

Discussion paper on e-HKD from policy and design perspectives

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) today (April 27) issued a discussion paper titled "e-HKD: A policy and design perspective" (the Paper), inviting views from the public and the industry on key policy and design issues for introducing retail central bank digital currency (rCBDC), i.e. e-HKD, in Hong Kong.

After announcing the "Fintech 2025" strategy in June 2021, the HKMA started a project to study the prospect of introducing the e-HKD in Hong Kong. The initial findings of the first part of the study, which focused on the technical aspect, were published in October 2021 in the form of a technical whitepaper (Note) for comments.

The second part of the study focused on the policy and design aspects of introducing the e-HKD, and the initial findings of which are set out in the Paper. The issues examined in the study include the potential benefits and challenges, design considerations such as issuance mechanism, interoperability with other payment systems, privacy and data protection and legal considerations, as well as use cases. To facilitate stakeholders in sharing their views, the HKMA has highlighted the issues for comment in the form of twelve discussion questions in the Paper.

Mr Eddie Yue, Chief Executive of the HKMA, said, "This Paper marks another milestone in our exploration for the e-HKD. The policy and design considerations set out in the paper have reflected latest international developments as well as the unique features of the financial market of Hong Kong. We strongly encourage the public and the industry to take part in this important consultation and share their views with us. The comments received would help us formulate the strategy for best positioning our financial market in the rapidly evolving rCBDC space."

The Paper is available on the [HKMA website](#). Members of the public and the industry are welcome to submit their responses by email to ehkd_feedback@hkma.gov.hk on or before May 27, 2022.

Note: The whitepaper "e-HKD: A technical perspective" can be viewed on and downloaded from the [HKMA website](#).

LCQ3: Improving external transport of Lung Kwu Tan area

Following is a question by the Hon Holden Chow and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (April 27):

Question:

It is learnt that many years ago, the Government had considered the construction of a road tunnel (Hong Po Road Tunnel) of about 3.5 kilometres long to connect Hong Po Road in Lam Tei, the West New Territories Landfill and Tsang Tsui Columbarium in Tuen Mun, so as to improve the external transport of the Lung Kwu Tan area of Tuen Mun. In this connection, will the Government inform this Council:

(1) as it has been reported that the Government has held the construction of the Hong Po Road Tunnel in abeyance, of the details of the original planning of the tunnel (including its overall design) and the reasons for holding it in abeyance; and

(2) whether it will, by making reference to the effectiveness of the 4.8 kilometres long Lung Shan Tunnel in improving the traffic in the North District and in the light of the latest development of the Lung Kwu Tan area, consider afresh constructing the Hong Po Road Tunnel after developing an appropriate cost management proposal, so as to improve the external transport of the Lung Kwu Tan area; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the Development Bureau, the Transport and Housing Bureau, the Civil Engineering and Development Department (CEDD), the Transport Department and the Food and Environmental Hygiene Department, I provide my consolidated response to the question raised by the Hon Holden Chow as follows:

Regarding the details of the Hong Po Road Tunnel, a citizen applied for leave application for judicial review in the High Court earlier and the hearing of the application concerned will be carried out. Since the legal proceedings are in progress, it is inappropriate for us at this stage to comment on further details concerning the judicial review application or matters that may affect the judicial review application.

The Government fully understands the concerns of local stakeholders about the traffic in the Tuen Mun West area. Regarding the proposal raised by

local stakeholders on constructing a road tunnel to connect the West New Territories (WENT) Landfill to Tuen Mun, the Government conducted a preliminary study from 2016 to 2019 on different tunnel alignment options, including the construction of the Hong Po Road Tunnel proposed by local stakeholders. As we mentioned in the discussion paper (Legislative Council Paper No. PWSC(2020-21)36) submitted to the Public Works Subcommittee of the Finance Committee of the Legislative Council in March 2021, the outcomes of the study revealed different levels of difficulties and challenges in various options. Based on the existing population and traffic demand in the district, the cost effectiveness is relatively low. Nevertheless, the CEDD (jointly with the Planning Department) will initiate the Planning and Engineering Study on the Lung Kwu Tan Reclamation and Re-planning of Tuen Mun West Area, which will examine the transport network in the Lung Kwu Tan area and study the provision of adequate road support to meet the development needs in the area.

In view of the opportunity that the WENT Landfill is expected to be exhausted in 2026, the Environmental Protection Department is now working with the Highways Department to carry out the upgrading of Nim Wan Road and Deep Bay Road to enhance the coastal road network and the connectivity between Lung Kwu Tan in Tuen Mun West and Lau Fau Shan in Yuen Long West, and improve the accessibility in emergency situations, while upgrade the Nim Wan Road and Deep Bay Road to current design standards, including reducing sharp curves, improving driving sightline and traffic safety.

The Government attaches great importance to the transport infrastructure and development of Tuen Mun West and Lung Kwu Tan areas, and actively and orderly pursues various large-scale infrastructure and transport projects for improving the quality of life for the public as well as enhancing the long-term competitiveness of Tuen Mun West and Lung Kwu Tan areas and promoting economic development.

LCQ18: Railway service in Tseung Kwan O

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

Question:

Some residents of Tseung Kwan O (TKO) have relayed that with the rapid increase in the population of the district in recent years, residents have seen increasingly crowded train compartments when travelling by MTR, and hence there is an urgent need for enhancing the railway network in TKO and

increasing the train frequency. On the other hand, it has been reported that the proposed alignments of the proposed North Island Line (NIL) and the East Kowloon Line (EKL) to be connected to the MTR Tseung Kwan O Line (TKOL) will be shortened (including cancelling a station for extension to TKO). Such residents are worried that the new railways may not be able to divert TKOL's passenger traffic and support those areas in the district which are not yet covered by railways (e.g. Hong Sing Garden and Tsui Lam Estate). In this connection, will the Government inform this Council:

(1) whether it will, in the near future, make public the latest proposed alignments for NIL and EKL submitted by the MTR Corporation Limited to the Government, and the Government's comments provided to the Corporation in this regard, so as to enhance the transparency of the development of new railway projects; if so, of the details; if not, the reasons for that;

(2) whether it will draw up a definite time schedule for the construction of NIL and EKL, and conduct a feasibility study on the further development of TKOL (including but not limited to extending TKOL to TKO Area 137); if so, of the details; if not, the reasons for that; and

(3) as it is learnt that there is a continuous increase in the population of LOHAS Park and its residents rely heavily on MTR service for commuting, but the train frequency at LOHAS Park Station is low at present, whether it knows the maximum number of additional train trips that can be provided at LOHAS Park Station during peak hours upon completion of the signalling system upgrading project for TKOL, and whether this project can tie in with the population intakes of the various phases of LOHAS Park?

Reply:

President,

My reply to the question raised by the Hon Lam So-wai is as follows:

(1) and (2) Railway projects involve huge capital investment, and the Government has to plan in a prudent manner. The new railway projects proposed in the Railway Development Strategy 2014 (RDS-2014) involve complicated issues of different nature, which entails planning and design process of varying complexity. As clearly stated in the RDS-2014, the taking forward of individual proposed railway projects set out in the Strategy will be subject to the outcome of detailed engineering, environmental and financial studies relating to each project, as well as updated demand assessment and availability of resources. Therefore, the indicative implementation windows recommended in the RDS-2014 may be adjusted having regard to any change in circumstances.

The planning of the proposed North Island Line under the RDS-2014 involves complicated technical issues, including the co-ordination of the railway alignment with the planning of the new Harbourfront on the northern shore of Hong Kong Island, the works which would pass underneath the town centre and be in close proximity to existing buildings and infrastructures (including the Central-Wan Chai Bypass and existing railway tunnel), the

diversion of underground utilities along the railway alignment during the construction. Hence, the usable works area is limited and the construction becomes more difficult. Various technical challenges require detailed studies to develop appropriate solutions. As for East Kowloon Line (EKL), it would be built in hilly terrains and constrained by the climbing capability of heavy rail, some sections of the EKL have to be built deep underground. It is anticipated that the works would have considerable technical difficulties, mainly in overcoming technicalities arising from the hilly topography. Regarding the above two projects, having taken into consideration the Government's comments, the MTR Corporation Limited (MTRCL) is conducting further study on the feasible options to improve the design of the projects. When the details of a proposed railway scheme such as the alignment, location of station(s) and implementation timetable are available, the Government will announce the way forward of the project in due course. Regarding Tseung Kwan O Line, the Civil Engineering and Development Department and the Planning Department are conducting a study on the development potential of Tseung Kwan O Area 137. We will explore further development of the Tseung Kwan O Line taking into account the results of the above study.

(3) The Government and the MTRCL have been closely monitoring the train services of various railway lines, and will make timely adjustments according to passenger demand. With the changes in patronage along the Tseung Kwan O Line, the MTRCL enhanced the services between Tiu Keng Leng station and LOHAS Park station during non-peak hours in August 2021. Before the fifth wave of the pandemic, headway of most of the train services between the two stations during non-peak hours was enhanced from 12 minutes to 8.2 to 10 minutes; as for peak hours, headway of train services between LOHAS Park station and North Point station was 6.7 minutes. The MTRCL will also flexibly adjust train services to meet passenger demand. In addition to the signalling system upgrade project, the MTRCL will also implement multi-pronged measures to improve passenger flow and enhance passengers' travelling experience, including flexible adjustment of train service, strengthening of passenger flow control measures, and improvement of the station layout, etc.

LCQ17: Potential conflicts of interests in public works projects

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (April 27):

Question:

In 2018, the Government commissioned an Expert Adviser Team (EA Team) to investigate into the incident of malpractices in the construction works of

the MTR Shatin to Central Link (SCL) project. It is pointed out in the final report of the investigation that while Atkins China Limited (Atkins) was employed by the MTR Corporation Limited (MTRCL) as the Detailed Design Consultant for the SCL project, it was also engaged by Leighton Contractors (Asia) Limited (the Contractor) as the design consultant for the MTR Hung Hom Station Extension works. As Atkins was responsible for checking the Contractor's design in addition to working on the design of the entire SCL project, the EA Team considered that potential conflict of interest arose from such an arrangement, and recommended that the Highways Department should enhance the monitoring of government railway projects undertaken by MTRCL in future. Nevertheless, the MTRCL awarded a design consultancy contract for the Tung Chung Line Extension project to a joint venture set up by Atkins and Ove Arup & Partners Hong Kong Ltd. (Arup) in 2020, while Arup was also tasked with preparing the Environmental Impact Assessment Report (EIA Report) for the project. Regarding the potential conflicts of interests in public works projects, will the Government inform this Council:

(1) with regard to the potential conflicts of interests concerning the organisations involved in the aforesaid SCL project, whether the authorities have followed up with these organisations; if they have, of the details; how government departments enhance the relevant monitoring work in respect of the railway projects undertaken by the MTRCL;

(2) given that Arup was tasked with preparing the EIA report for the Tung Chung Line Extension project while being the design consultant for the same project, whether the Government has assessed if conflict of interest is involved in such arrangement; and

(3) of the list of public works contracts awarded by the authorities in the past five years to (i) Atkins, (ii) Arup, (iii) the joint ventures set up by these two companies, and (iv) the subsidiaries of either of these two companies, as well as the contract values involved?

Reply:

President,

Having consulted Development Bureau, the Environmental Protection Department (EPD) and relevant department, the reply to the question raised by the Hon Mrs Regina Ip is as follows:

(1) In light of the investigation results submitted by the Commission of Inquiry into the construction works at and near the Hung Hom Station extension under the Shatin to Central Link (SCL) project and the Expert Adviser Team for SCL project, the Highways Department had requested the MTR Corporation Limited (MTRCL) to provide explanation to the potential conflict of interest in the appointment of design consultants. According to the MTRCL's explanation, in general, the same design consultant would not be employed by the MTRCL and its contractor to work on the same contract. In exceptional circumstances where there is an advantage, the MTRCL had corporate-level guidelines in place to guard against conflict of interest by

introducing a procedure which clearly defines and separates the workflows of the respective consultant teams to ensure that effective firewall is provided and the same staff are not working for both teams. To avoid potential conflict of interest, the Highways Department had requested the MTRCL and its contractor not to appoint the same design consultant in new consultancy under the SCL project.

In addition, the Government had requested the MTRCL to review its internal policies with reference to the Government's requirements for avoidance of conflict of interest in direct appointment of consulting firms, and meanwhile to ensure that future consultancy agreements entered into under the SCL project and future railway projects of similar nature should follow similar conflict of interest policy in general. The Government will include provisions related to conflict of interest in the project agreements to be signed with the the MTRCL for new railway projects in future, in order to avoid conflict of interest arising from the employment of consultants by the MTRCL and its contractors. The Government will monitor the implementation of the relevant provisions through a committee and the monitoring and control mechanism to be established under the project agreements.

(2) The Tung Chung Line Extension project is taken forward using the ownership approach. Under the ownership approach, the MTRCL is responsible for the funding, design, construction, operation and maintenance of the railway, and will ultimately own the railway.

According to Environmental Impact Assessment (EIA) Ordinance (Cap. 499), the Tung Chung Line Extension Project is a designated project which requires EIA study to be carried out. The MTRCL employed an engineering design consultant and an EIA consultant to carry out the engineering design and to assess environmental impacts arising from the project. To ensure accuracy of the EIA, the EIA Ordinance has set objective standards for various aspects. The EIA consultant is required to review project arrangements in accordance with the relevant requirements of the EIA Ordinance, existing regulations and standards so as to ensure that the design, construction and operation of the project comply with the statutory requirements.

The EPD and the relevant statutory authorities review EIA reports of all designated projects (including Tung Chung Line Extension) in strict accordance with the regulations, principles and procedures stipulated in the EIA Ordinance and its Technical Memorandum. According to statutory requirement, after the Director of Environmental Protection has determined that the EIA report complies with the relevant requirements, the EIA report is publicly displayed for public inspection and submitted to the Advisory Council on the Environment. Members of the public may raise comments on the EIA report according to the mechanism during the public inspection period. The entire EIA process is open and transparent. Regarding the EIA report for Tung Chung Line Extension, the public inspection period expired on April 1 this year. The construction of the Tung Chung Line Extension project can only commence after approval of the EIA report and obtaining the environmental permit. During the construction and operation stages, the environmental permit holder (i.e. MTRCL) has to ensure that the mitigation measures recommended in the EIA report are properly implemented.

An important principle of the EIA mechanism is that project proponents are required to take environmental factors into consideration and try to avoid or minimise environmental impacts during the project planning and design stages. Therefore, the EIA study and engineering design often have to interact, co-operate and co-ordinate. It is more effective to provide environmental-related opinions during the project planning stage; assess the environmental impact of various conceptual schemes; review repeatedly and adjust the engineering design accordingly based on the results of the assessment so as to better meet the standards and technical requirements of the EIA Ordinance and its Technical Memorandum. Hence, the participation of the same consultant in EIA study and engineering design does not constitute a conflict of interest.

(3) According to Development Bureau, the consultancy agreements approved to Atkins China Limited and Ove Arup & Partners Hong Kong Limited by the Engineering and Associated Consultants Selection Board, the Architectural and Associated Consultants Selection Board and the Departmental Consultants Selection Committee in the past five years (from 2017 to 2021) are listed in the following table:

Consultant	Number of awarded consultancy agreements	Total amount of consultancy agreements (\$ million)
Atkins China Limited	25	316.4
Ove Arup & Partners Hong Kong Limited	50	1,032.7

Note: The two consultants have no joint venture nor subsidiaries undertaking consultancy agreements.

Please refer to appendix for a list of the above-mentioned consultancy agreements.

[LCQ17: Potential conflicts of](#)

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