

CONTROLLING OFFICER'S REPLY

THB(T)047

(Question Serial No. 2909)

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:

In relation to monitoring the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project by the Highways Department (HyD), please inform this Committee of the following:

- (a) In response to the recommendations by the Government's Independent Expert Panel (IEP), are there any measures to prevent supervision problems arising from the XRL project, including the inability to detect the MTR Corporation Limited (MTRCL)'s concealment of crucial information concerning the progress of the project, the lack of indicators to scrutinise the delay recovery measures put forward by the MTRCL and the intervention mechanism against the poor performance of MTRCL as the project manager; and
- (b) Whether consideration will be given to relinquish the approach adopted in the XRL project in relation to monitoring new railway projects in the future?

Asked by: Hon WU Chi-wai (Member Question No. 52)

Reply:

- (a) In the light of the delay of the construction of the XRL, the Chief Executive appointed in May 2014 an IEP chaired by Mr Justice Hartmann to review the implementation of the XRL project. The report of the IEP, which was released on 30 January 2015, put forward recommendations to improve the monitoring work by the HyD on the XRL project. Under the framework of the three-tiered monitoring mechanism (i.e. the Project Supervision Committee (PSC) chaired by the Director of Highways, the Project Co-ordination Meetings held by an officer at Assistant Director level of the HyD with the MTRCL's General Managers and Project Managers, and the Contract Review Meetings held by an officer at Chief Engineer level of the HyD with site

supervision staff of the MTRCL) and risk-based approach, the dedicated division of the Railway Development Office (RDO) of the HyD has implemented the following measures to enhance the monitoring of the progress and financial status of the XRL project since mid-2014 –

- (i) an increase in the number of staff in the dedicated division for the XRL project under the RDO of the HyD from 13 to 18 at present;
 - (ii) submission of monthly progress reports to the Transport and Housing Bureau (THB) for the XRL project with the adoption of “traffic light” system to facilitate THB’s understanding of current project status;
 - (iii) requesting the MTRCL to submit detailed reports on critical construction activities including the production rates of critical contracts;
 - (iv) monitoring of the achievement of milestones established by the MTRCL’s Independent Board Committee through the monthly progress reports and the PSC meetings chaired by the Director of Highways;
 - (v) liaising more closely with the MTRCL’s project team and requesting the MTRCL to provide more detailed information;
 - (vi) arranging the Monitoring and Verification (M&V) Consultant to attend the PSC meetings;
 - (vii) establishment of a working group amongst the HyD, the M&V Consultant and the MTRCL with members from the respective specialised teams to review the programme and progress of the XRL project in detail on a regular basis with all aspects and levels of works covered; and
 - (viii) arranging the M&V Consultant to conduct more frequent and focused audits on critical contracts.
- (b) In response to the observations and recommendations of the IEP Report, the Government will review the appropriateness of adopting the concession approach for implementing new railway projects in future taking into account the experience of the implementation of the XRL project.

- End -