

Latest Estimate of Cost to Complete for Shatin to Central Link Project

The MTR Corporation has recently completed a detailed review of the estimated Cost to Complete (CTC) for the main construction works of the Shatin to Central Link (SCL) project, the design and construction of which has been entrusted to the Corporation by Government. Taking into account a number of factors, including issues such as archaeological finds, Government requests for additional scope and late or incomplete handover of construction sites, the Corporation has increased the latest estimate of the main construction works of the SCL by \$16,501 million from \$70,827 million¹ to \$87,328 million, representing an increase of 23% of the construction cost of the main works. This latest estimate was submitted to Government for review today (5 December 2017).

The Corporation has previously announced that, due to the continuing challenges posed by external factors and difficulties similar to those encountered by most major infrastructure projects in Hong Kong, the SCL CTC would need to be revised upwards significantly.

Around 70% of the increase² is attributable to additional costs arising from external factors, such as the handling of archaeological finds at the work sites of Sung Wong Toi Station, the late or incomplete handover of construction sites in Wan Chai North, as well as unbudgeted foundation works for a future top-side development at Exhibition Centre Station (formerly known as Exhibition Station). The SCL project is also faced with other challenges common to many infrastructure projects, such as shortage of labour in the construction sector and unfavourable ground conditions.

The latest estimate is based on a detailed review of the revised programme to complete the "Tai Wai to Hung Hom Section" and "Hung Hom to Admiralty Section" in mid-2019 and 2021 respectively. With the implementation of effective delay recovery measures, the target date for completion of the "Tai Wai to Hung Hom Section" has been advanced by 6 months to mid-2019, notwithstanding the 11-month delay caused by the archaeological finds.

¹ The approved funding for the main works of SCL under Finance Committee papers "61TR-SCL-construction of railway works-remaining works" and "62TR-SCL-construction of non-railway works-remaining works" is \$71,416 million (in money-of-the-day prices). The sum entrusted to the Corporation by Government for the main construction works is \$70,827 million.

² Net of contingencies.

“The SCL is a huge and highly complex project which involves construction at more than 70 work sites across 14 districts in Hong Kong, including construction in some of the most densely populated areas of our city with many old buildings and structures,” said Projects Director Dr Philco Wong of MTR Corporation. “It also involves modification and interfacing works along a number of existing railway lines and in existing stations. Meticulous planning and execution is required to ensure that all SCL related works which are being done along the East Rail Line, West Rail Line and Ma On Shan Line will not affect our reliable and safe train service for passengers throughout the construction period.”

“The SCL project also includes a number of auxiliary and enabling works to benefit the community, some of which are already being enjoyed by the people of Hong Kong. 49 new pedestrian facilities including lifts, footbridges and escalators in Tsz Wan Shan, the new Harbour Road Sports Centre, Wan Chai Swimming Pool and the reprovisioned Central Mail Centre in Kowloon Bay, which have all been built under the scope of the SCL project, are already open for public use,” added Dr Wong.

The Corporation has submitted the latest CTC estimate to Government and stands ready to provide any further information required to assist the Government in its review of such estimate. Meanwhile, the Corporation will continue to closely monitor and control costs, while ensuring the smooth delivery of the SCL “Tai Wai to Hung Hom Section” and “Hung Hom to Admiralty Section” in mid-2019 and 2021 respectively.

The Finance Committee of the Legislative Council had previously approved total funding of \$79,814 million for the entire SCL project, including \$695 million for protection works, \$7,703 million for advance works and \$71,416 million for main construction works. The sum entrusted to the Corporation by Government for the main construction works is \$70,827 million. Subsequently in June 2017, the Finance Committee approved additional funding of \$848 million for advance works (all in money-of-the-day prices).

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About MTR Corporation

MTR Corporation is regarded as one of the world’s leading railway operators for safety, reliability, customer service and cost efficiency. In its home base of Hong Kong, the Corporation operates ten commuter railway lines, a Light Rail network and a high-speed Airport Express link on which about 5.6 million passenger trips are made on a normal week day. Another 5.6 million passenger trips are made on the rail services it operates outside Hong Kong in the Mainland of China, the United Kingdom, Sweden and Australia. In addition, the Corporation is involved in a range of railway construction projects as well as railway consultancy and contracting services around the world. Leveraging on its railway expertise, the Corporation is involved in the development of transit-related residential and commercial property projects, property management, shopping malls leasing and management, advertising media and telecommunication services.

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