so, the details; and
- (c) the breakdown of the costs associated with the suitable measures to be implemented at the Hung Hom Station Extension, as well as the costs for the phased opening of Tuen Ma Line, which was estimated to be around \$2 billion in total.

(Post-meeting notes: the Chinese version of the Administration's response and MTRCL's responses were circulated to members vide LC Paper Nos. CB(4)402/19-20(01) and CB(4)417/19-20(01) on 18 and 20 March 2020 respectively. The English version of the Administration's response was issued vide LC Paper No. CB(4)402/19-20(01) on 22 June 2020.)

IV. Funding application for increase in approved project estimate for the main works of Shatin to Central Link
(LC Paper Nos. CB(4)322/19-20(04)-(05))

5. At the invitation of the Chairman, Secretary for Transport and Housing ("STH") briefed members on the funding application for increase in approved project estimate for the main works of SCL. MTRCL informed the Government on 5 December 2017 that the entrustment cost of the main construction works of the SCL would be raised from \$70,827 million to \$87,328 million, with an increase of about \$16,500 million over the original entrustment cost. After numerous discussions, MTRCL confirmed with the Government on 21 February 2020 that the entrustment cost estimate for the main construction works of the SCL should be revised to \$82,999.3 million. However, the Government considered that the justification submitted by MTRCL for the proposed additional project management cost (about \$1,371 million) insufficient and thus disagreed to any additional project management cost. For the above reason, the Government adjusted the revised entrustment cost estimate to \$81,628.3 million, which was an increase of \$10,801.3 million over the original entrustment cost, and in other words a reduction of about \$5,700 million compared with the estimate in 2017. Taking into account the original project contingencies, works entrusted and funded by

Action

other projects, as well as the M&V consultancy fee and other government expenses, it is necessary for the Government to increase the APEs for 61TR and 62TR by a sum of about \$10,063.8 million in order to take forward the remaining works of the SCL project.

6. Director of Highways then briefed members on the funding application for increase in approved project estimate for the main works of the SCL with the aid of a powerpoint presentation (LC Paper No. CB(4)371/19-20(02)). The Subcommittee deliberated (index of proceedings at **Annex**).

(At 12:26 pm, the Chairman extended the meeting for 15 minutes to 1:00 pm. The Chairman suggested and members raised no objection to further extend the meeting for 15 minutes to 1:15 pm.)

7. On a member's request, the Administration was requested to provide a breakdown of the increase in the cost of construction due to the additional measures to address site constraints, which was estimated to be about \$4,043.5 million under 61TR (i.e. Shatin to Central Link – construction of railway works – remaining works).

(Post-meeting notes: the Chinese version of the Administration's response was circulated to members vide LC Paper No. CB(4)401/19-20(01) on 17 March 2020.)

V. Any other business

8. There being no other business, the meeting ended at 1:22 pm.

Panel on Transport

Subcommittee on Matters Relating to Railways

Proceedings of the meeting
Tuesday, 3 March 2020, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Time marker	Speaker	Subject(s)	Action required
<i>Agenda Item I – Information papers issued since the meeting on 6 December 2019</i>			
000421 – 001144	Chairman Ms Tanya CHAN Mr Jeremy TAM The Clerk Dr Helena WONG	Members noted the information papers issued since the last regular meeting. Ms CHAN and Mr TAM enquired about the handling of members' letters raising questions on railway matters for the Administration's written response. Mr TAM also asked about the progress of the Administration's response to the motion passed at the last meeting held on 6 December 2019. The Chairman and the Clerk responded in this regard. Dr WONG's enquiry and the Chairman's response about date of the Administration's letter responding to the letters dated 29 March and 30 April 2019 respectively from Ms Tanya CHAN on the holistic assessment strategy for Hung Hom Station Extension under the Shatin to Central Link ("SCL") project, which was tabled at the meeting (LC Paper No. CB(4)367/19-20(03)).	
<i>Agenda Item II – Items for discussion at the next meeting</i>			
001145 – 001236	Chairman Ms Tanya CHAN	Members agreed on the items for discussion at the next regular meeting.	
<i>Agenda Item III – Progress update of the construction of Shatin to Central Link</i>			
001237 – 001909	Chairman Administration	Briefing by the Administration [LC Paper No. CB(4)322/19-20(03)].	
001910 – 002431	Chairman MTRCL	Briefing by MTR Corporation Limited ("MTRCL") with the aid of a powerpoint presentation [LC Paper No. CB(4)371/19-20(01)].	
002432 – 002544	Chairman Mr Michael TIEN	Mr TIEN's suggestion and the Chairman's response regarding the speaking time of members.	
002545 – 002847	Chairman Mr Jeremy TAM MTRCL Administration	Mr TAM enquired about the number of working days lost due to the novel coronavirus pandemic for the SCL project. MTRCL advised that it was reviewing the impact of the novel coronavirus pandemic on the progress of	

Time marker	Speaker	Subject(s)	Action required
		<p>SCL project and would take every effort to minimize such impacts.</p> <p>In response to Mr TAM's further enquiry, the Administration said that should there be any update in the target commissioning date of the Hung Hom to Admiralty Section, the Administration would report to the Subcommittee in a timely manner.</p>	
002848 – 003201	Chairman Mr LAU Kwok-fan Administration	<p>Mr LAU noted with concern that the train frequency of the Tuen Ma Line ("TML") Phase 1 was relatively low compared with other railway lines. He asked whether the train frequency would be increased once the public services and school classes resumed in order to meet passenger demand.</p> <p>The Administration responded that since the outbreak of novel coronavirus, there had been a significant drop in the number of passengers using MTR and other transport modes. Nevertheless, the Administration had maintained close liaison with MTRCL and other public transport operators, urging them to provide appropriate level of service so that members of the public could maintain a proper social distancing whilst travelling on public transport. For the train frequency of TML Phase 1, the Administration said that the Transport Department together with the public transport operators would closely monitor the situation and adjust the service arrangements to suit the actual passenger demand where necessary.</p> <p>In reply to Mr LAU's enquiry about fare promotions to be offered to the residents living in Ho Man Tin and To Kwa Wan who were affected by the delayed construction of SCL, the Administration advised that MTRCL had introduced a "Special Interchange Discount" in collaboration with operators of franchised buses and green minibuses in the concerned area.</p>	
003202– 003506	Chairman Dr Kwok Ka-ki Administration	<p>Dr KWOK enquired about measures to be implemented by the Administration to strengthen its monitoring of MTRCL so as to avoid the recurrence of quality issues similar to those at the Hung Hom Station Extension, Exhibition Centre Station and To Kwa Wan Station. Given the MTRCL's past performance in the project management of the SCL project, Dr KWOK considered that it was unreasonable to pay \$396 million (in money-of-the-day ("MOD") prices), i.e. \$241</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>million plus \$155 million as mentioned in paragraph 11 of Annex 5 to the Administration's paper, to MTRCL according to the supplemental agreement to the service concession agreement ("SSCA") signed between MTRCL and the Kowloon-Canton Railway Corporation ("KCRC").</p> <p>The Administration clarified that as explained in paragraph 11 of Annex 5 to the Administration's paper, the \$155 million (in MOD prices) was the net concession payment payable by MTRCL to KCRC, which was a statutory body wholly owned by the Government. The Administration advised that if the net concession payment payable by MTRCL was to be increased, the fares paid by passengers would have to be increased and that would not a desirable option to the general public.</p>	
003507 – 003848	Chairman Ms Tanya CHAN Administration	<p>Referring to the Inside Information - The Shatin to Central Link Cost-to-Complete and Project Management Cost released by MTRCL on 28 February 2020, Ms CHAN expressed strong dissatisfaction that the costs arising from the Hung Hom Station Extension incident and those associated with the phased opening of TML, which was estimated to be \$2 billion in total, had included additional project management cost payable to MTRCL for carrying out the suitable measures at the Hung Hom Station Extension. Ms CHAN further asked whether MTRCL would recover the aforementioned \$2 billion from the Government.</p> <p>The Administration reiterated its position that it would not fund any costs associated with the Hung Hom Station Extension incidents.</p>	
003849 – 004240	Chairman Mr Michael TIEN MTRCL	<p>Mr TIEN asked about the impact on the full commissioning of SCL in case the Commission of Inquiry into the Construction Works at and near the Hung Hom Station Extension under the Shatin to Central Link Project ("COI") had imposed further requirements on the implementation of suitable measures at the Hung Hom Station Extension in its final report to be submitted to the Chief Executive in March 2020.</p> <p>MTRCL advised that there was no indication from COI on further revision of the suitable measures and the current design was also approved by the Government. They also noted that the COI had been kept updated on the progress of the</p>	

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		<p>implementation of the suitable measures.</p> <p>Mr TIEN enquired whether the commissioning date for the Hung Hom to Admiralty Section would be affected if the East Rail Line facilities were to be vandalized again in the future.</p> <p>MTRCL advised that the relevant repair works at the University Station were in progress and expected to be completed by March 2020. The current aim was still to commission the Hung Hom to Admiralty Section in 2022. To this end, MTRCL would continue to work closely with the Government to optimize the programme.</p>	
004241 – 004619	Chairman Mr Alvin YEUNG Administration	<p>Mr YEUNG asked about the progress of the audit on the major structural works of the other SCL stations apart from Hung Hom Station. He requested the Administration to provide the report concerned for members' reference and asked whether the report had addressed the issue relating to the missing Request for Inspection and Survey Check ("RISC") forms at Exhibition Centre Station.</p> <p>The Administration advised that a number of measures had been implemented to strengthen its monitoring of MTRCL on the implementation of the SCL project. The Highways Department ("HyD") together with its Monitoring and Verification ("M&V") consultant completed the review of the works of certain stations along East West Corridor under the SCL project. MTRCL also completed an audit of key documentation for the five TML new stations. Audit results showed that over 90% of the structure related RISC forms were available, while further supplementary evidence had been identified to demonstrate the completed works on site were adequately supervised. Members might refer to the paragraph 43 of Annex 2 to the Administration's paper CB(4)322/19-20(03) for details.</p> <p>Mr YEUNG expressed discontent that the audit on the site supervision records of Exhibition Centre Station had not been completed as of today.</p>	
004620 – 004925	Chairman Dr Helena WONG Administration MTRCL	<p>Dr WONG enquired whether the costs associated with the Hung Hom Station incident and those relating to the phased opening of TML, which was estimated to be \$2 billion in total would be borne by the Administration. The Administration replied</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>that it would reserve all the rights to pursue further actions against MTRCL in accordance with the Entrustment Agreement in case MTRCL was found to be at fault upon completion of the investigations being conducted.</p> <p>In reply to Dr WONG's enquiry, the Administration said that the recent funding application for the main works of SCL submitted to the Legislative Council ("LegCo") did not include any expenses incurred in connection with the Hung Hom Station Extension incidents, which would be borne by MTRCL.</p> <p>Dr WONG asked whether MTRCL would fund the above \$2 billion costs, or would recover such costs from Leighton Contractors (Asia) Limited ("Leighton"). MTRCL responded that currently it was focusing on the completion of works so that TML would be fully commissioned as early as possible for the benefits of the general public. Upon the commissioning of TML, MTRCL would pursue the Corporation's rights against Leighton in accordance with the relevant SCL contracts.</p>	
004926 – 005311	Chairman Mr LAM Cheuk-ting MTRCL	<p>Mr LAM sought information on the breakdown of the \$2 billion provision associated with the Hung Hom Station Extension incidents, in particular the amount to be paid to Leighton and the amount of additional project management cost for carrying out the suitable measures.</p> <p>MTRCL explained that the abovesaid \$2 billion included the costs of investigations, design and implementation of works and delay costs, including contracts not yet completed; the costs for the preparation and implementation of phased opening, the costs of maintenance of the completed works of the Tai Wai to Hung Hom Section and other costs.</p>	
005312 – 005634	Chairman Mr YIU Si-wing Administration MTRCL	<p>Mr YIU enquired about the feasibility of establishing early warning arrangements in the light of the previous damages to the East Rail Line facilities for preventing those facilities from being vandalized, and measures to be adopted to avoid further delay of the commissioning of Hung Hom to Admiralty Section in case of further vandalism of the railway facilities.</p> <p>MTRCL responded that it would carry out repair works as soon as practicable in the event that there were damages to the railway facilities. As for the</p>	

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		<p>suggested early warning arrangements, it might be difficult to establish as that would depend on the damages caused. The Administration added that MTRCL had stepped up its effort in enhancing the security measures at MTR stations.</p>	
005635 – 010026	Chairman Mr Wilson OR MTRCL	<p>Mr OR was concerned that Diamond Hill Station, which now served as a new interchange between TML Phase 1 and the existing Kwun Tong Line, would be overcrowded upon resumption of work and classes.</p> <p>MTRCL responded that facilities at Diamond Hill Station had been enhanced and a series of station crowd management measures had been adopted. For example, 16 escalators and four elevators connecting the concourse and ground level exits/entrances were retrofitted to facilitate smooth passenger flow, crowd management measures would be implemented as necessary to cope with the possible crowdedness, railings had been installed along the walkways for segregation of interchange passenger flow at the station and additional staff would be deployed to assist passengers. MTRCL would continue to closely monitor the operation of TML Phase 1 and the passenger flow of the two interchange stations, i.e. Tai Wai Station and Diamond Hill Station.</p> <p>At the request of Mr OR, the Administration and MTRCL were requested to supplement information on the concrete measures to be adopted to ensure that the suitable measures at the Hung Hom Station Extension would be completed by mid-2020 as scheduled; and the details of the contingency plans, if any, in case of delay in implementation of the suitable measures; and whether compensations would be provided to residents living in To Kwa Wan who were affected by the delayed completion of SCL; if so, the details.</p>	Admin/ MTRCL (paragraph 4 of the minutes referred)
010027 – 010328	Chairman Ms Claudia MO Administration	<p>Ms MO asked whether the final report to be submitted by COI to the Chief Executive would be made public in entirety. The Administration responded that it had all along been keeping the public informed of the COI findings in an open and transparent manner. The Administration undertook to make public the full report unless it was necessary to redact certain parts therein to avoid any prejudice to any ongoing criminal investigations and any potential prosecutions of any</p>	

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		<p>criminal offences in the future, or to avoid disclosure of commercial sensitive information.</p> <p>Ms MO noted with concern that about 10% of RISC forms were not available following the completion of audit on the major works of certain stations along the Tai Wai to Hung Hom Section conducted by MTRCL. The Administration responded that it had seriously followed up with MTRCL on the incomplete RISC records and requested MTRCL to furnish further supplementary evidence, such as record photographs and site diaries, to ascertain the completed works on site were adequately supervised.</p> <p>In response to Ms MO's enquiry, the Administration said that the target commissioning date for the Hung Hom to Admiralty Section remained to be the first quarter of 2022 at this stage. Ms MO asked whether the recent outbreak of novel coronavirus had posed the greatest challenge on the overall progress of SCL. The Administration replied that MTRCL had been exploring measures to mitigate impact of the recent novel coronavirus pandemic. As the outbreak situation evolved rapidly, it would be difficult to assess its impact at this moment.</p>	
010329 – 010659	Chairman Mr POON Siu-ping Administration MTRCL	<p>Mr POON enquired about the measures in place to ensure the completion of the works and the full commissioning of SCL on schedule. The Administration replied that the full opening of Tuen Ma Line was now anticipated to be in the end of 2021 while the commissioning date for Hung Hom to Admiralty Section would be the first quarter of 2022. The Administration and MTRCL had been making every effort to meet the above programme in the midst of various challenges.</p> <p>As regards Mr POON's enquiry about the recruitment and training of staff for preparation of full commissioning of TML in 2021, MTRCL advised that the operation team had arranged training of staff to familiarize themselves with the various operation systems and operating environment through the simulation of actual operating environment to ensure smooth operation. In addition, to prepare for the commissioning of Hung Hom to Admiralty Section which was targeted in the first quarter of 2022, station facilities at Hung Hom Station and along East Rail Line were being enhanced and appropriate adjustment to</p>	

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		<p>passenger services were under planning.</p> <p>Mr POON enquired about the impact of the commissioning of TML Phase 1 on 14 February 2020 on the patronage of Kwun Tong Line, in particular Kowloon Tong Station. MTRCL advised that during the morning peak hours, about 10% of passengers had been diverted from Kowloon Tong Station to interchange at Diamond Hill Station for rail services to the East Kowloon and Hong Kong Island East districts.</p>	
010700 – 011026	Chairman Dr CHENG Chung-tai MTRCL	<p>Dr CHENG was dissatisfied that the Administration and MTRCL did not update members on the latest settlement situation of Exhibition Centre Station at recent meetings. In reply to Dr CHENG's question, MTRCL advised that there was no further exceedance of ground settlement found at the Exhibition Centre Station. MTRCL added that generally speaking, settlement was a natural phenomenon that occurred in Hong Kong given that a lot of reclamation works had been carried out.</p> <p>Dr CHENG asked whether the Administration and MTRCL would openly promise the full commissioning of SCL in the first quarter of 2022 if the new signalling system of the East Rail Line had not been vandalized in the next half year. MTRCL advised that it would continue to work with the Government to explore ways to optimize the programme of the Hung Hom to Admiralty Section.</p>	
011027 – 011332	Chairman Ir Dr LO Wai-kwok MTRCL	<p>Ir Dr LO said that the construction sector had been severely affected by the pandemic in terms of job opportunities, supplies and funding resources. He asked what measures would be in place to support the affected contractors, sub-contractors and consultants so as to minimize the impacts of the novel coronavirus outbreak on the overall works progress. He suggested that the authorities should show more empathy and be supportive to the construction sector in tackling the challenges arising from the novel coronavirus pandemic.</p> <p>MTRCL responded that under the current pandemic, the supply of construction materials and manpower support had been affected. MTRCL had been exploring the different measures of progressing key activities with a view to ensuring that the overall progress of the SCL project would be on schedule. As for the impact on the</p>	

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		<p>construction period as well as the additional expenses incurred from the delay, MTRCL would explore with the contractors concerned according to the relevant works contracts to minimize the said impact.</p>	
011333 – 011641	Chairman Mr Holden CHOW Administration	<p>Mr CHOW was very concerned that the commissioning of Hung Hom to Admiralty Section would be further delayed in case the social unrest persisted and the railway facilities were vandalized again in the coming months.</p> <p>The Administration replied that according to the latest assessment, they were confident that the Hung Hom to Admiralty Section would be commissioned as scheduled if no further damages were made to the East Rail Line facilities.</p>	
011642 – 011953	Chairman Mr LEUNG Che-cheung Administration	<p>Referring to Enclosure II of Annex 2 to the Administration's paper, Mr LEUNG observed that the progress of certain E&M contracts was too slow. For example, the cumulative progress of contracts 1153B and 1164B was only 53% and 37% completed respectively.</p> <p>The Administration advised that the two contracts mentioned by Mr LEUNG were E&M contracts, which would only be commenced after the completion of the relevant civil works. For Contract 1153B, the installation and testing of the Tunnel ECS concerned would be commenced when the relevant structural and track works were substantially completed. The Administration would continue to closely monitor the progress and urge MTRCL to commence the testing of the relevant system as early as possible so that the works would be completed on schedule. As regards Contract 1164B, building services including installation of air-conditioning and fire systems for the Hong Kong Island Section would be commenced at a later stage since the civil works of Exhibition Centre Station were still underway.</p>	
011954 – 012315	Chairman Administration	<p>The Chairman opined that the Administration should not pay MTRCL any additional project management cost incurred by the implementation of suitable measures at the Hung Hom Station Extension. The Administration reiterated its stance in this regard and remarked that it did not see sufficient justifications to increase the project management cost payable to MTRCL in accordance</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>with the Entrustment Agreement.</p> <p>The Chairman enquired whether the Administration would review the concession approach which was currently adopted to implement the SCL project and adopt the ownership approach to implement new railway projects.</p> <p>The Administration replied that each of the approaches had its own strengths. In this regard, the Administration considered that it was of utmost importance for the project manager and the relevant regulatory bodies to duly perform their respective management and supervisory duties.</p>	
012316 – 012705	Chairman Deputy Chairman Administration	<p>The Deputy Chairman urged the Administration to initiate a review on the MTR fare structure soon after the completion of major railway projects including SCL. Pointing out that the fare levels of the West Rail Line and the Tung Chung Line were higher than that of the East Rail Line, he considered it unfair for the residents living in the New Territories West to bear a higher transportation cost.</p> <p>The Administration advised that before the merger of two railway corporations, the fare structure of East Rail Line operated by KCRC was different from railway lines operated by the former MTR Corporation, resulting in the slightly lower fare level of the East Rail Line. Any changes to the fare structure should be considered against the above historical background. Nevertheless, the Administration was willing to explore with MTRCL the feasibility to review the fare structure, taking into account the operating costs of railway lines.</p>	
<i>Agenda Item IV –Funding application for increase in approved project estimate for the main works of Shatin to Central Link</i>			
012706 – 014219	Chairman Administration	Briefing by the Administration with the aid of a powerpoint presentation [LC Paper Nos. CB(4)322/19-20(05) and CB(4)371/19-20(02)].	
014220 – 014434	Chairman MTRCL	Briefing by MTRCL.	
014435 – 014535	Chairman	Extension of meeting by 30 minutes.	
014536 – 014914	Chairman Dr KWOK Ka-ki	Dr KWOK opined that there were deficiencies in the management of the SCL project by MTRCL.	

Time marker	Speaker	Subject(s)	Action required
	Administration MTRCL	<p>He asked whether the Administration would impose any penalty on MTRCL.</p> <p>The Administration replied that having regard to the final report to be submitted by COI, the Administration would assess the liability of MTRCL in respect of the implementation and supervision of SCL project, as well as the quality issues at the Hung Hom Station Extension. The Administration would seriously follow up with MTRCL in accordance with the relevant clauses in the Entrustment Agreement.</p> <p>Dr KWOK asked whether and how MTRCL would recover the proposed additional project management cost of about \$1,371 million from the Government. Pointing out that the SCL project delay was attributed to, among other things, the unsatisfactory performance of Leighton, Dr KWOK further asked about the amount of cost overrun arising therefrom and whether the Administration or MTRCL would recover such cost from Leighton.</p> <p>MTRCL responded that currently its target was to complete the SCL project and strive for early commissioning of the railway line. The Corporation would, in the interim, meet the additional project management cost to allow the SCL project to progress in accordance with the latest programme. At the same time, MTRCL would follow up with Government for a resolution of this matter according to the Entrustment Agreement. Furthermore, MTRCL advised that the provision of \$2 billion had included the costs associated with the Hung Hom Station Extension incidents, including the costs for prolongation and delays. As reported earlier, MTRCL would fund, on an interim basis, the above \$2 billion and pursue the case with Leighton afterwards in accordance with relevant contracts.</p>	
014915 – 015237	Chairman Ms Tanya CHAN Administration MTRCL	<p>Ms CHAN asked whether the Administration would consider imposing a cap on the construction cost of SCL. The Administration advised that it was quite confident that the SCL project would be completed within the revised cost estimate.</p> <p>Ms CHAN was also deeply concerned that whether the Administration and MTRCL would seek further funding from LegCo if both sides fail to reach a</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>settlement over the proposed additional project management cost of about \$1,371 million.</p> <p>MTRCL considered that it might be too early to comment on the way forward as it was expected that the Corporation would enter into lengthy discussion with the Administration on how to address this matter. MTRCL expressed that it was of utmost importance for the Corporation to continue to take forward the project with a view to commissioning SCL early.</p>	
015238 – 015542	Chairman Mr LAM Cheuk-ting Administration MTRCL	<p>In reply to Mr LAM's enquiry, the Administration reiterated its position that it disagreed to any additional project management cost as the justification submitted by MTRCL for the proposed additional project management cost was insufficient.</p> <p>Having noted the Administration's reply above, Mr LAM asked whether MTRCL would resolve the dispute concerning the funding obligations of the additional project management cost through legal means. MTRCL replied that the completion of works and full commissioning of SCL were the most important at this moment. MTRCL emphasized that it would resolve the matter with the Administration in accordance with the Entrustment Agreement.</p> <p>Mr LAM opined that given the quality issues at the Hung Hom Station Extension, the poor management of SCL project and the serious project delay, MTRCL should not try to recover the additional project management cost from the Government.</p>	
015543 – 015852	Chairman Mr Michael TIEN MTRCL	<p>Mr TIEN suggested MTRCL to seek the approval of its independent shareholders at an extraordinary general meeting to limit the increase in cost estimate for the main construction works of the SCL at the ceiling of \$10,801.3 million, and not to charge the additional project management cost of about \$1,371 million.</p> <p>MTRCL noted Mr TIEN's suggestions and reiterated that the Corporation should resolve the matter of additional project management cost with Government in accordance with the terms of the Entrustment Agreement.</p>	

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015853 – 020206	Chairman Dr CHENG Chung-tai Administration MTRCL	<p>Dr CHENG noted that MTRCL and the Administration would continue discussions so as to reach an overall settlement in relation to their respective funding obligations in respect of the Hung Hom Extension incidents. Dr CHENG was concerned that whether MTRCL and the Administration would resolve the matter by way of arbitration, and the potential legal costs incurred would be borne by which party.</p> <p>The Administration responded that a mechanism on dispute resolution was prescribed in the Entrustment Agreement, under which the dispute(s) should be referred to mediation or arbitration in case the dispute(s) concerned could not be settled by mutual agreement of the senior management of the Administration and MTRCL. The Administration clarified that so far it had not yet entered into any legal proceedings with MTRCL in respect of the responsibility for funding of the costs associated with the Hung Hom Station Extension incidents.</p>	
020207– 020514	Chairman Ms Claudia MO Administration	<p>Ms MO was dissatisfied that the Administration refused to impose a cap on the construction cost of SCL. The Administration reiterated its reply that it was quite confident that the SCL project would be completed within the revised cost estimate.</p> <p>Ms MO's enquiry and the Administration's response regarding whether the recent outbreak of novel coronavirus had posed the greatest challenge on the overall progress of SCL.</p>	
020515 – 020821	Chairman Mr Alvin YEUNG Administration MTRCL	<p>In response to Mr YEUNG's enquiry, the Administration reaffirmed that unless with a directive of the court, the Administration would not make any provision for the additional project management cost for MTRCL.</p> <p>Mr YEUNG further asked whether MTRCL would persist in recovering the additional project management cost of about \$1,371 million from the Administration through legal means. In his view, MTRCL should meet the said cost by itself without increasing its fare.</p> <p>MTRCL responded that further discussion with the Administration concerning its entitlement to the additional project management cost had not been commenced yet.</p>	

Time marker	Speaker	Subject(s)	Action required
020822 – 021204	Chairman Dr Helena WONG Administration Deputy Chairman	<p>Dr WONG asked whether the Administration would use the provision of contingencies of \$1,500 million for the remaining works for 61TR to pay for the additional project management cost and the potential legal cost incurred in case the Administration and MTRCL failed to reach a settlement over the said costs. The Administration replied in the negative and reiterated its stance concerning the additional project management cost.</p> <p>Dr WONG sought justifications as to why the additional consultancy fee of about \$41 million (the part to be shared by 61TR) for the M&V consultant should be borne by the Administration.</p> <p>The Administration explained that in addition to the occurrence of a series of incidents related to the quality of works of the Hung Hom Station Extension, the work schedule of SCL was extended due to other reasons including the archaeological discoveries at Sung Wong Toi Station, which resulted in a delay of about 11 months to the Tai Wai to Hung Hom Section. As such, the consultancy fee needed to be increased in order to continue with the monitoring and verification work.</p>	
021205 – 021516	Deputy Chairman Mr Tony TSE Chairman Administration	<p>Mr TSE questioned why the Administration did not reach a settlement with MTRCL over the revised entrustment cost estimate together with the proposed additional project management cost in one go.</p> <p>The Administration replied that the discussion with MTRCL on the increase in the entrustment cost of the main construction works of the SCL had commenced since 2017. The Administration reiterated its position that it disagreed to any additional project management cost for MTRCL.</p> <p>Mr TSE opined that the Administration should provide more detailed information and analysis on the increase in Approved Project Estimate ("APE").</p>	
021517 – 021826	Chairman Ir Dr LO Wai-kwok Administration	<p>Noting that the proposed increase in APE to cover the additional expenses arising from the additional archaeological work at Sung Wong Toi Station, additional measures to address site constraints and</p>	

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		<p>revision to the construction plan to fulfil the latest safety and technical requirements already amounted to about \$10 billion, Ir Dr LO opined that it was necessary for the Administration to provide more explanations on these aspects to justify the proposed funding application.</p> <p>Ir Dr LO also noted that the Administration had already clearly pointed out that the revised entrustment cost estimate did not include any additional project management cost payable to MTRCL and any related expenses incurred in connection with the Hung Hom Station Extension incidents. He believed that the Administration would not seek further funding from LegCo to continue with the SCL project.</p> <p>The Administration took note of Ir Dr LO's views and said that its current aim together with MTRCL was to complete the SCL works so that members of the public could enjoy the new railway as soon as possible.</p>	
021827 – 022220	Chairman Administration MTRCL	<p>The Chairman enquired if there was any human factor involved among the six reasons leading to cost escalation as stated in the Administration's paper.</p> <p>The Administration responded that the SCL project was impacted by incidents related to the quality of works of the Hung Hom Station Extension, and MTRCL had accepted its responsibility for the incidents.</p> <p>In reply to the Chairman's enquiry on whether the additional M&V consultancy fee should be borne by MTRCL, the Administration clarified that the work of the M&V consultant would cover the entire SCL project and not only limited to the Hung Hom Station Extension.</p> <p>The Chairman enquired whether the Administration and MTRCL would make reference to the case of the construction of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link whereby MTRCL had paid a Special Dividend to its shareholders, including Government as the majority shareholder, with a view to minimizing the impact of cost overrun on public coffers.</p>	

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		MTRCL noted the Chairman's suggestion and would relay it to the Board for consideration.	
022221 – 022535	Chairman Mr KWONG Chun-yu Administration	<p>Mr KWONG was dissatisfied with the project management and supervision systems of both the Government and MTRCL in respect of the SCL project.</p> <p>Mr KWONG enquired about the Administration's stance in case MTRCL persisted in recovering the additional project management cost of about \$1,371 million from the Administration. The Administration reiterated its position in this regard.</p> <p>Mr KWONG's enquiry and the Administration's response regarding whether the Administration would consider imposing a cap on the construction cost of SCL.</p>	
022536– 022919	Chairman Deputy Chairman Administration	<p>The Deputy Chairman expressed concern about the usage of the contingencies of \$1,700 million for the remaining works. The Administration responded that in view of the possible ongoing challenges brought about by the past and future risks, in order to meet the additional payment that might be required for the contractors' claims after they were established, the Administration proposed to make a provision of contingencies of \$1,700 million, i.e. about 10% of the estimates for the remaining works. This arrangement was similar to other public works projects of similar nature. Since the provision was reserved for contingency purpose, the amount might not be used up after the completion of the project.</p> <p>Given a series of incidents related to the quality of works of the Hung Hom Station Extension, the Deputy Chairman queried if there was any dereliction of duty on the part of the M&V consultant, and that the funding application should not include provision for any additional M&V consultancy fee.</p> <p>The Administration reiterated that due to the change in the works schedule for SCL, the M&V consultancy fee had to be increased to continue with the monitoring and verification work.</p>	
022920– 023201	Chairman Mr LEUNG Che-cheung	Mr LEUNG asked if the Administration would impose a cap on the construction cost of SCL and whether the SCL project would be completed on	

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	Administration	<p>schedule upon approval of the funding application.</p> <p>The Administration reaffirmed that it was quite confident that the SCL project would be completed within the revised cost estimate based on the anticipated circumstances.</p> <p>As regards Mr LEUNG's concern on fare increase after the full commissioning of SCL, the Administration advised that MTRCL fully appreciated the concern expressed by members and the public in this respect. MTRCL had stepped up efforts in shouldering corporate social responsibilities and decided to extend the "3.3% rebate" promotion to passengers such that Octopus passengers would experience no MTR fare increase in 2020.</p>	
023202– 023327	Chairman Mr Jeremy TAM Mr Michael TIEN Deputy Chairman	<p>Discussion on the voting arrangements on motions to be moved by members.</p> <p>Due to insufficient time, the Chairman decided that motions proposed by members would be voted on at the next meeting.</p>	
023328– 023706	Chairman Mr POON Siu-ping Administration	<p>In reply to Mr POON's enquiry, the Administration advised that the additional M&V consultancy fee was calculated according to the terms in the relevant contract.</p> <p>At Mr POON's request, the Administration would provide a breakdown of the increase in the cost of construction due to the additional measures to address site constraints, which was estimated to be about \$4,043.5 million for 61TR.</p> <p>The Chairman concluded that the Administration would submit the funding application to the Public Works Subcommittee for consideration. He called on the Administration and MTRCL to take heed of the views and concerns expressed by members at the meeting.</p>	Admin (paragraph 7 of the minutes referred)
<i>Agenda Item V – Any other business</i>			
023707 – 023828	Chairman Tanya CHAN MTRCL	<p>Closing remarks</p> <p>Ms CHAN referred to the discussion under agenda item III when MTRCL had mentioned that several categories of costs were included in the provision of \$2 billion for the expenses incurred in connection with the Hung Hom Station Extension incidents.</p>	MTRCL (paragraph 4 of the minutes referred)

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		She requested MTRCL to provide the cost breakdown in writing after the meeting. MTRCL agreed to supplement the information but advised that it might not be appropriate to list out the amount reserved for claims settlement.	

Council Business Division 4
Legislative Council Secretariat
2 September 2020