

# LCQ22: Shatin to Central Link project

Following is a question by the Hon Lam Cheuk-ting and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 27):

Question:

During the period from July 2010 to May 2012, the Finance Committee of this Council approved the allocation of funds respectively for carrying out a number of works under the Shatin to Central Link (SCL) project, including: (a) Protection Works at Causeway Bay Typhoon Shelter (58TR), (b) Protection Works in Wan Chai Development Phase II (59TR), (c) Construction of Railway Works – Advance Works (63TR), (d) Construction of Non-railway Works – Advance Works (64TR), (e) Construction of Railway Main Works (61TR), and (f) Construction of Non-railway Main Works (62TR). In this connection, will the Government inform this Council:

(1) regarding each of the aforesaid works, of (i) the original estimated expenditure and a breakdown of the expenditure, (ii) the latest estimated expenditure/ the final outturn expenditure and a breakdown of the expenditure, and (iii) the reasons leading to differences between the two sets of figures;

(2) of the names of the (i) main contractor(s) and (ii) subcontractor(s) of each of the works; and

(3) given that the MTR Corporation Limited (MTRCL) has been entrusted by the Government to undertake the construction, testing and commissioning of SCL, and to provide management and supervision services, how the Government monitors such work undertaken by MTRCL; of the mechanism in place for MTRCL to report to the Government the works progress and irregularities of the works?

Reply:

President,

In response to the three parts of the Hon Lam Cheuk-ting's question, the reply is now as follows:

(1) As regards each of the works under the Shatin to Central Link (SCL) project, (i) the original estimated expenditure and a breakdown of the expenditure, (ii) the latest estimated expenditure/ the final outturn expenditure and a breakdown of the expenditure, and (iii) the reasons leading to differences between the two sets of figures are listed at Annex 1.

As regards items 61TR and 62TR of the SCL project, after the Government received the latest cost estimate of the main works of the SCL project from the MTR Corporation Limited (MTRCL) last December, the Highways Department

(HyD), in collaboration with the monitoring and verification (M&V) consultant, has held several meetings with the MTRCL, and has reviewed rigorously the information given by the MTRCL. The HyD has also scrutinised the assumptions and background of the estimates according to the usual practice for government public works projects to ascertain whether there are sufficient reasons for the estimate of the MTRCL. As the SCL project involves many works contracts and there is substantial amount of information for detailed examination, the HyD has requested the MTRCL to provide more information for its detailed review. The review concerned is still under way. Upon completion of the detailed review, the Government will apply for additional funds from the Legislative Council to continue with the works under the SCL project.

(2) Item 58TR is "Shatin to Central Link – construction of railway works – protection works". The main contractor is China State Construction Engineering (HK) Limited and the main subcontractor is Richwell Engineering Limited.

Item 59TR is "Shatin to Central Link – construction of railway works – protection works in Wan Chai Development Phase II". The main contractor is Chun Wo – Leader Joint Venture and the main subcontractors are Sambo E & C Company Limited, Falcon Foundation Engineering Company Limited, Chung Ming Construction Engineering Limited and Tin Wo Engineering Company Limited etc.

Items 63TR and 64TR are "Shatin to Central Link – construction of railway works – advance works" and "Shatin to Central Link – construction of non-railway works – advance works" respectively. The list of major contractors under main contracts and the major sub-contractors are at Annex 2.

Items 61TR and 62TR are "Shatin to Central Link – construction of railway works – remaining works" and "Shatin to Central Link – construction of non-railway works – remaining works" respectively. The list of major contractors under main contracts and the major sub-contractors are at Annex 3.

(3) The Government has had a mechanism to closely monitor the work of the MTRCL, including through the Project Supervision Committee led by the Director of Highways, holding monthly meetings with the Projects Director of MTRCL to review the progress of the SCL project, as well as monitoring procurement activities, post-tender award cost control and resolution of contractual claims. The MTRCL submits monthly progress report to the HyD updating the latest progress and the financial situation of the SCL project. In addition, the HyD and the MTRCL hold monthly Project Coordination Meetings and Project Progress Meetings to monitor the progress of every item of works under the project and to deal with matters relating to design, construction and environment which may have potential impact on the progress and programme of the project and interface with other projects. Through the above arrangement of three-tier framework, the MTRCL needs to report to the HyD on matters which have substantial impact on the SCL project such as works progress, cost and safety etc. The HyD has also engaged a M&V consultant to assist the department in monitoring and auditing the works. The M&V

consultant will also report on whether there are risks of slippage in the progress of the projects and advise the HyD on the appropriateness of the delay recovery measures proposed by the MTRCL. The Director of Highways also holds project progress meetings with the Secretary for Transport and Housing (the Secretary) on a monthly basis and submits reports to the Secretary on the progress of the project and to raise any important matters relating to the project as required.