

立法會
Legislative Council

LC Paper No. CB(1)1300/00-01

(These minutes have been seen
by the Administration)

Ref : CB1/PL/PLW/1

Legislative Council
Panel on Planning, Lands and Works

Minutes of meeting
held on Monday, 5 March 2001 at 8:30 am
in Conference Room A of the Legislative Council Building

Members present : Dr Hon TANG Siu-tong, JP (Chairman)
Hon LAU Ping-cheung (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon WONG Yung-kan
Hon TAM Yiu-chung, GBS, JP
Hon Albert CHAN Wai-yip
Hon IP Kwok-him, JP

Members attending : Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon CHAN Yuen-han
Hon Andrew WONG Wang-fat, JP
Hon LI Fung-ying, JP
Hon Audrey EU Yuet-mee, SC, JP

Members absent : Hon LAU Wong-fat, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Abraham SHEK Lai-him, JP

Public officers attending : Agenda Item IV

Mr CHAN Wing-sang, JP
Deputy Secretary for Works (Works Policy)

Mr LEUNG Mang-chiu
Assistant Director (New Works)
Water Supplies Department

Mr Bobby NG Mang-tung
Chief Engineer (Project Management)
Water Supplies Department

Mr CHAN Shiu-on
Chief Engineer (Kowloon East)
Territory Development Department

Mr KWONG Hing-ip
Chief Assistant Secretary (Technical Services)
Works Bureau

Agenda Item V

Mr CHAN Wing-sang, JP
Deputy Secretary for Works (Works Policy)

Mr KO Wing-hon
Assistant Director (Projects & Development)
Drainage Services Department

Mr SHIU Wing-yu
Chief Engineer (Project Management)
Drainage Services Department

Mr YEUNG Wing-tsan
Chief Engineer (Consultants Management)
Drainage Services Department

Mr LEUNG Man-ho
Senior Engineer (Drainage Master Plan)
Drainage Services Department

Mr KAN Yim-fai
Senior Engineer (Project Management 4)
Drainage Services Department

Mr KWONG Hing-ip
Chief Assistant Secretary (Technical Services)
Works Bureau

Agenda Item VI

Mr Patrick LAU
Deputy Secretary for Planning and Lands

Mr Daniel CHENG
Principal Assistant Secretary (Planning)
Planning and Lands Bureau

Mr Bosco FUNG
Director of Planning

Mrs Ava NG
Deputy Director of Planning

Agenda Item VII

Mr Patrick LAU
Deputy Secretary for Planning and Lands

Mr Gary Y S YEUNG
Principal Assistant Secretary (Lands)
Planning and Lands Bureau

Mr Colin SANKEY
Head, Efficiency Unit

Mr R D POPE
Director of Lands

Mr CHAN Hak
Deputy Director of Lands (Survey and Mapping)

Mr Frank CHENG
Chief Land Surveyor (Special Duties)
Lands Department

Agenda Item VIII

Mr Patrick LAU
Deputy Secretary for Planning and Lands

Mr Daniel CHENG
Principal Assistant Secretary (Planning)
Planning and Lands Bureau

Mr MAK Chai-kwong
Project Manager (New Territories East)
Territory Development Department

Mr KAM Chak-wing
Chief Engineer (Shatin)
Territory Development Department

Mr TING Ki-leung
Senior Engineer (Shatin)
Territory Development Department

Clerk in attendance : Miss Salumi CHAN
Chief Assistant Secretary (1)5

Staff in attendance : Mrs Queenie YU
Senior Assistant Secretary (1)6

Action

I. Confirmation of minutes of meeting
(LC Paper Nos. CB(1)637/00-01, CB(1)664/00-01 and CB(1)699/00-01)

The minutes of the following meetings were confirmed-

- (a) Meeting on 4 December 2000;
- (b) Special meeting on 19 December 2000; and
- (c) Meeting on 8 January 2001.

II. Information papers issued since last meeting

2. Members noted the following information papers issued since the last meeting-
 - (a) Information note on Land Sale and Development Programmes for 2001/02 to 2005/06 (LC Paper No. CB(1)583/00-01);
 - (b) Information paper on PWP Item No. 681CL — Formation, roads and drains in Area 54, Tuen Mun, Phase 2 (LC Paper No. CB(1)701/00-01(01)); and
 - (c) Information paper on PWP Item No. 304CL — Formation, roads and drains for package 6 remainder, Sai Kung (LC Paper No. CB(1)701/00-01(02)).
3. The Chairman drew members' attention that the Administration would submit the papers mentioned in paragraph 2(b) and (c) above to the Public Works Subcommittee (PWSC) for consideration at its meeting in April 2001.

III. Date of next meeting and items for discussion

- (LC Paper No. CB(1)693/00-01(01) — List of outstanding items for discussion
LC Paper No. CB(1)693/00-01(02) — List of follow-up actions)
4. Members agreed that the following items be discussed at the next regular Panel meeting on 2 April 2001 and a special meeting scheduled for 19 April 2001-

Items proposed by the Administration

- (a) Proposed merging of the Building Safety Improvement Loan Fund and the Fire Safety Improvement Loan Fund;
- (b) Tseung Kwan O Development Phase II - Proposed road works at the junction of Tseung Kwan O Tunnel Road/Wan Po Road/Po Shun Road;
- (c) Drainage improvements in Yuen Long, Sha Tin and Tai Po, and Northern New Territories;
- (d) Creation of supernumerary directorate posts in Works Bureau; and
- (e) Water supply to remote villages in the New Territories.

Item proposed by Mr Albert CHAN Wai-yip

(f) Land Sale and Development Programmes for 2001-02 to 2005-06.

(Post-meeting note: The special meeting on 19 April 2001 was rescheduled for 23 April 2001 at 2:30 pm. The revised agendas for the regular meeting on 2 April and the special meeting on 23 April were circulated to members vide LC Paper Nos. CB(1) 868/00-01 and CB(1) 983/00-01 on 20 March and 11 April 2001 respectively.)

IV. Water Supply to South East Kowloon Development, Stage I - Works

(LC Paper No. CB(1)693/00-01(03) — Paper provided by the Administration)

5. The Assistant Director (New Works) of Water Supplies Department (AD/WSD) briefly took members through the Administration's paper which set out the background, justification, cost, public consultation, as well as the scope and programme of the proposed works to supply fresh and salt water to the South East Kowloon Development (SEKD) areas. The Administration planned to submit the proposal to PWSC in June 2001.

6. Referring to paragraph 7(e) of the paper, the Chairman asked why the route for laying the salt water mains from the existing Tai Wan Salt Water Pumping Station and Diamond Hill Salt Water Service Reservoir to the SEKD areas was not a straight one. AD/WSD advised that the salt water mains would be laid under existing roads and the routes were governed by the layout of the roads. Responding to Mr WONG Yung-kan, AD/WSD said that after completion of the reclamation works for SEKD, additional water mains would be laid in the reclaimed areas by the Territory Development Department.

7. Mr LAU Ping-cheung enquired whether the capacity of Tai Wan Salt Water Pumping Station was sufficient for the implementation of a water cooling air conditioning system, one of the environmentally friendly measures proposed for SEKD areas. The Deputy Secretary for Works (Works Policy) (DSW) responded that the proposed works referred to in paragraphs 7(d) and 7(e) of the paper only aimed at providing salt water for toilet flushing in SEKD. The proposed water cooling air conditioning system would be dealt with separately.

V. Proposed Drainage Tunnels in Tsuen Wan, Northern Hong Kong Island and Lai Chi Kok

(LC Paper No. CB(1)693/00-01(04) — Paper provided by the Administration)

8. With visual aid equipment, the Chief Engineer (Project Management) of Drainage Services Department (CE(PM)/DSD) briefed members on the strategy for tackling the flooding problem in Northern Hong Kong Island, Lai Chi Kok, Sham Shui

Po, Tsuen Wan and Kwai Chung areas under five proposed project items as detailed in the Administration's paper. The Administration planned to submit the proposals to PWSC in April 2001.

Justification for proposed works

9. Mr Albert CHAN pointed out that on a number of previous occasions, the Administration had advised Members that the existing drainage systems were adequate for flood protection. It was the first time the Administration admitted that the existing drainage systems were inadequate to meet the flow requirements during heavy rainstorms. Mr CHAN queried whether it was a misjudgement of the Administration in the past. In response, DSW pointed out that owing to changes in land use over the years, some natural ground and slopes had been paved over and become impermeable. This had led to significant increase in surface runoff, overloading of the existing drainage systems, and flooding in many areas. To address the flooding problem, the Administration had commissioned a series of studies to examine the adequacy of the existing drainage systems and develop drainage improvement measures to meet current flood protection standard and future development needs. For example, the two drainage master plan studies for Northern Hong Kong Island, and Tsuen Wan, Kwai Chung and Tsing Yi were commissioned in 1996 and completed in 1999.

10. Mr Albert CHAN further asked why drainage improvement works had not been considered during the implementation of the reclamation projects in the areas concerned. The Senior Engineer (Project Management 4) of Drainage Services Department (SE(PM)/DSD) and the Chief Assistant Secretary (Technical Services) of Works Bureau (CAS/WB) explained that drainage improvement works were carried out to mitigate the adverse effects on the existing hinterland drainage system caused by individual reclamation projects. However, global improvement of the hinterland drainage system as a whole to cope with the hinterland urbanization was outside the scope of the reclamation projects. The present proposed drainage improvement project items were to provide a global improvement of the hinterland drainage system to cope with the hinterland urbanization in Northern Hong Kong Island, West Kowloon and Tsuen Wan. To better understand the situation, Mr CHAN requested the Administration to provide written information on the capacity of the existing drainage systems for flood protection and to quantify the improvements likely to be made upon completion of the proposed drainage works.

11. Mr IP Kwok-him asked whether the flooding problem could be addressed by upgrading the existing drainage systems and if so, whether a cost-comparison with the proposed drainage tunnels had been done by the Administration. CAS/WB and the Assistant Director (Projects & Development) of Drainage Services Department (AD/DSD) confirmed that the difference in cost between the two was insignificant. However, if the existing drainage systems were to be improved by conventional upgrading to attain the required capacity of a 50-year return period, it would involve very extensive road opening and construction works, which would be very time-consuming

and cause serious disruption and nuisance to the public. These problems could be minimized by the adoption of the proposed stormwater transfer approach to intercept and convey the large quantity of surface runoff from the upper catchments through the proposed drainage tunnels for disposal directly to the sea. The construction of the proposed drainage tunnels was therefore considered to be more cost-effective. Ir Dr Raymond HO Chung-tai supported the adoption of the proposed approach.

12. Responding to the Chairman, CAS/WB confirmed that the proposed stormwater transfer approach had been successfully applied in some overseas countries.

13. Responding to Mr TAM Yiu-chung, CAS/WB advised that drainage improvement measures had not been considered under the Strategic Sewage Disposal Scheme (SSDS) because there should be two separate systems to deal with stormwater and sewage. Otherwise, the Victoria Harbour would be polluted with sewage.

Feasibility of storing stormwater runoff

14. Referring to the proposed stormwater transfer approach, Mr Albert CHAN asked whether it was feasible to store the stormwater intercepted by the proposed drainage tunnels in reservoirs to save the financial resources required for purchasing Dongjiang water. CAS/WB advised that the stormwater to be intercepted was below the level of reservoir catchments. DSW also pointed out that about one-third of the land in Hong Kong had already been used as stormwater catchments and the need for extension of catchments was a subject under constant review by the Administration. It was considered not cost-effective to extend the catchments to lower levels. At the request of Mr CHAN, DSW undertook to further consider the feasibility of storing stormwater runoff intercepted by the proposed drainage tunnels.

15. In view of the population growth and the limited land resources in Hong Kong, Ir Dr Raymond HO considered that the Government should have long term planning on land use for water catchments. Responding to Ir Dr HO, DSW pointed out that there had not been any expansion of catchments since 1970s. Ir Dr HO considered that if such expansion was required in the future, the public should be consulted.

Impact of proposed works on lands and buildings

16. Mr James TO Kun-sun enquired whether the Administration had assessed the impact of the proposed works on the lands and buildings above the proposed drainage tunnels. CE(PM)/DSD and CAS/WB informed members that detailed design for the tunnel routes and assessment on the impact on land use would be carried out after the required funding was approved by the Finance Committee. CE(PM)/DSD assured members that the proposed tunnel alignments would be located away from existing buildings as far as practicable but might route through private lands. DSW advised that the Administration would draft and enact relevant legislation to provide easements over private lands for the proposed drainage works to be carried out. The public would be

provided with channels for objections and appeal before construction works commenced. Mr James TO requested the Administration to provide information on the assessment on the impact of the proposed drainage tunnels on lands and buildings in the vicinity when available.

Schedule of proposed works

17. Whilst supporting the proposed project items, Mr LAU Ping-cheung was concerned that the site investigation and design of each of the project items would take up five to six years, i.e. almost half the time required for the completion of the whole project item. He urged the Administration to expedite the site investigation and design processes. CE(PM)/DSD advised that due to the complexity of the proposed project items, more time would be required for the site investigation and design of routes for the proposed drainage tunnels. In designing the routes, for example, consideration would be given to select sound rock stratum as foundation of the tunnels and to avoid passing under residential areas. Nevertheless, the Administration would endeavour to complete the site investigation and design stage as soon as practicable.

Groundwater

18. The Chairman suggested the Administration to consider the problems likely to be caused by groundwater, having regard to the investigation findings on the unusual ground settlement in Tseung Kwan O (TKO) that the settlement was caused by the inflow of groundwater into the SSDS Stage I tunnel being constructed outside TKO reclamation. DSW pointed out that the proposed drainage tunnels would be constructed on the hillside where there was no reclaimed area in the vicinity, and at a much higher level than the SSDS Stage I tunnel which was at 100 metres below the sea level. He assured members that the construction of the proposed drainage tunnels would unlikely give rise to ground settlement.

Improvement to existing drainage systems

19. Mr TAM Yiu-chung asked whether the Administration had introduced any measure to address the flooding problem caused by blockage of drainage pipes by debris/rubbish, or misconnection of drainage pipes to sewage pipes. CAS/WB replied that in addition to regular maintenance works for existing drainage pipes, publicity materials such as videos were produced to raise public awareness of the subject.

(Post-meeting note: A supplementary note on the proposed drainage improvement works provided by the Administration was circulated to members vide LC Paper No. CB(1)866/00-01 on 19 March 2001.)

VI. Hong Kong 2030 — Planning vision and strategy
(LC Paper No. CB(1)693/00-01(05) — Paper provided by the Administration)

20. The Deputy Secretary for Planning and Lands (DSPL) advised that the Administration had briefed the Panel on the study approach of “Hong Kong 2030 — Planning Vision and Strategy” (HK 2030 Study) in May 2000. The Study would be divided into four key stages. The Stage One public consultation exercise, commenced in February 2001, sought to solicit comments on the planning objectives to be adopted and the key study areas. The Administration took the opportunity to consult Members on these aspects. The Deputy Director of Planning (DDP) then gave a power point presentation on the HK 2030 Study.

General views

21. Members generally supported the formulation of a planning strategy for Hong Kong for the next 30 years. Responding to the Chairman, DDP advised that Stage One of the HK 2030 Study had commenced in September 2000, and that the four stages were expected to be completed in two years' time, i.e. in September 2002.

Planning objectives and indicators

22. Mr Albert CHAN considered that all planning strategies should be people-oriented, with a view to improving the quality of living of the people. The HK 2030 Study however focused on the economic aspect and not the people of Hong Kong. He therefore urged the Administration to set quantifiable planning indicators for individual policy areas which had direct impact on the livelihood of the public, such as housing policy and transport policy. In respect of housing policy, one of the quantifiable planning indicators could be the average minimum residential area per person. The relevant departments/bureaux would be required to implement appropriate measures to achieve the targets by 2030. In response, the Director of Planning (D of P) advised that it was also the Administration's view that planning strategies should be people-oriented. In this connection, one of the seven key planning objectives of the HK 2030 Study was to adhere to the principle of sustainable development to balance social, economic, environmental needs for present and future generations. DSPL added that the Study involved not only the Planning Department (PD), but also other relevant bureaux and departments. The Study would be monitored by a steering committee comprising senior officials of the relevant bureaux, including Planning and Lands Bureau (PLB), Transport Bureau and Housing Bureau. In the light of Mr CHAN's suggestion, the Administration would consider the need to set quantifiable planning indicators.

23. Ms Audrey EU Yuet-mee shared Mr Albert CHAN's view that the Study focused on the economic aspect. Other important aspects, such as education and constitutional development, were not covered by the seven key planning objectives. D of P reiterated that the Study did not focus on the economic aspect alone. With an aim to providing an up-to-date planning framework to guide development and to ensure the efficient use of resources, the Study would examine a number of areas to facilitate the planning of land use, transport and infrastructure facilities. Constitutional development was therefore not

covered by the Study. Ms EU considered that the land resources required for the construction of more schools to facilitate education development should also be taken into account in the planning of land use.

24. Ms Audrey EU, Mr IP Kwok-him and Mr WONG Yung-kan considered the seven planning objectives too broad. As the planning objectives would guide the Study and form the evaluation criteria for assessing the subsequent formulation of planning scenarios and options, Ms EU considered that the objectives should be more specific. This would also facilitate the public to give views on the Study. Mr IP also considered it more appropriate for "Tourism" to be included as a key study area, but not a key planning objective, and that the key study areas should be more specific. D of P advised that as a start, the Administration was undertaking an extensive public consultative exercise on the proposed planning objectives and key study areas of the Study. In Stages Two and Three of the Study, the Administration would undertake detailed examination of the key issues which materialized from Stage One. Once the issues had been defined, various scenarios and options would be worked out and evaluated against a range of performance criteria covering land use, transport and environmental aspects. In other words, specific details would be available in subsequent stages of the Study.

Key study areas

Population forecasts

25. Ir Dr Raymond HO highlighted the important implications of population growth on the formulation of a planning strategy for Hong Kong, in particular the land use implications. D of P shared his view. He advised that according to the forecasts of the Census and Statistics Department, the population of Hong Kong would be about 9 million in 2029. Ir Dr HO questioned the reliability of the projected figure, having regard to some previous studies where the population of Hong Kong was projected to be about 7.5 to 8.5 million in 2011. D of P pointed out that population forecasts were subject to review from time to time. A more updated forecast would be available after completion of the Population Census conducted later this year. In formulating the planning strategy, the Administration would work out various scenarios to cater for changes in the population forecasts. Surveys would also be conducted on the trend of people of Hong Kong to stay or work in the Mainland. Mr NG Leung-sing considered that the reverse trend should also be studied.

26. Responding to Ir Dr Raymond HO, D of P confirmed that in making population forecasts, the statistics of the mobile population had been taken into account. At the request of the member, D of P undertook to provide information on such statistics.

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)1175/00-01 on 8 May 2001.)

Major transport and infrastructure facilities

27. Ir Dr Raymond HO pointed out the need for a comprehensive planning strategy for major transport and infrastructure facilities. He considered the Mass Transit Railway (MTR) a success but was disappointed to note that further extension of the network, such as the East Kowloon Line, had not yet been carried out. This had resulted in the loss of expertise in the engineering field for MTR works. Moreover, the delay in West Rail development had resulted in the failure to provide the necessary transport services to support the rapid population growth in North West New Territories regions. The slow/static development in some other transport systems and facilities also caused concern, for example, the lack of progress of the projects involving the proposed bridge in Lei Yue Mun and the fourth cross-harbour tunnel. He urged the Administration to study the major transport and infrastructure facilities required for the next 30 years.

Environmental considerations and conservation

28. Mr WONG Yung-kun supported the study of the environmental considerations and conservation. He was of the view that more specific targets should be set for environmental protection and conservation, including protection of marine and ecology lives, development of remote villages, planting of trees on hill sides, improving the hygiene standard of the living environment, etc. D of P advised that these aspects would also be covered by the Study.

Improving links with the Mainland

29. Mr TAM Yiu-chung considered it insufficient to study how the linkage with the Mainland could be improved. In view of the significant implications of the development and policy changes in the Mainland on the planning strategy for Hong Kong, Mr TAM suggested the Administration to study this aspect as well. Mr NG Leung-sing highlighted that the development of the financial and monetary policies in the Mainland was of particular importance. Mr LAU Ping-cheung considered that the Administration should take a proactive approach to invite officials from the Mainland to discuss and exchange views with relevant departments/bureaux in Hong Kong on long-term planning strategies. D of P pointed out that there had been formal and informal meetings with the relevant authorities and parties in the Pearl River Delta Region and the Guangdong Province to enhance coordination and communication on both sides. Briefings on the HK 2030 Study had been held for officials in the Mainland and formal communication channels had been established, such as the Town Planning Special Panel under the Hong Kong — Guangdong Joint working Group on Sustainable Development and Environmental Protection. In addition, seminars had been organized by professional bodies to exchange views on issues of mutual concern.

Promoting tourism

30. Ir Dr Raymond HO considered it necessary to improve the transport services to tourist spots, such as the provision of cable car to the Lion Rock. D of P advised that the

HK 2030 Study would focus on formulating a broad planning framework for promoting tourism and that lands had been reserved in North East Lantau for the purpose.

International city

31. Mr IP Kwok-him suggested the Administration to study the planning strategy for Hong Kong to achieve the vision of becoming a major international city.

Review and adjustment of planning strategy

32. Having regard to the possible changes in population forecasts and other factors, Mr NG Leung-sing was concerned whether a mechanism would be put in place for adjusting the planning strategy in response to changing circumstances. Ir Dr Raymond HO suggested that the planning strategy be reviewed regularly on a ten-year interval. D of P assured members that the planning strategy would be reviewed and adjusted as and when necessary.

Implementation of planning policies

33. Referring to the present arrangement where planning policies were formulated by PLB/PD and implemented by other departments, Mr LAU Ping-cheung considered the situation unsatisfactory. He suggested that PLB/PD be empowered to implement the planning policies to ensure their effective implementation. In response, DSPL assured members that the Administration would ensure the effective implementation of planning policies. All along, PLB/PD had kept the relevant legislation under review and introduced amendments where appropriate, such as the Town Planning Ordinance (Cap. 131) and the Buildings Ordinance (Cap. 123).

VII. Corporatization of the Survey and Mapping Office of the Lands Department — Progress and the way forward

(LC Paper No. CB(1)693/00-01(06) — Paper provided by the Administration
LC Paper No. CB(1)736/00-01(01) — Submission dated 28 February 2001
from the Association of Government
Local Land Surveyors (AGLLS))

34. At the invitation of the Chairman, DSPL briefed members that the impact of the corporatization of the Survey and Mapping Office (SMO) of the Lands Department on the staff concerned had been discussed at the meeting of the Panel on Public Service on 19 February 2001. The Administration had subsequently provided a supplementary paper responding to members' points of concern raised at the meeting. As the setting up of the proposed Survey and Mapping Corporation (SMC) required the enactment of legislation, the Administration would brief the Panel on Planning, Lands and Works at this meeting on the scope of the draft legislation.

35. The Director of Lands (D of L) briefed members on the objects and functions of SMC, and the financial projections concerning SMC. He advised that the Administration

planned to introduce the bill for the setting up of SMC after the drafting work had been completed and the relevant issues fully addressed.

36. The Chairman drew members' attention to the joint submission dated 2 March 2001 from five relevant staff associations of SMO, which was tabled at the meeting.

(Post-meeting note: The joint submission was circulated to members vide LC Paper No. CB(1)756/00-01(01) on 6 March 2001.)

Declaration of interest

37. Mr LAU Ping-cheung declared interest that members of AGLLS were members of the functional constituency he represented in the Legislative Council.

Different financial projections

38. Mr James TO and Mr LEE Cheuk-yan were concerned about the different financial projections for the proposed SMC provided in the following two reports:

<u>Title of Report</u>	<u>Financial projections</u>
Final Report of the Consultancy Advice to the Government of the Hong Kong Special Administrative Region on the Feasibility of Corporatisation of the Survey and Mapping Office of Lands Department (December 1999)	SMC would make an operating deficit of some HK\$83 million in Year One. This would reduce to about HK\$3 million in Year Four. A surplus of about HK\$26 million would be produced in Year Five.
Proposal for Corporatisation of the Survey and Mapping Office (February 2001)	SMC would generate a profit (before tax) of HK\$23 million in Year One, growing to HK\$93 million in Year Five.

39. D of L clarified that the report in December 1999 was only a preliminary report on the feasibility study of the corporatization of SMO. It was a high level study aimed at establishing whether the corporatization proposal was worth bringing forward. Based on further studies and more up-to-date information, another report was produced recently setting out details of the proposal. The Head of Efficiency Unit (HEU) referred members to Section 7 of the report in February 2001, where the basis of the financial projections and the financial overview for the first five years of operation of SMC were provided. He assured members that the revenue figures presented under the business plan in the report were based on conservative estimates. At the request of Mr James TO, D of L undertook to provide information on the reasons for the different financial projections for the proposed SMC and a comparison of the two projections.

40. Mr LEE Cheuk-yan recalled that a previous report published in February 1998 had concluded that a trading fund option for SMO was not viable. He queried why after a lapse of few years, the Administration would propose corporatization of SMO. The Deputy Director of Lands (DDL) clarified that the report in 1998 was a consultancy report on the costing and pricing of the survey services and mapping products of SMO. In passing, the consultants commented that SMO needed to develop a separate identity from the Lands Department but considered that the trading fund option was not viable at that point in time. The consultants believed that the user community would benefit most in the short to medium term by positioning SMO as an independent department, which maintained its present integration of activities, but added to this business and marketing elements.

41. At the request of Mr LAU Ping-cheung, D of L undertook to provide the names of the consultants and copies of their reports on the corporatization of SMO.

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)1249/00-01 on 17 May 2001.)

Business viability of SMC

42. Mr James TO noted that about 90% of the revenue of SMC would come from the revenue from the Service Level Agreement (SLA) with the Government, and the remaining from private sector customers. He therefore considered that the business viability of SMC depended very much on whether there would be a reduction in the level of service requirement from the Government and whether more sources of revenue could be explored. D of L advised that it was envisaged that SMC would enter into a SLA with the Government embracing all existing services provided by SMO. During the initial period, there should be no changes in the level of service requirement. It was not envisaged that government departments would stop using the survey and mapping services currently provided by SMO after its corporatization. On the contrary, the demand from both public and private sectors for the services provided by SMC would increase as a result of the efficient and improved services in Geographic Information System and Global Positioning System applications.

43. Ms Audrey EU asked whether the Government would cease to use the service of SMC if lower prices were offered by other service provider(s). D of L and DDL pointed out that SMC would have the main digital base for survey and mapping services. It would be very costly and timely, if not impossible, for any private enterprise to build up a similar information system and keep updating the data accurately and efficiently to compete with SMC.

44. Mr LAU Ping-cheung pointed out that survey and mapping services were essential services to the community. He was concerned that the development of the services might be hindered if SMC, as a business corporation but not a government department, found the provision of the services not profitable. D of L confirmed that the

survey mapping services currently provided by SMO would continue to be provided by SMC as set out in SLA.

Alternative options

45. As about 90% of the revenue of SMC would come from the Government, Miss LI Fung-ying and Mr LEE Cheuk-yan queried the need to corporatize SMO. Mr LEE considered that SMO should be remained as a government department to provide its existing services, and that a new corporation could be set up to explore the new business opportunities identified by the Administration. D of L pointed out that at the request of members of the Panel on Public Service, the Administration had carefully considered the following two alternative options:

- (a) To maintain status quo and initiate changes in the systems and work processes of SMO; and
- (b) To maintain SMO as a government department and set up a new corporation to develop new business opportunities.

46. D of L advised that in the light of the assessment of the two alternative options provided in the Annex to the paper provided by the Administration, the Administration remained of the view that corporatization of SMO was the best way forward. Miss CHAN Yuen-han was not convinced and asked for the views of PLB on the subject. DSPL advised that corporatization was a means to achieve the Government's aim to enhance efficiency, quality and cost-effectiveness of public services. After reviewing the operations of various government departments, the Administration identified SMO as a suitable candidate for corporatization. It was a decision of the Government, but not PLB, Efficiency Unit or Lands Department. HEU added that SMO was selected because of the "commercial-type" of services it could provide, its business relationship with the private sector, and the fact that the current status of SMO did not allow it to respond flexibly and timely to the changing demands of the market. Institutional reform through corporatization would help maximize SMO's market potential. Miss CHAN considered that reform measures could be implemented within SMO to meet the changing demands. DSPL explained that SMO, as a government department, was subject to the rules and regulations of the civil service, including those governing the allocation of financial and staffing resources. In the circumstances, SMO was unable to make investments which were well justified on business grounds but which might not get a high priority when judged against other public policy initiatives to meet pressing social needs. Corporatization of SMO would remove these barriers and enable it to pursue the emerging market opportunities.

47. Mr Andrew WONG was not convinced of the need to corporatize SMO and considered converting it to a trading fund a better option. At the request of Mr WONG, HEU undertook to provide in writing the reasons why conversion to a trading fund would be a less suitable option to corporatization of SMO. HEU also pointed out that some government departments had been converted to trading funds and were quite successful in certain areas. However, they were facing a number of challenges and legal issues about their ability to do business with the private sector. The problems were still unresolved.

Staff consultation and staffing arrangements

48. Members noted from the joint submission dated 2 March 2001 from five relevant staff associations of SMO that 754 (93%) of the 811 staff members surveyed were against the corporatization proposal. Mr LAU Ping-cheung pointed out that members of AGLLS, being officers of a professional grade, were also against the corporatization proposal. Members asked whether the Administration would reconsider the proposal. DSPL and D of L advised that the departmental management of SMO had all along maintained close contact with the staff associations concerned and kept them informed of the development of the issue. More recently, individual staff members were briefed on the full details of the staffing arrangements upon corporatization of SMO and the options available for them. A telephone hot line had been set up for enquiries. They were allowed a two-year option period to decide whether to retain their civil servant status and be seconded to SMC; or to retire voluntarily. Those who opted for voluntary retirement would be able to take up employment with SMC if they so wished without pension suspension and they would be offered a compensation. As the details of the staffing arrangements had just been announced in February, individual staff members might need more time to consider the issue.

49. Mr TAM Yiu-chung pointed out that the joint submission dated 2 March 2001 was issued after the announcement of the details of the staffing arrangements in February. The fact that 93% of the staff members surveyed were against the corporatization proposal reflected the sentiments of the majority of staff. D of L pointed out that as revealed from previous corporatization cases, such as Hospital Authority and Kowloon Canton Railway Corporation, it was often the initial reaction of staff to object to proposal of this nature. At the request of Mr TAM and Mr LAU Ping-cheung, D of L undertook to provide a written response to the points raised in the joint submission, and also the submission dated 28 February 2001 from AGLLS.

50. Mr Albert CHAN criticized the Administration for ignoring the feelings and reaction of staff, and their worries about job security and career development. DSPL stated that he could not accept Mr CHAN's criticism. He pointed out that it was not uncommon for departmental management and the staff sides to have different views on certain issues. In the present case, the Administration had maintained frequent

communications with the staff sides and listened extensively to their views. It was hoped that the staff sides would consider the two options.

51. Mr Andrew WONG and Ms Audrey EU were concerned that the mixed staff situation in SMC might give rise to management problems and affect staff morale. Mr WONG considered that the SMO staff who chose to retain their civil servant status and seconded to SMC might not have equitable opportunities for promotion as SMC staff. In response, D of L undertook to provide members with further information on management measures in respect of the two different types of staff in the new SMC.

52. Ms Audrey EU noted that the financial plans of SMC were made on the assumption that 50% of SMO staff would opt for voluntary retirement and join SMC. Given 93% of the staff surveyed were against the corporatization proposal, Ms EU asked whether it had any impact on the financial plans of SMC. D of L replied that viability of the proposal would not be affected even only 10% of SMO staff would join SMC.

Impartiality of SMC

53. Responding to Mr LAU Ping-cheung's query about the impartiality of SMC in supporting the Land Survey Authority (LSA), D of L explained that upon setting up of SMC, the Director of Lands would continue to be LSA while SMC would provide appropriate professional and technical advice to him to facilitate the discharge of his functions under the Land Survey Ordinance (Cap. 473). LSA would continue to act in a fair and impartial manner. SMC would not be carrying out land boundary surveys for the private sector. Such works were currently and would continue to be carried out by authorized private land surveyors who were required to deposit with LSA the land boundary plan and the survey record plan. DDL added that LSA inspected the plans for compliance with the approved codes of practice. Authorized land surveyors were personally responsible for the accuracy and completeness of the land boundary plan certified by them. LSA was not empowered to determine land boundaries.

Monopoly

54. Mr LAU Ping-cheung was concerned that SMC might be able to monopolize the market with its expertise and resources. D of L considered that there should be no question of monopoly as all data collated and maintained by SMC would be available to authorized land surveyors and the public. DDL assured members that the new business of SMC would focus on digital map applications and he did not envisage that SMC would compete with the private land surveyors for land boundary survey work.

Views of Democratic Party

55. Mr Albert CHAN stated that the Democratic Party did not support the corporatization of SMO, as they did not consider it justified to do so.

(Post-meeting note: The Administration provided a supplementary information paper responding to comments raised by members at the meeting and the two submissions from relevant staff associations. The paper was circulated to members vide LC Paper No. CB(1)898/00-01 on 26 March 2001.)

VIII. Sha Tin New Town — Site formation works at Shui Chuen O and Kau To
(LC Paper No. CB(1)693/00-01(07) — Paper provided by the Administration)

56. In view of the limited time available, the Administration's power point presentation on the subject was cancelled. The Chairman referred members to the presentation materials tabled at the meeting and invited questions from members. He also drew members' attention that the Administration planned to submit the proposal to PWSC in April 2001.

(Post-meeting note: The presentation materials were circulated to members vide LC Paper No. CB(1)756/00-01 on 6 March 2001.)

57. Referring to paragraph 4(a) of the paper, Mr Albert CHAN asked whether the 21 hectares of land proposed for housing, schools and community facilities under the project fell within the flight paths. The Project Manager (New Territories East) of Territory Development Department (PM/TDD) advised that under the project, no school site was proposed for the Kau To Shan area, while two sites were reserved in Shui Chuen O (near the Lion Rock Tunnel Road) for the construction of a primary school and a secondary school. The two sites were far away from the flight paths and would not be affected by aircraft noise. Mr CHAN however pointed out that previous complaints about aircraft noise had been received from residents in Kau To Shan. At Mr CHAN's request, PM/TDD agreed to provide information on the level of aircraft noise at the project area.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. CB(1)1035/00-01 on 19 April 2001.)

58. Referring to paragraphs 8 and 9 of the paper, the Chairman asked what measures had been taken to address the concern of the Sha Tin Provisional District Board/Shu Tin District Council on the traffic impact of the proposed housing development. PM/TDD pointed out that after completion of the project, Shui Chuen O would be accessible by two roads. Moreover, a section of Shui Chuen Au Street near Pok Hong Estate would be widened to meet the increased traffic generated by the development and a layby would be provided there to meet loading and unloading demand for improving the flow of traffic in the existing road.

IX. Any other business

59. There being no other business, the meeting ended at 12:45 pm.

Legislative Council Secretariat
21 May 2001