

**CONTROLLING OFFICER'S REPLY**

**THB(T)038**

**(Question Serial No. 1047)**

Head: (60) Highways Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Railway Development  
Controlling Officer: Director of Highways (Daniel K W CHUNG)  
Director of Bureau: Secretary for Transport and Housing

Question:

Regarding the monitoring of railway projects, will the Government inform this Committee of the following:

- (a) A breakdown of railway projects which involve cost overrun in the past five years. Please set out the subheads, project titles, original completion dates, agencies entrusted, anticipated completion dates, estimated total expenditures, estimated cost overruns;
- (b) The Government has entrusted the MTR Corporation Limited (MTRCL) to conduct railway projects while employing monitoring and verification (M&V) consultants to monitor the MTRCL. What were the details of the M&V consultants employed by the Government and the expenditure involved in the past five years? Please set out the projects, names of the agencies employed, total expenditures of the consultancy agreements;
- (c) In view of the significant cost overruns of over ten billion dollars in the construction of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the Shatin to Central Link (SCL), both of which are implemented by adopting the concession approach and any cost overruns will be borne by the Government. Will the Government review the current approach adopted for railway construction in collaboration with the MTRCL as soon as possible? If so, what are the details? If not, what are the reasons?

Asked by: Hon LUK Chung-hung (Member Question No. (LegCo use): 26)

Reply:

- (a) The subhead, project titles, party entrusted to, original and forecast completion dates, estimated total expenditure and estimated budget overrun for the railway projects involving cost overrun are tabulated below –

<b>Subhead</b>	<b>Project Title</b>	<b>Entrusted to</b>	<b>Original Completion Date</b>	<b>Forecast Completion Date</b>	<b>Estimated Total Expenditure (\$ million)</b>	<b>Estimated Budget Overrun (\$ million)</b>
6053TR	Hong Kong section of the XRL – construction of railway works	MTRCL	August 2015	Third quarter of 2018	70,405	15,387.5 (additional provision approved)
6057TR	XRL – construction of non-railway works	MTRCL	August 2015	Third quarter of 2018	16,015	4,215 (additional provision approved)
6063TR	SCL – construction of railway works – advance works	MTRCL	Fourth quarter of 2015	Works substantially completed	7,102.6	847.7 (additional provision approved)
6061TR	SCL – construction of railway works – remaining works	MTRCL	December 2020	2021	65,433.3 (under review)	Under review (Note)
6062TR	SCL – construction of non-railway works – remaining works	MTRCL	December 2020	2021	5,983.1 (under review)	Under review (Note)
6056TR	South Island Line (East) – Essential Public Infrastructure Works	MTRCL	2015	Works substantially completed	1,213.2	286.2 (additional provision approved)

Note : The Government received the latest cost estimate of the main works of the SCL project from the MTRCL on 5 December 2017. MTRCL indicated the need to adjust the entrustment cost of the main works of the SCL project, from \$70.8 billion to \$87.3 billion, i.e. an increase of about \$16.5 billion. The Government is conducting a detailed review of the MTRCL's latest cost estimate.

(b) The Highways Department engages M&V consultants to assist in overseeing the progress of the Hong Kong Section of the XRL and the SCL projects. The project titles, consultants and anticipated total expenditure are tabulated below –

<b>Project Title</b>	<b>M&amp;V Consultant</b>	<b>Estimated Total Expenditure (\$ million)</b>
Hong Kong Section of XRL - M&V for Construction, Testing and Commissioning Phase	Jacobs China Ltd.	201.3
SCL - M&V for Construction, Testing and Commissioning Phase	PYPUN-KD & Associates Limited	204.4

(c) The Government will take into account the experience gained from the implementation of railway projects adopting the concession approach when considering the mode of implementation for new railway projects.

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