

CONTROLLING OFFICER'S REPLY**THB(T)251****(Question Serial No. 5351)**

Head: (60) Highways Department

Subhead (No. & title): (-) Not Specified

Programme: (3) Railway Development

Controlling Officer: Director of Highways (K K LAU)

Director of Bureau: Secretary for Transport and Housing

Question:

- (1) Regarding the Railway Development Strategy 2014 (RDS-2014) published by the Government last year, what are the implementation timetable, details, expenditure and manpower involved?
- (2) What are the respective construction progress and completion dates of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), the South Island Line (East)[SIL(E)], the Kwun Tong Line Extension (KTE) and the Shatin to Central Link (SCL) projects? What is the latest estimated expenditure of each project?

Asked by: Hon KWOK Ka-ki (Member Question No. 178)

Reply:

- (1) As proposed in the RDS-2014, the indicative implementation windows for planning purpose and preliminary cost estimates for the seven recommended railway projects are as follows –

Railway project	Indicative implementation window for planning purpose	Preliminary cost estimate in 2013 prices (\$ billion)
(I) Northern Link and Kwu Tung Station	2018 – 2023	23
(II) Tuen Mun South Extension	2019 – 2022	5.5
(III) East Kowloon Line	2019 – 2025	27.5
(IV) Tung Chung West Extension	2020 – 2024	6
(V) Hung Shui Kiu Station	2021 – 2024	3
(VI) South Island Line (West)	2021 – 2026	25
(VII) North Island Line	2021 – 2026	20

The implementation of the railway schemes is subject to the outcome of the detailed engineering, environmental and financial studies relating to each project, as well as the updated assessment of passenger transport demand, availability of resources at the time and the progress of residential developments. The cost estimates are only indicative and are subject to review based on in-depth studies to be carried out at the detailed planning stage for the individual railway schemes.

Regarding the staff requirement, the Highways Department (HyD) has deployed in-house resources to facilitate the implementation of the railway projects recommended in the RDS-2014.

- (2) As advised by the MTR Corporation Limited (MTRCL), the progress of construction works, the target commissioning dates and the anticipated expenditures of the railway projects up to the end of 2014 are tabulated below –

Project	Actual Progress of Construction Works ^(a) (% completed)	Target Commissioning Date	Anticipated Expenditure
XRL	74	end 2017 ^(b)	The MTRCL announced on 11 August 2014 that the Cost to Complete (CTC) of the XRL would be \$71.52 billion (in money-of-the-day (MOD) prices), which exceeds the Approved Project Estimate (APE) of \$66.8 billion. Based on the information provided by the MTRCL and with the assistance of the monitoring and verification (M&V) consultant, the HyD has completed the review of the MTRCL's CTC. The HyD has urged the MTRCL to review again the CTC in view of the reports of the MTRCL Independent Board Committee and the HyD's review findings. The MTRCL would review again the CTC, which is expected to complete in the second quarter of 2015.
SIL(E)	80	end 2016	\$15.2 billion (in the MOD prices) ^(c)
KTE	77	mid-2016	\$5.3 billion (in 2009 prices) ^(c)

Project	Actual Progress of Construction Works ^(a) (% completed)	Target Commissioning Date	Anticipated Expenditure
SCL	23	Tai Wai to Hung Hom section: 2019 Hung Hom to Admiralty section: 2021	The APE for the construction of the entire SCL project is \$79.8 billion (in MOD prices). The MTRCL estimated that there would be an additional cost of at least \$4.1 billion for the Tai Wai to Hung Hom section of the SCL, arising from the archaeological and conservation works at the To Kwa Wan Station. The MTRCL is conducting a cost review of the entire SCL project for submission to the HyD for scrutiny.

Notes:

- (a) The progress of the railway projects is expressed in terms of percentage share (%) of the estimated expenditure on the projects.
- (b) According to the Entrustment Agreement, the programme completion date is August 2015. In May 2014, the MTRCL announced that the new commissioning target would be the end of 2017. The HyD, with the assistance of its M&V consultant, has completed its review on the MTRCL's proposed Programme to Complete (PTC). The HyD notified the MTRCL of its assessment in writing in October 2014. In gist, the HyD's assessment was that the PTC could be attained provided that the target progress for the critical contracts was met and various major conditions were satisfied, including (but not limited to) the assumptions that the contractors would maintain their best endeavours, and various assumed production rates of the key construction activities for the tunnel and the West Kowloon Terminus contracts would be met, etc. More recently, the HyD expressed to the MTRCL its grave concern over the continuous delay in works progress for some critical contracts, and has urged the MTRCL to take effective measures to recover the delay. The MTRCL advised that the PTC and its associated risks were under review, which was expected to be completed in the second quarter of 2015.
- (c) As the SIL(E) and the KTE are ownership projects, the MTRCL will bear the additional expenditure arising from the delay of the railway works.

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