

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 18th meeting
held at the Legislative Council Chamber
on Friday, 6 June 2008, at 3:00 pm**

Members present:

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, SBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP

Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG, JP
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Mrs Anson CHAN, GBM, JP

Public officers attending:

Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Mr Philip YUNG, JP	Deputy Secretary for Transport and Housing (Transport)1
Mr WAI Chi-sing, JP	Director of Highways
Mr CHENG Ting-ning, JP	Project Manager (Hong Kong-Zhuhai-Macao Bridge Hong Kong) Highways Department
Miss Mary CHOW, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Tony LIU	Chief Manager/Management (Support Services 2), Housing Department

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Action

Item No. 1 - FCR(2008-09)19

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 21 MAY 2008**

As there was a request for separate voting on PWSC(2008-09)10 and 11, the Chairman put FCR(2008-09)19 except PWSC(2008-09)10 and 11 to the vote. The Committee approved the proposal.

**PWSC(2008-09)10 834TH Hong Kong-Zhuhai-Macao Bridge Hong Kong
Boundary Crossing Facilities**

**PWSC(2008-09)11 835TH Hong Kong-Zhuhai-Macao Bridge pre-
construction works**

2. As both PWSC(2008-09)10 and PWSC(2008-09)11 related to the subject of the Hong Kong-Zhuhai-Macao Bridge (HZMB) project, the Chairman suggested and members agreed to discuss both items together and to vote on the two items separately after discussion.

Economic benefits and cost sharing

3. Mr Andrew CHENG recapped the concerns expressed by members of the Public Works Subcommittee (PWSC) and the Transport Panel over the reliability of traffic forecast, the calculation of economic benefits, and the split of cost contribution among the three governments (i.e. the governments of Guangdong, of the Hong Kong Special Administrative Region (HKSAR) and of the Macao Special Administrative Region). He regretted that the supplementary information on traffic volume forecast under the four-stage modelling approach and on the evaluation of the direct and indirect economic benefits of the HZMB project provided by the Administration (PWSC109/07-08) shortly before the Finance Committee meeting had failed to address members' concerns. Mr CHENG sought explanation on the methodology for calculating the economic benefits and the basis for determining the split of cost contributions. He also asked the Administration to illustrate in a succinct manner how the estimated discounted economic benefits ratio of 57.8% for Hong Kong, 32.6% for Mainland and 9.6% for Macao, and the corresponding cost contribution ratio of 50.2%, 35.1% and 14.6% had been worked out.

4. In response, the Director of Highways (DH) and the Project Manager (Hong Kong-Zhuhai-Macao Bridge Hong Kong) Highways Department (PM(HZMB)) referred members to the Administration's paper which set out the basic principles of the methodology adopted. They explained that in line with international practice, the China Highway Planning and Design Institute (HPDI) had adopted a systematic four-stage modelling approach in deriving the passenger and vehicle flows for the traffic volume forecast. Population characteristics, travel patterns, economic growth, and transportation network development based on various survey statistics and projected planning data on population and economic growth were analysed to work out the forecast passenger and vehicle flows on the HZMB. Based on the findings of the traffic volume forecast, direct economic benefits in terms of savings in transportation costs, value of time saved for travellers and goods on road, and the induced traffic volume generated between the three territories were evaluated under two scenarios (i.e. with and without the HZMB) and then apportioned among the three territories, taking into account the places of origin of the passengers as well as the places of origin and destination of the freight vehicles. DH and PM(HZMB) highlighted that the computation of benefits was a complex process summing up the accrued estimated benefits of all relevant variables in a matrix.

5. Mr Andrew CHENG remained unconvinced that the estimated direct benefits brought to Hong Kong by the HZMB would exceed those brought to neighbouring regions to such an extent as to justify a differential cost contribution of 50.2% and 35.1% by Hong Kong and the Mainland respectively.

6. Sharing a similar view, Mr Albert CHAN said that while closer rail and road transport links between Hong Kong and the neighbouring regions of Shenzhen and Pearl River Delta (PRD) might foster cross-boundary integration, he could not see the justification for apportioning the largest share of construction cost to be borne by Hong Kong. He doubted whether the project was in the best interest of Hong Kong, or would in fact end up benefiting the neighbouring region as it would provide greater

convenience for Hong Kong people to travel to Macao, spending money and gambling there. Concurring with Mr Albert CHAN, Mr LEUNG Kwok-hung questioned whether the HZMB could bring any real economic and transport benefits to Hong Kong if an increasing number of Hong Kong residents were attracted to Macao and the Mainland after the commissioning of the HZMB.

7. DHy advised that the traffic forecast and estimated economic benefits had been worked out according to the internationally adopted approach; while the split of contribution had been determined in accordance with the principles of the Equalization of Benefit to Cost Ratio. The Deputy Secretary for Transport and Housing (Transport) 1 (DS(T)1) further advised that the value of time saved for the flows of passengers and goods between Hong Kong and the Western PRD region was estimated to be higher than that for Mainland travellers and goods. The Economic Net Present Value of the project over a period of 20 years for Hong Kong was about RMB 23 billion, compared with RMB 13 billion for the Mainland and RMB 4 billion for Macao. The Economic Internal Rate of Return (EIRR) of the project was 8.8% in respect of Hong Kong over a 20-year period, or 12% over a 40-year period. Referring to the substantial economic benefits brought to Hong Kong by the efficient transport links with the Eastern PRD, DS(T)1 highlighted the strategic importance of the HZMB in fostering Hong Kong's economic integration with the Western PRD region. He urged members to take into account the long-term economic benefits of the HZMB in enhancing Hong Kong's competitiveness in freight forwarding and tourism industries as well as its position in the Pan-PRD region.

8. Mr Albert CHAN maintained his view that the significantly reduced travelling time between Hong Kong and Macao would encourage more Hong Kong people to travel to Macao and help boost its economy. He enquired whether such a negative impact on Hong Kong had been taken into account when assessing the economic benefits. In this regard, DS(T)1 and DHy explained that in line with the international practice for evaluating transport infrastructure, the assessment of direct economic benefits of the HZMB had taken into account the growth in tourism, i.e. the growth of visitors from Hong Kong to Macao, while the indirect benefits to Macao arising from the possible expenditure of in-bound visitors from Hong Kong had not been included for the purpose of determining the apportionment of costs among the three territories, as such assessment did not normally form part of the EIRR calculation.

9. Ir Dr Raymond HO opined that it was difficult to assess precisely the social and economic benefits of an infrastructural project. Any selected model would inevitably be subject to challenges one way or the other. He said that the HZMB was a long overdue infrastructure and called on members to support the relevant funding proposals to enable the necessary investigation and preliminary design (I&PD) work and pre-construction works to proceed. Without such works, the Administration could not obtain sufficient information/data to address the concerns and queries raised by members.

10. Ms Miriam LAU highlighted the need and the strategic value of the HZMB from a long-term macro-economic perspective. She said that the logistics and freight forwarding industries had longed for the expeditious implementation of the HZMB

project, without which Hong Kong would be marginalized as goods from the Western PRD could not be transported via Hong Kong's logistics network. She opined that the proposed I&PD and pre-construction works, including work relating to the tendering exercise for the HZMB Main Bridge, were necessary steps in taking forward the mega project. She also urged members to support the funding proposals.

11. Mr Andrew LEUNG said that Members of the Liberal Party supported the early completion of the HZMB project which would provide the much needed infrastructure connecting Hong Kong to the great development potential of Western PRD with an area three times that of the Eastern PRD. Concurring with Ms Miriam LAU, Mr LEUNG opined that the HZMB was a mega project of great strategic importance to Hong Kong, Macao and the Western PRD region. The connectivity brought about by the HZMB would benefit Hong Kong's service industries, tourism, finance and commerce.

12. Mr Andrew CHENG pointed out that whilst Members of the Democratic Party did not want to hold up the project, they remained gravely concerned that the Administration had not adequately addressed questions on the estimated economic benefits and cost contribution ratios. Dr LUI Ming-wah said that while he supported the HZMB project in view of its long-term benefits to various economic sectors, he had grave concern over the calculation of economic benefits and the differentials in funding ratios of the three territories. As only 10% of the entire stretch of the Bridge was within Hong Kong waters, he doubted the rationale for Hong Kong to take up the largest share of construction cost. Mr LEUNG Kwok-hung said that he would not support the funding proposals as the Administration had not provided sufficient information on the evaluation of economic benefits and had not presented a convincing case for the split of contribution among the three governments. He also queried whether the international model for calculating economic benefits was applicable to Hong Kong, given its uniqueness. Mr Albert CHAN further considered it a dereliction of duty on the part of Legislative Council (LegCo) Members to approve a funding proposal hastily in the absence of comprehensive explanation and justification as in the present case.

13. DHy appealed for members' support of the funding proposals to proceed with I&PD work and works relating to the tendering exercise. He stressed that the Administration was not in a position to provide detailed information prior to undertaking the relevant investigatory and preparatory work. To address members' concern about how the estimated economic benefits ratios and the differential cost contribution ratios of the three territories had been worked out, DHy undertook to provide a paper to the Transport Panel to further account for the computation of economic benefits and the apportionment of cost among the three governments.

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Ownership of the Hong Kong-Zhuhai-Macao Bridge

14. Mr Albert HO noted from table 17.1 of PWSC109/07-08 that based on the percentage of benefits apportioned to Hong Kong (57.8%), Hong Kong would have to shoulder the largest share of contribution cost (50.2%). He enquired whether the same ratio would be used in determining the three governments' respective share of

ownership of the HZMB, thereby giving the HKSAR Government the largest share of ownership after the expiry of the "Build-Operate-Transfer" (BOT) concession period. In response, DHy advised that similar to other mega infrastructure projects in which relevant issues were usually taken forward in phases, the ownership of the HZMB had yet to be discussed among the three governments. In this regard, Mr HO opined that to avoid any future dispute, all relevant arrangements including the ownership of the HZMB should be decided by the three governments as early as possible prior to the signing of the formal agreement to proceed with the project. In response, DHy said that the project agreement would set out clearly the respective obligations and rights of the franchisee and the three governments in the ownership of the HZMB.

Financial viability and related arrangements

15. Mr LEE Wing-tat raised concern about the financial viability of the HZMB which was proposed to be undertaken by private investors under a BOT franchise. In view of the low traffic forecast of up to 14 000 vehicles per day in 2016 representing only about 10% of the current daily traffic volume of the Cross Harbour Tunnel, Mr LEE was concerned that the low projected traffic volume was unlikely to attract private investors to undertake the HZMB project, unless they were assured of certain guaranteed profits or government subsidy to hedge against possible losses. Such an arrangement would inevitably require substantial public funds.

16. In this connection, Mr Albert CHAN expressed disappointment that the Administration had not given a clear indication on whether further financial commitment would be required to cover possible losses in the future operation of HZMB; and if so, whether the contribution from the HKSAR Government would be capped.

17. In response, DHy and DS(T)1 advised that the two-way traffic projections of 9 200 to 14 000 vehicles per day in year 2016 and 35 700 to 49 200 vehicles per day in year 2035 were based on the conservative assumption that the existing quota system for cross-boundary vehicles would remain the same. The Transport Department (TD) had commissioned a consultancy study to examine the feasibility and options for regulating cross-boundary vehicles and to recommend preferred arrangements for relaxing the current cross-boundary vehicle quota system. Regarding government contribution, DS(T)1 pointed out that private investors might find it not financially viable to undertake a mega infrastructure project such as the HZMB. Government capital outlay would be necessary to avoid the future charging of a very high toll. To improve the financial viability of the main Bridge and as a means to achieve a reasonable toll level, the three governments had agreed to contribute to the funding gap of the HZMB Main Bridge if necessary. DHy added that it was too early to state at the present stage whether government contribution would be required for the HZMB project. If such contribution was required, the amount could only be ascertained in the light of the outcome of the tendering exercise and the financing arrangements proposed by the bidders. After approval of the current funding proposals, details of the tendering exercise for the Main Bridge, such as the future financing arrangements and the terms of the BOT franchise, would be worked out in the next stage of pre-construction works. The three governments would negotiate

with the bidders on their proposed financing arrangements to work out a profit sharing arrangement if the outturn traffic volume on the HZMB was higher than the projected figures, and a risk sharing mechanism in the event of low traffic flows.

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18. In response to Mr LEE Wing-tat's further enquiry about the role of the three governments in the negotiation process with the bidders over the financing arrangements and with the franchisee over the future toll level adjustment mechanism, DHy advised that every decision would be made by the HZMB Advance Work Coordination Group set up by the three governments. Meanwhile, the three governments would hold further discussions on the arrangements of the tendering exercise and the terms of the tender document. The Administration would update members on the outcome of the discussions in due course.

19. Mr LEE Wing-tat called on the Administration to uphold the principles of transparency and impartiality in the tendering and negotiation process. He considered that when inviting bids for tender, the Administration should state whether the current cross-boundary vehicle quota system would be relaxed and whether there would be government subsidy in case the traffic volume of the future HZMB fell short of the original estimate. In response, DHy stressed that to ensure transparency and fairness, all relevant information and findings such as the terms governing the BOT franchise, the traffic volume forecast, the projected population and economic growth, and the cross-boundary vehicle quota system, etc would be included in the tender document for reference by potential bidders. Moreover, potential bidders would normally conduct their own analysis to assess the financial risks and investment returns of a project.

20. Citing the low utilization of Shenzhen Bay Port as an example, Ms Emily LAU doubted whether the economic benefits of the HZMB project would justify the cost in the long run given the low projected traffic volume, and whether there was an urgent need to build the Bridge. She enquired about the timeframe for the project to break even and to start generating profits.

21. In reply, DHy advised that it would take about 30 years for the project to start generating profits. Similar to the Shenzhen Bay Port, the HZMB was a long-term forward-looking project of great strategic importance. This mega project should be considered in terms of its long-term economic benefits, rather than on the basis of preliminary estimation of traffic volume and economic benefits. DHy emphasized that the early completion of the project would help enhance Hong Kong's competitiveness and strategic importance in the Pan-PRD region and avoid Hong Kong being marginalized.

22. Mr Albert CHAN raised concern about the financing arrangements under the proposed BOT approach. He recapped his view expressed at the PWSC meeting that the HZMB should be taken forward as a public works project funded by the three governments, instead of involving private investment but with public funds being injected where necessary.

23. Referring to the problems associated with BOT projects as reflected in the operation of BOT tunnels in Hong Kong, Mr LAU Kong-wah asked whether consideration would be given to the option of direct funding by the three governments to avoid a repetition of the problem of low utilization and high toll level as in the case of the Western Harbour Crossing. Dr LUI Ming-wah also expressed doubt on whether private investment would be interested in undertaking the construction of the Main Bridge if it took 30 years to break even. He suggested that the three governments should consider financing the full cost of the HZMB so that they could retain full control of the key infrastructure. Sharing a similar view, Ir Dr Raymond HO further suggested that an agreement could be granted to a private company to manage and operate the Bridge in the event that no successful bidder was selected.

24. In response, DHy advised that the preliminary findings of the feasibility study conducted by HPDI had indicated that with government contribution to the funding gap of the HZMB Main Bridge, the project was financially viable and could attract private investment in the form of a BOT franchise for a period of 50 years. Given that the HZMB project was considered worth-pursuing on the basis of a relatively conservative estimate of economic benefits, DHy highlighted that the potential economic benefits to be brought about by the HZMB could be even more substantial if regulation of cross-boundary vehicles was relaxed. Whether or not the HZMB project would attract private investment would be known after the tendering exercise. On the suggestion of full government funding of the HZMB project by the three governments, DS(T)1 said that feasible options on financing arrangements would be considered by the three governments.

25. Mr WONG Kwok-hing remarked that a problem with BOT projects was that the Government could not have control over the toll level and was often powerless to stop toll increases, as evidenced in the case of the Western Harbour Crossing and the Tai Lam Tunnel. He enquired whether the three governments had formulated any measures to prevent recurrence of this problem with the HZMB. Mr LAU Kong-wah expressed a similar concern that the franchisee might resort to increasing toll whenever the lower-than-projected traffic flow failed to generate sufficient toll revenue. In response, DHy said that the level of toll would be a major factor for consideration when vetting the relevant bids for the BOT franchise. He added that the toll level and the adjustment mechanism would be discussed by the three governments in the next stage of work.

26. Mr LEUNG Kwok-hung enquired whether buy-out arrangements would be put in place in the event that the future franchisee resorted to increasing tolls exorbitantly when the traffic volume fell short of the original estimate. In response, DHy confirmed that details of buy-back arrangements would be included in the tender documents to be prepared for the next stage of pre-construction works.

Cross-boundary vehicle quota system

27. Mr LAU Kong-wah noted that on the assumption that the cross boundary vehicle quota system would remain unchanged, the traffic volume ranging from 9 200

to 14 000 vehicles per day in year 2016 was projected to increase to 35 700 to 49 200 vehicles per day by year 2035. He enquired about the basis for this projected increase. In response, DHy and PM(HZMB) explained that even if the existing quota system would remain unchanged, the number of cross-boundary vehicles would still increase as a result of population growth, economic growth and increase in the number of cross-boundary vehicles.

28. Mr Howard YOUNG indicated support for the HZMB proposal. He, however, expressed concern about the low traffic volume forecast and urged the Administration to devise, as early as practicable, measures to increase cross-border traffic flow such as by issuing temporary one- or two-day or week-end passes so that the problem of low utilization experienced by the Western Corridor would not recur.

29. Mr LAU Kong-wah remarked that the future traffic volume would hinge on whether the existing cross-boundary vehicle quota system would be relaxed, which was a policy decision that could only be made by the three governments concerned. To maximize the utilization of HZMB, he called on the HKSAR Government to work in collaboration with the Mainland and the Macao authorities to formulate measures to boost the traffic flow of the HZMB, such as by relaxing the issue of cross-boundary vehicles licences or issuing one-or two-day passes to enable more Hong Kong motorists to use HZMB. Mr Andrew LEUNG also called on the Administration to put in place facilitation measures to relax the regulation of cross-boundary vehicles.

30. In response, DS(T)1 confirmed that feasible measures to relax the existing vehicle quota system were being examined in parallel. He highlighted that the traffic volume projection was based on the assumption that the existing cross-boundary vehicle quota system would remain unchanged. It had not taken into account the increase in traffic flow if the quota system was relaxed.

31. In this connection, Ir Dr Raymond HO remarked that it should not be too difficult for the three governments to agree on measures to relax the current quota system regulating cross-boundary vehicles if it was considered necessary to boost the traffic volume of the HZMB. Given that the feasibility of relaxing the current quota system for cross-boundary vehicles was being studied, Ir Dr HO doubted whether it was realistic and useful to base the estimation of economic benefits on a conservative traffic forecast on the assumption that the quota system would remain the same. Instead, he opined that parameters reflecting the current and projected future traffic flow should be used for the estimation of economic benefits. In response, DHy advised that for the purpose of computing the economic benefits of the HZMB as part of the feasibility study on the HZMB project, the HPDI had decided to adopt the relatively conservative assumption that the quota system would remain unchanged.

32. Noting that TD's consultancy study on the quota system was in progress, Mr LAU Kong-wah, Mr Andrew LEUNG and Ms Emily LAU enquired about the timeframe for completion of the study. In response, DHy advised that the consultancy study, which would take into consideration different options and members' views on the regulation of cross-boundary vehicles, was expected to be completed by late 2008 or early 2009. Preliminary findings and recommendations

Admin on the preferred arrangements would be discussed by the three governments. The Administration would report the findings of the study to LegCo in due course.

33. In this regard, Ms Miriam LAU pointed out that for a BOT project such as the HZMB to succeed, an accurate traffic forecast was a prerequisite for potential bidders to consider the financial viability of the project. As such, she called for an early policy decision on the cross-boundary vehicle quota system. DHy noted Ms LAU's views and said that details of relevant facilitation measures would be set out in the relevant tender documents.

Employment opportunities for local construction sector

34. Mr WONG Kwok-hing enquired about the employment opportunities that the HZMB project would create for the local construction sector that had been hard hit by unemployment. He was concerned that the use of prefabricated units which were mostly manufactured in the Mainland and the existing policy of awarding contracts to the lowest bid would substantially reduce the employment prospect of local construction workers. Citing the Tamar Central Government Complex (CGC) as a precedent, he enquired whether local construction workers would be given priority in the HZMB project. Mr WONG said that Members belonging to the Hong Kong Federation of Trade Unions (HKFTU) would not support the funding proposal if the HZMB project could not benefit local workers and safeguard their employment opportunities.

35. In response, DHy said that the HZMB project, as far as Hong Kong Government was involved, comprised three major parts, namely the Main Bridge, the Hong Kong boundary crossing facilities (HKBCF) and the Hong Kong Link Road (HKLR). He was not in a position at the present stage to comment on the extent of the use of prefabricated parts, or to provide an accurate estimation on the employment opportunities for local workers arising from the project. This was because the design of the HKBCF and HKLR had not yet commenced while the design and construction of the Main Bridge, the bulk of which was within Mainland waters, had to comply with the Mainland standards. A rough estimation was that about 10 000 workers would be engaged in the HZMB project. DHy said that more details on the estimated number of jobs would be provided having regard to the existing manpower and procurement policies when the Administration submitted the funding proposal for construction of the HZMB at a later stage. As regards the Tamar CGC, DHy said that as he understood, priority was given to employing local construction workers due to security reasons.

36. Ir Dr Raymond HO remarked that prefabricated units would likely be used as on site casting would be difficult for the construction of a bridge over waters. Mr LEUNG Kwok-hung noted that contractors in general might prefer the use of prefabricated units as this might be more cost-effective.

37. Miss CHAN Yuen-han referred to the Chief Executive's undertaking in the 2007-2008 Policy Address to implement 10 mega infrastructure projects which would create employment opportunities for local construction workers. She urged the

Administration to confirm that it would take every possible step to safeguard the employment opportunities for local construction workers in the HZMB project. Mr KWONG Chi-kin said that the HKFTU had all along supported the implementation of mega infrastructure projects as they would create employment for the local work force. While noting the implications of the World Trade Organization Agreement on Government Procurement (GPA) on the procurement policy of the HKSAR Government and local employment, Mr KWONG cautioned against using the GPA as a pretext to limit the employment prospect of local construction workers. He called on the Administration to adopt as its policy stance that the HZMB project should facilitate and create job opportunities for the local workforce. Mr KWONG noted the exemption provisions in the GPA which would provide certain flexibility for individual governments to make adjustment in favour of their workforce. He therefore urged the Administration to discuss with trade unions how best to facilitate employment of the local workforce in the HZMB project.

38. DHy took note of the views expressed and said that where existing manpower and procurement policies so permitted, the Administration would seek to facilitate the employment of local construction workers in the HZMB project. The Administration would look forward to exchanging views with trade unions on measures to facilitate the employment of local workers in public works projects. Where practicable, it would also identify suitable sites for casting prefabricated parts for the Bridge.

Environmental concerns and public consultation

39. Mr WONG Yung-kan expressed concern about the impact of the construction works on the habitat of the Chinese White Dolphins as well as on the marine culture, ecology and fishery production in the relevant areas. He enquired about the mitigation measures to be put in place after completion of the project for the purpose of reinstating a suitable habitat for the Chinese White Dolphins.

40. Sharing a similar concern, Miss CHAN Yuen-han and Mr Andrew LEUNG enquired about the environmental impact of the connection of the HKBCF to the HZMB HKLR and the Tuen Mun-Chek Lap Kok Link. In response, DHy advised that following the agreement for "separate location of BCF" to be set up by each of the three governments within their respective territory, the Administration had commissioned a site selection study in May 2007 for the HKBCF. The preferred site at the waters off the north-east part of the Airport Island which had the least environmental impact was recommended. The recommended site would also facilitate better integration with the proposed Tuen Mun-Chek Lap Kok Link. PM(HZMB) supplemented that in identifying the preliminary location of HKBCF, the Administration had already taken into account possible environmental impacts, particularly on the distribution of the Chinese White Dolphins in the waters of Hong Kong. He assured members that every effort would be made to avoid carrying out works in the vicinity of the waters most frequented by the Chinese White Dolphins. PM(HZMB) further advised that the Mainland authorities had conducted preliminary environmental impact assessment (EIA) study in respect of the BCF and link road within its territory. The EIA study on the HKLR had already commenced. Special attention would be paid to possible air and noise pollution in the Tung Chung area.

DHy and PM(HZMB) pointed out that after approval of the relevant funding proposals, the Administration would carry out a detailed EIA study on the HKBCF as well to identify the environmental impacts and the mitigation measures required.

41. Mr WONG Yung-kan urged the Administration to ensure that representatives of the fisheries industry would be consulted in the EIA study. Echoing Mr WONG Yung-kan, Miss CHAN Yuen-han called on the Administration to widely engage representatives of green groups and the fisheries industry in the consultation and planning process.

42. DHy responded that preliminary consultation with environmental concern groups and fishermen representatives had been conducted to seek their views on the location of the HKBCF. Both DHy and PM(HZMB) highlighted that the Administration would actively gauge the views of stakeholders, the fisheries industry, environmental concern groups and the relevant district councils in the process of the I&PD study.

43. The Chairman put PWSC(2008-09)10 to vote. The Committee approved the proposal.

44. The Chairman put PWSC(2008-09)11 to vote. The Committee approved the proposal.

Item No. 2 - FCR(2008-09)20

HEAD 62 – HOUSING DEPARTMENT

Subhead 700 General non-recurrent

New item "Rent payment for public housing tenants"

45. The Chairman informed members that the Panel on Housing (Housing Panel) had been consulted on the Government's proposal to pay one month's rent (the rent payment proposal) for lower income families living in public rental housing (PRH) flats in estates of the Housing Authority (HA) and Group A estates of the Hong Kong Housing Society (HS) and tenants of Elderly Persons' Flats located in HS Group B estates (rent payment proposal) on 5 May 2008.

46. Mr LEE Wing-tat, Chairman of the Housing Panel, reported that whilst Panel members supported the rent payment proposal, they considered it discriminatory and unfair that HA tenants paying additional rents and tenants of HS Group B estates were excluded from the proposal. The Housing Panel also passed two motions urging the Administration to review the rent payment proposal to, firstly, extend the coverage of the PRH rent waiver to include all PRH tenants so that all PRH residents could share the fruits of economic growth; and secondly, to waive the PRH rent for a further one-month period to relieve the pressure of inflation on PRH households. Mr LEE Wing-tat held the view that if HA tenants paying 1½ times or double base rent were not covered by the rent payment proposal, they should be exempted from the payment of one month's base rent.

Action

- 14 -

47. As the meeting was scheduled to end at 5:00 pm, the Chairman suggested and members agreed to continue discussion of the item at the next meeting scheduled to commence at 5:05 pm on the same day.

48. The meeting was adjourned at 5:00 pm.

Legislative Council Secretariat

28 October 2008