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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 3rd meeting
held in the Conference Room A of Legislative Council Building
on Wednesday, 2 December 2009 at 8:30 am**

Members present:

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP (Chairman)
Hon Alan LEONG Kah-kit, SC (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Albert CHAN Wai-yip
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Hon CHAN Hak-kan
Hon Tanya CHAN
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Member attending:

Hon CHEUNG Man-kwong

Members absent:

Hon Fred LI Wah-ming, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP

Public officers attending:

Ms Doris HO Pui-ling	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Mr Thomas CHOW Tat-ming, JP	Permanent Secretary for Development (Planning and Lands)
Ms Anissa WONG, JP	Permanent Secretary for the Environment
Miss Sandra LAM Ching-nga	Principal Assistant Secretary for Financial Services and the Treasury (Works)
Miss Jennifer MAK, JP	Director of Administration
Miss Shirley YUNG Pui-man, JP	Deputy Director of Administration (1)
Miss Winnie WONG Ming-wai	Assistant Director of Administration (1)
Mrs Marigold LAU LAI Siu-wan, JP	Director of Architectural Services
Mr Henry CHOI Wan-kit	Project Director (1)
Mr HO Sai-king	Architectural Services Department Assistant Director (Building Services)
Ms Sheron LI Wing-yi	Architectural Services Department Assistant Director (Quantity Surveying)
Ms Pauline NG	Architectural Services Department Secretary General, Legislative Council Secretariat
Mrs Percy MA	Assistant Secretary General (Special Duties), Legislative Council Secretariat
Mr IP Ching-wan	Consultant Architect, Legislative Council Secretariat
Mr Mathew LOO	Chief Council Secretary (Special Duties), Legislative Council Secretariat
Ms Mable CHAN	Deputy Secretary for Education (2)
Mr Raymond SY Kim-cheung	Principal Assistant Secretary (Infrastructure and Research Support) Education Bureau
Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr Philip YUNG Wai-hung, JP	Deputy Secretary for Transport and Housing (Transport) ¹

Mr WAI Chi-sing, JP	Director of Highways
Mr WAN Man-lung, JP	Principal Government Engineer (Railway Development)
	Highways Department
Mr David TO Kam-biu	Assistant Commissioner (Planning)
	Transport Department
Mr LAM Sai-hung	Chief Engineer (Railway Development)2-3
	Highways Department
Miss Eliza MA King-fong	Chief Estate Surveyor
	Railway Development Section/Head Office
	Lands Department
Mr Malcolm GIBSON	Head of Project Engineering
	MTR Corporation Limited
Mr Paul LO	General Manager (Express Rail Link)
	MTR Corporation Limited
Ms Maggie SO Man-kit	Senior Manager (Projects and Property Communications)
	MTR Corporation Limited

Clerk in attendance:

Ms Debbie YAU	Chief Council Secretary (1)6
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Staff in attendance:

Mrs Constance LI	Assistant Secretary General 1
Ms Angel SHEK	Senior Council Secretary (1)1
Mr Simon CHEUNG	Senior Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

Action

The Chairman reported that a total of three capital works projects of an amount of \$2.4877 billion had been endorsed by the Public Works Subcommittee (PWSC) in the 2009-2010 session so far.

Head 703 – Buildings

PWSC(2009-10)73 63KA Tamar Development Project

2. The Chairman advised that the proposal was to increase the approved project estimate (APE) for 63KA by \$359.8 million from \$5,168.9 million to \$5,528.7 million in money-of-the-day (MOD) prices. Additional costs were required for meeting the requirements of the Legislative Council for additional space and facilities, and for additional environmental and energy conservation measures, enhanced barrier free access provisions, artworks and a café in the Tamar

Development Project. The Panel on Development had been consulted on the proposed increase in APE on 27 October 2009.

3. The item was voted on and endorsed.

PWSC(2009-10)74 261ES Secondary school at Aberdeen Reservoir Road, Aberdeen

4. The Chairman advised that the proposal was to increase the APE of 261ES, i.e. a secondary school at Aberdeen Reservoir Road, by \$27.3 million from \$182.0 million to \$209.3 million in MOD prices. An information paper on the funding proposal had been circulated to the Panel on Education on 27 October 2009.

Increase of construction costs

5. Mr Albert CHAN said that while he fully supported the construction of secondary school premises, he was very worried about the ever-increasing construction costs in recent years. He recalled that the construction cost for previous similar projects was barely over \$100 million. However, the construction cost for this secondary school project had soared to over \$200 million. While acknowledging that the project estimate increase was partly due to the increased construction costs, he considered it wasteful of public resources if new schools were being constructed while some existing schools were closed down at the same time. He also urged the Administration to consider revising the designs of schools and using more cost-effective construction materials to trim down construction costs.

6. The Director of Architectural Services (DArchS) explained that the increased construction cost was due to higher-than-expected tender prices for the construction works of the project. There was a substantial rise of about 20% in the Building Works Tender Price Index from the date of original project estimate in September 2007 and the third quarter of 2009. As regards the design of the secondary school concerned, it was in line with the standard provisions. In a bid to reduce the construction costs, she would seriously consider Mr Albert CHAN's suggestion of reviewing the designs of future secondary school projects. The Permanent Secretary for Development (Works) (PS(W), DEVB) assured members that cost-effectiveness had always been a major concern in designing schools and other public works projects. Nonetheless, construction costs were subject to market fluctuation, and projects with the same design specifications might attract bids at different values at different times. Referring to Enclosure 2 to the Administration's paper, he pointed out that if the provisions for contingencies and price adjustment (totaling \$40.5 million) were excluded, the construction cost of the school would actually be increased by 5%. Taking account of the foundation works, the estimated construction cost of \$168 million was roughly similar to that of most secondary school projects.

7. Mr IP Kwok-him also expressed concerns about the soaring construction prices and enquired whether this was solely caused by the building materials alone. As the site formation and piling works accounted for a considerable portion of the construction cost in this project, he enquired whether the Administration could avoid choosing sites which would give rise to high site formation costs. He felt strongly that it was necessary for the Administration to take concrete steps to contain the construction costs. Prof Patrick LAU also expressed concern about the huge cost of \$30 million for site formation in this project. He opined that a substantial amount of public funds could be saved if the school was not constructed at a sloping site, or if the school could be built on two platforms. He was against construction works cutting across natural hill slopes, as this would give rise to substantial costs for slope stabilization and maintenance works. He was concerned that the school might have to shoulder the slope maintenance costs in future.

8. The Deputy Secretary for Education (2) (DS(2), EDB) advised that in selecting sites for secondary schools, the Administration would, as far as possible, look for sites which were easy for site formation and accessible to public transport. The new school building was meant to re-provision an existing school in Aberdeen which was located in hilly terrain. It had been difficult to find a school site at close proximity to the existing one for reprovisioning use because any suitable site in the vicinity would be subject to similar geographic constraints.

9. In response to Prof Patrick LAU, DArchS said that the consultant engaged by the Administration had tried his best to ensure that the design of the new school buildings would integrate with the existing landscape. The Administration would duly consider Prof LAU's view on the design of building at hilly sites. As regards slopes maintenance, DS(2), EDB confirmed that the slopes in question were government land and the Administration would be responsible for maintaining them.

10. Given that the construction cost of secondary schools had increased by some 40% to 50% in recent years, Ms Miriam LAU asked what concrete measures the Administration would take to curb the upward trend.

11. PS(W), DEVB responded that drastic increase in labour costs and prices of major construction materials in 2007-2008 as well as fluctuation of tender prices had led to the upward surge of construction costs. To contain the costs, the Administration would strive to adopt cost-effective designs and accord importance in achieving post-construction cost-saving of the buildings/premises in the long run. Referring members to Enclosure 2 to the Administration's paper, he explained that \$27.5 million was set aside as provision for price adjustments, and might not be expended depending on the fluctuation of the construction material costs in the market.

12. Prof Patrick LAU queried the basis for the Administration to set aside \$27.5 million in place of the originally approved \$6.0 million as the provision for price adjustment while reducing the contingencies provision from \$15.4 million to

\$13 million. PS(W), DEVB responded that a more accurate projection had been made for the contingencies provision with the return of tender prices from contractors on the project.

Installation of school facilities

13. Mr IP Kwok-him said that in a secondary school of which he was a member of the governing body, a lift installed at the side of the performance platform in the school hall had never been put to use. To avoid wastage, he considered it necessary for the Administration to critically review the list of school facilities to eliminate unnecessary items.

14. DS(2), EDB responded that there was a standard schedule of accommodation for secondary schools. The Administration would discuss with the school to ensure that the facilities to be installed would best suit the school needs. As regards the elevator mentioned by Mr IP Kwok-him, she believed that it was to cater for the needs of handicapped students and staff members of the school. DArchS supplemented that additional facilities were necessary in new schools to comply with the requirements of Barrier Free Access 2008, and to implement various environmentally-friendly measures. The Administration would carefully consider Mr IP's views in approving provisions for new schools.

School canteen facilities and small class teaching

15. Mr KAM Nai-wai enquired whether the new secondary school would adopt small class teaching and provide adequate space to cater for environmentally-friendly canteen facilities. In response, DS(2), EDB advised that there would be 30 classrooms in the new school premises vis-a-vis 24 classrooms in the existing premises. The number of operating classes in the new school would depend on actual demand of school places and student enrolment situation. The new school premises would provide adequate space for use by the school under the new senior secondary curriculum. It was not a policy at present to provide small class teaching in secondary schools. As for implementation of central portioning, DArchS advised that suitable facilities were included in the proposed school project.

16. The item was voted on and endorsed.

Head 706 – Highways

PWSC(2009-10)68	53TR	Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link - construction of railway works
PWSC(2009-10)69	57TR	Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link - construction of non-railway works

Head 701 - Land Acquisition

PWSC(2009-10)72	35CA	Special ex-gratia payments in relation to the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
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17. The Chairman proposed and members agreed to combine the discussion of the three funding proposals under PWSC(2009-10)68, 69 and 72 as all of them were related to the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project. The Chairman advised that PWSC(2009-10)68 and PWSC(2009-10)69 sought to upgrade 53TR and 57TR to Category A at an estimated cost of \$55,017.5 million and \$11,800 million in MOD prices for the railway works and non-railway works respectively, whereas PWSC(2009-10)72 sought the payment of ex-gratia cash allowance and domestic removal allowance at a total estimated cost of \$86 million to households affected by the land resumption and site clearance under the proposed works. The Chairman further advised that the Administration had consulted the Subcommittee on Matters Relating to Railways (the Railways Subcommittee) on these proposals on 16 and 17 November 2009. At the request of the Railways Subcommittee, the Administration had provided supplementary information on the operational viability, patronage forecast, economic benefits of the Hong Kong section of XRL, location of the terminus at West Kowloon (WKT), its supporting facilities and associated traffic facilities, the land and underground strata resumption as well as the increase in costs of the railway and non-railway works. At the request of the Railways Subcommittee, the MTR Corporation Limited (MTRCL) had also provided information on the Airport Railway capacity for members' reference. The Railways Subcommittee did not object to the submission of the three funding proposals for PWSC's consideration.

18. At the invitation of the Chairman and with the aid of powerpoint, the Director of Highways (DHy) briefed members on the comparison of the railway and non-railway works cost between the estimate presented to the Railways Subcommittee on 2 May 2008 and the latest estimate in September 2009. He explained that the increase in the estimated cost was due to the rapid surge in construction prices in the past few years, as well as enhancements to railway works to improve the railway scheme, overcome unforeseen site constraints, and having

regard to the suggestions received in the course of consultation as well as the traffic and environmental impact assessments. He advised that details on the costs of the railway and non-railway works, including a report on the findings of the review of the cost estimate prepared by the MTRCL for the Hong Kong section of XRL, and the consultancy report on the checking of MTRCL's project management cost, had been circulated to members of the Railways Subcommittee and other Members of the Legislative Council (LegCo) on 27 November 2009 vide LC Paper No. CB(1)503/09-10(01).

19. Mr James TO referred to a submission from a member of the public tabled at the meeting expressing concern that the Chairman might have conflict of interest in chairing the discussion of these funding proposals, as the Chairman was an independent non-executive director of the China State Construction International Holdings Limited (CSCIHL) which had announced earlier its intention to bid for the contracts of the proposed railway works. Mr TO asked whether it was appropriate for the Chairman to continue to chair the discussion of related funding proposals. The Chairman responded that he had intended to deal with the declaration of interests from members after the Administration had briefed members on the funding proposals, but he could advance such arrangements if members so wished. He informed members that as an independent non-executive director of CSCIHL, he represented largely the interests of minority shareholders and he was not involved in the daily business of the company, nor participated in the tendering work for XRL-related works.

20. Mr James TO opined that independent non-executive directors were perceived to be monitoring the performance of the company to yield the best investment return in the interests of the minority shareholders. He therefore had reservations about the possible conflict of interests in the Chairman chairing the discussion. Mr TO requested the Administration to give their views on the matter as concerns about conflict of interests might affect the validity of the approval of the proposals. He further requested the Chairman to adjourn the meeting and seek legal advice on the matter. Mr Albert CHAN shared the view that the Chairman should not chair the meeting so as to avoid any conflict of interests and to uphold LegCo's impartiality. Referring to the experience in handling issues relating to Members' interests in the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products, Mrs Regina IP considered it more appropriate for members to declare their interests early at the meeting.

21. In view of members' concerns and suggestions, the Chairman ordered the meeting be suspended for him to consult the Legal Adviser of the Subcommittee.

22. When the meeting resumed after 15 minutes, the Chairman said that he had earlier declared and explained his position regarding his involvement in CSCIHL company. According to legal advice, it was for him to decide whether he had any pecuniary interest in the matter and whether to continue to chair the meeting. Ms Miriam LAU said that according to the Chairman's explanation, he did not seem to have direct pecuniary interests in the funding proposals. However,

in order to uphold the impartiality and credibility of LegCo, she considered that it would be more appropriate for the Chairman not to chair the discussion of these proposals.

23. The Chairman said that he would withdraw from chairing the discussion of the three proposals in question. He further said that as the Chairman of PWSC, he would not vote on proposals put to PWSC for a decision. He then invited Mr Alan LEONG, the Deputy Chairman, to preside the discussion of the three proposals.

24. The Deputy Chairman took over the chair. Ms Cyd HO said that as the submission referred to by Mr James TO indicated that some other PWSC members, i.e. Mr Abraham SHEK and Mr LAU Wong-fat, might also have conflict of interests in discussing the three proposals, she requested Mr LAU, who was present at the meeting, to declare his interests. Mr LAU declared that he owned several pieces of land in the New Territories, but the lands were not among those to be resumed and compensated for the construction of the Hong Kong section of XRL, nor were his companies involved directly or indirectly in the project. Ms HO enquired whether Mr LAU could disclose the location of his lands for further clarification. The Deputy Chairman advised that the Subcommittee could pursue the matter further if there was evidence against Mr LAU's statement.

25. The Deputy Chairman invited all other members to declare their interests, if any, on the proposals. Prof Patrick LAU said that he had served as adjudicator for some open competitions relating to the Hong Kong section of the XRL, which did not entail any remuneration.

26. The Deputy Chairman advised that each member speaking at the meeting would be allowed a speaking time of up to five minutes.

Railway alignment and project cost

27. Mr Andrew CHENG said that Members belonging to the Democratic Party (DP) would vote against the funding proposals. While these Members supported the provision of a high-speed railway in Hong Kong to connect with the Mainland railway systems, and appreciated the efforts of the relevant bureaux/departments in compiling detailed information for Members' reference, DP Members remained concerned about the current alignment, location of the terminus in West Kowloon and the huge cost of \$66.9 billion for the Hong Kong section of the XRL. There were grave concerns among DP Members about the potential congestion at West Kowloon due to the increase in traffic associated with the XRL Terminus, despite the proposed three-layered road network (one at-grade layer, and two underground layers) to be provided in the area to segregate inter-district and local traffic. DP Members considered that XRL's possible impact to the environment would undermine the claim of XRL train as an environmentally friendly mode of transport. Mr CHENG urged the Administration to carry out an independent professional assessment of locating the XRL Terminus at Kam Sheung Road, which might lower the project cost, reduce adverse environmental impacts and avoid adding traffic

load to the West Kowloon Cultural District (WKCD).

28. The Secretary for Transport and Housing (STH) explained that there had been in-depth study and extensive consultation and discussion on the XRL project over the last decade. It was believed that situating the terminus in the urban centre would optimize the effectiveness of the railway link, as proven by examples in Britain and France.

29. Mr Andrew CHENG noted that according to the Administration, the number of two-way daily cross boundary passengers in 2016 would increase by 240 000 as compared to 2008 and 99 000 of these passengers would be using the Hong Kong section of the XRL. Mr CHENG said that DP Members were worried that the forecast was too optimistic, given the over-estimation of patronage for previous projects such as the West Rail Line, Airport Railway and Hong Kong-Shenzhen Western Corridor, and there would be competition from the existing through train services. DHy advised that a four-stage transport model was used for the XRL patronage forecast, and the forecast model was commonly used in transport infrastructure planning around the world. The model projected the XRL passenger flow based on various surveys and statistical information, including data on demographic and socio-economic conditions, transport modes operating in the network, routes, fares, passenger type, trip purpose, travel time, etc.

30. Mr Albert CHAN said that Members belonging to the League of Social Democrats (LSD) objected to the proposed project since its planning, as the alignment and choice of terminus location would reduce the cost-effectiveness of the XRL. He opined that XRL being part of the regional railway network, the forecast of 99 000 daily patronage in 2016 of the Hong Kong section was very low compared to the number of daily passengers using the existing local railway services. LSD Members considered that the current option was chosen because of the policy to develop West Kowloon, and the interests of the New Territories residents had been undermined. He expressed strong dissatisfaction that the current alignment option had inclined towards the interests of the rich and the WKCD project, while neglecting the interests of Hong Kong people at large. In his view, locating the terminus at Kam Sheung Road would provide a better network by linking the XRL with the West Rail Line and East Rail Line, with accessibility to the urban areas via local railway network and other transport links including Route 3. LSD members considered the suggestion of locating the terminus at Kam Sheung Road a more reasonable choice that posed much less impact on the environment and traffic. Mr CHAN commended the Choi Yuen Tsuen (CYT) villagers and other members of the public for expressing their objection to the project. He said that their actions had conveyed a clear message to the Administration that it should not bulldoze territory-wide infrastructural projects at the expense of the interests of the local communities. He was worried that the project would turn out to be another "white elephant" wasting public money. Mr CHAN called upon members to object to the funding proposals, in order to exert pressure on the Administration to re-consider the Kam Sheung Road terminus option to lower project cost and shorten the construction time.

31. STH emphasized the strategic significance and economic benefits of the Hong Kong section of the XRL in its connection with the regional and national railway lines in the Mainland. She stressed that the proposed alignment had already taken account of the need to yield the maximum benefits from the project while minimizing any adverse environmental and traffic impact.

32. Referring to paragraph 20(c)(I) of PWSC(2009-10)69, Mr CHEUNG Hok-ming enquired about the details of the estimated cost of the enabling works for WKCD. DHy explained that as the WKT would be extended to occupy the underground level of part of WKCD, enabling works were required for the future WKCD development above the terminus, including works for the foundation, noise and vibration mitigation (including isolated slab track) and transfer plate. The works departments, the WKCD Authority and the Home Affairs Bureau would work together on related arrangements to minimize adverse impact on the WKCD project.

33. Mr CHEUNG Hok-ming further enquired whether the estimates of \$2,609 million for the construction of the boundary control facilities (BCF) had included the cost for accommodating future Mainland's BCF under the co-location scenario. The Deputy Secretary for Transport and Housing (Transport)1 (DS/TH) said that while space had been reserved inside the WKT for accommodating such facilities, discussion with the relevant Mainland authorities on the legal issues involved was still in progress. DHy added that the estimated cost for BCF was based on the floor area of the BCF of both Hong Kong and Mainland.

Resumption of underground strata

34. Ms Starry LEE said that the local residents in Tai Kok Tsui were very concerned about the resumption of 24 hectares of private land and 19 hectares of underground strata. Those residents living in buildings along the strata to be resumed in Tai Kok Tsui were also worried about the effect of the XRL tunnelling works to the integrity of their buildings including foundations. As MTRCL lacked experience in undertaking high-speed rail project, she enquired whether the Administration had conducted study on the potential impact of underground strata resumption.

35. STH advised that the tunnels of the Hong Kong section of the XRL would not affect the integrity of building structures above the resumed strata, as confirmed by the findings of site investigation and relevant assessment undertaken by MTRCL. MTRCL would install settlement monitoring points prior to the construction works so that minor impacts, if any, would be detected as early as possible and proper remedial measures would be quickly instituted. The Administration would conduct on-site monitoring and inspections to ensure that the contractor would work in accordance with the prescribed plans and standards.

36. Referring to the special ex-gratia rehousing package offered exclusively for households affected by land resumption and site clearance under the project,

Ms Starry LEE requested the Administration to give special consideration to owners affected by the underground strata resumption so that they could make claims where appropriate under the Railways Ordinance (Cap. 519) beyond the one-year period following the completion of the redevelopment works for the buildings concerned. DS/TH explained that if the aggrieved owners felt that they had a compensable interest in the land affected by underground strata resumption, they would be entitled to claim compensation under the Railways Ordinance within one year from the date of land resumption, or one year after completion of redevelopment works, if any, at the lands in question, irrespective of when such works would be undertaken.

37. Ms Starry LEE opined that as the proposed railway works would take a number of years to complete, owners of buildings affected should be given an extended timeframe to observe the impact on their lots, and to claim compensation where appropriate. Referring to the construction of the West Island Line in which resumption of underground strata had also aroused concerns from the affected residents, Mr IP Kwok-him considered it necessary for affected residents in Tai Kok Tsui to be provided with the impact assessment reports, including the impact on the development potential of their land. Prof Patrick LAU pointed out that as redevelopment projects at the sites above railway tunnels would give rise to additional costs, residents should be informed in advance of the compensation arrangements.

38. Mr Malcolm GIBSON, Head of Project Engineering, MTRCL explained that MTRCL had, at the design stage, appointed qualified and experienced professionals to prepare relevant drawings, carry out geological risk assessment and develop monitoring plans before submitting the design plans and drawings to relevant Government departments for vetting to ensure that they would meet the statutory requirements and safety standards. MTRCL had also appointed independent experts to review the assessments. During construction, there would be extensive monitoring to make sure that the works would not pose adverse impact on the buildings nearby. He advised that the proposed construction method for the Hong Kong section of the XRL had been adopted for existing underground railways in Hong Kong, and there were successful examples of new buildings erected above existing tunnels in the territory. STH supplemented that these successful examples included areas in the older districts, such as Wing Lok Street, King's Road and Des Voeux Road West.

39. DS/TH said that MTRCL would undertake pre-construction condition surveys for the buildings and structures along the tunnel alignment. Settlement monitoring points would be installed at the buildings and road surface nearby, so that if any settlement of buildings or roads occurred during the construction stage, remedial measures could be taken immediately. Residents could also report to the construction team any changes or damages they detected in their flats and buildings. MTRCL and relevant government departments would maintain close communication with the local residents in areas affected by the construction works. The contractor would also be required to take out third party risks insurance to meet claims arising from damages, if any, caused to these properties. DS/TH further

said that there were many factors affecting the redevelopment potential of a site such as whether its permitted plot ratio had been fully utilized, conditions of the adjacent environment, road infrastructures and permitted land use as stated in the outline zoning plan. MTRCL would set up an information centre in the districts concerned, to enable local residents to obtain information on the proposed works, assessment reports of the works impact, and other data such as the development density and parameters of existing building. DHy added that while express railways would run at high speed, their design and construction were very much similar to metro railways. He said that the design and mode of construction had taken into account the structural safety of nearby buildings, as confirmed by independent experts appointed by MTRCL. The relevant reports could be made available to members and the residents.

40. Mr James TO noted that local residents might have doubts about the independence and reliability of the assessment reports prepared by experts appointed by MTRCL. Referring to the practice by the Urban Renewal Authority (URA) of reimbursing owners' surveyor fees for assessments of the market value of the properties affected by URA's renewal projects, Mr TO suggested that the residents should be given the opportunity to appoint an independent expert to conduct assessments of the impact of underground strata resumption on their flats and buildings. As these fees should not be significant, the Government should reimburse the costs to the residents concerned.

41. STH advised that URA practice might not be directly applicable as it was about valuation of property, which facilitated further negotiation. The current matter was about building safety which was non-negotiable. There was already an established mechanism to deal with claims for damages to properties arising from the construction works. She reiterated that MTRCL had appointed independent experts to review the impact assessments and the reports could be provided to the residents concerned. DHy assured members that the geological risk assessment and monitoring plans would be submitted to relevant government departments, including the Buildings Department, for vetting to ensure that they would meet the statutory requirements and safety standards. Mr James TO remained concerned that the Administration had not provided justification for not considering his suggestion.

42. Prof Patrick LAU noted that some members of the public had raised concern that inadequate time was allowed for giving views or raising objections after gazettal of the railway scheme. It appeared to him that some residents were not aware of the gazettal or how their buildings would be affected by the scheme. He asked about the arrangements for residents to express their concerns after expiry of the objection period. Mr James TO said that the Administration and MTRCL seemed to have given more time and resources to promote the benefits of the XRL project, but deliberately compressed the consultation time with the affected residents before submission of the funding proposals.

43. DS/TH said that the gazettal and public consultation arrangements were in line with the prevailing statutory requirements. The original railway scheme was

gazetted on 28 November and 5 December 2008, followed by a 60-day objection period. To accommodate detailed design development and address some of the concerns expressed in the objections received, amendments to the scheme were gazetted on 30 April and 8 May 2009. Before the submission of the railway scheme to the Chief Executive in Council, the Government had undertaken extensive consultation with the district councils, local communities and the Railways Subcommittee, including meetings with residents, fora and publication of letters to the local communities. MTRCL would set up community liaison groups to maintain dialogue with the local community and handle enquiries and complaints. He stressed that the Government had accorded top priority in gauging the views of the public and strived their best to enhance the public's understanding in the project.

Site clearance at Choi Yuen Tsuen

44. Mr WONG Kwok-hing noted that CYT villagers strongly objected to the Government action to resume the land and clear their village in order to vacate the sites for the construction of an emergency rescue station, stabling sidings and related railway facilities for the Hong Kong section of the XRL. He opined that the Government should resolve the issues in a sensible manner, and enquired about the progress of discussion with the villagers regarding the compensation and rehousing arrangements. STH advised that the Administration was fully aware of the concerns of CYT residents who had been living in CYT for decades and their strong sentiments about their homes. The Administration had extensive communication with the villagers and listened to their concerns. In view of the need for early implementation of the project, it was proposed that in addition to the ex-gratia compensation and rehousing arrangement available under the existing policy, a special ex-gratia rehousing package would be exclusively offered to households affected by land resumption and site clearance required under the Hong Kong section of the XRL, so as to provide suitable, flexible and adequate assistance to the affected residents including CYT villagers. Special Assistance options were provided such that an ex-gratia cash allowance (EGCA) of \$600,000 would be offered to qualified households, or an EGCA of \$500,000 plus an opportunity to purchase a surplus Home Ownership Scheme (HOS) flat in the New Territories without being subject to the Comprehensive Means Test. Besides, a domestic removal allowance would be provided to all affected households. Subject to their meeting of the relevant eligibility criteria, the affected residents would have a number of choices. For land owners, the applicable ex-gratia zonal compensation rate would be upgraded from Zone C rate to Zone A rate. Residents who were genuine farmers might apply for agricultural resite for a short term waiver to build a domestic structure (400 square feet large and 17 feet high) on agricultural land. If they were qualified households, the above EGCA would be granted to assist them to meet the costs of the domestic structure and some farm facilities. STH said that the proposed arrangements and level of compensation were considered adequate to help affected residents meeting their rehousing needs.

45. Mr WONG Kwok-hing noted that STH was authorized to determine whether affected households would be entitled to the special ex-gratia rehousing

package if they did not fully comply with the eligibility criteria for qualified households. He requested STH to undertake that she would exercise the discretion to offer assistance to affected residents as far as practicable. STH said that she would exercise the discretion on a case-by-case basis to residents such as those who had difficulties in producing supporting materials to prove their eligibility as qualified households (e.g. the affected structure was covered by the 1982 Squatter Structure Survey or the 1984/1985 Squatter Occupancy Survey). A qualified household might also be allowed to select a surplus HOS flat outside the New Territories if they had special needs. An Inter-departmental Advisory Panel had been set up to give advice to STH as regards the discretionary decisions.

46. Mr CHEUNG Hok-ming remarked that being a Member returned from the New Territories West constituency, he was concerned about the clearance at CYT which was among the few locations where railway works for the Hong Kong section of XRL would be done at-grade. He enquired about the number of households in CYT which had already accepted the special ex-gratia rehousing package and how the Administration would resolve the remaining cases. STH said that over 80% of the 150 households in CYT were willing to consider the package and had already registered to enable the Government to verify their eligibility and assess their actual entitlement. They would then be invited to consider accepting the offer. The relevant government departments would continue to communicate with the villagers on related arrangements.

47. At this juncture, the Deputy Chairman proposed and members agreed to extend the meeting for 15 minutes.

Ventilation shafts

48. Ms Miriam LAU said that the Railways Subcommittee had held several meetings to deliberate on the project and gauge the views of deputations and professional bodies. Citing the case in which residents in the vicinity had objected to the location of the ventilation shaft at Hill Road for the West Island Line, Ms LAU was concerned that the construction of eight ventilation buildings and associated ventilation shafts for the Hong Kong section of the XRL would attract even more objections and grievances from the affected parties. She enquired about the mitigation measures and the consultation with the affected residents. Referring to the locations of the eight ventilation shafts in Enclosure 1 to PWSC92009-10)68, Ms LAU also enquired whether the number of such shafts could be reduced by sharing use of the shafts and tunnels of existing underground railways in the vicinity, such as those for the Yau Tsim Mong and West Rail Line stations.

49. Mr Malcolm GIBSON of MTRCL explained that ventilation shafts were necessary as air passage for ventilation and pressure control in tunnels. The locations of these facilities had been discussed with the district councils and local residents. The land for locating the ventilation buildings and shafts had been included in the gazetted railway scheme. According to environmental impact assessment (EIA), the shafts and ventilation systems would have minimal impact to

the households and nearby buildings. MTRCL would implement measures recommended in the approved EIA report for the project to minimize the impact on the environment. DS/TH added that the ventilation buildings and shafts in question would be designed to blend well with the environment to minimize the visual impact. DHy said that the entrance/exit of WKT would incorporate a unique design whereby associated station facilities would be accommodated underground, and the outlook of the ventilation building nearby would harmonize with the entrance/exit to alleviate the visual impact.

Blasting operations

50. Prof Patrick LAU expressed concern about the potential hazard and risks arising from the storage, handling and use of explosives on nearby residents during construction. He enquired about the supervision and mitigation measures to ensure the blasting operations would be undertaken safely. DHy said that the MTRCL had carried out the detailed design, assessed the effect of the proposed tunnel works on the adjacent buildings, and proposed monitoring and mitigation measures. Prior to commencement of any blasting works, the MTRCL would submit plans to the Administration for vetting, obtain a blasting permit in accordance with the Dangerous Goods Ordinance (Cap 295), as well as to submit a Blasting Assessment Report for approval. During the construction stage, MTRCL would supervise the blasting works in accordance with the approved plan. The MTRCL community liaison groups would communicate closely with local residents in planning the operations and monitoring the vibrations. Under the current planning, explosives to be used for the blasting works would be temporarily stored at depots located at Tai Shu Ha Road West in Yuen Long and Siu Lam in Tuen Mun, remote from residential areas.

51. In reply to Ms Miriam LAU, DS/TH explained that the Administration had consulted local residents on the temporary works areas, including the space required for manoeuvring boring machines. The temporary occupation of land would take into account the timeframe for delivering the railway works and interface with other projects concurrently undertaken in the area, and efforts would be made to shorten the time of occupation and reduce the size of temporary works area. DHy said that the entrance of the proposed ventilation buildings would allow for access and movements of boring machines, and the construction of the ventilation buildings would proceed after completion of the tunnelling works.

Employment opportunities

52. Referring to the assembly of the construction workers outside the LegCo Building during the meeting, Mr WONG Kwok-hing said that the Hong Kong Construction Industry Employees General Union had been urging for early commencement of the proposed works to create job opportunities for the construction industry. He enquired about the number of jobs to be created by the project and requested the Administration to undertake that local workers would be given priority in employment. Mr WONG also requested the Administration to strengthen training to make available suitable and adequate manpower to meet the

needs of the XRL project, so as to avoid importation of non-local workers. DHy advised that according to the MTRCL's assessment, the Hong Kong section of XRL would create 11 000 jobs during the peak period. Under the prevailing policy, contractors had to give priority to local workers in filling job vacancies. Imported workers would be allowed only under very exceptional circumstances, such as the lack of the technical personnel in question in the local market. The Development Bureau, Construction Industry Council and industry players were aware of the importance of training to supply the manpower for the various public works projects being or would be undertaken in the territory. Related measures had been implemented to equip the construction workforce with the required skills, such as boring and blasting techniques.

53. Due to time constraint, the Deputy Chairman suggested and members agreed that the funding proposals of PWSC(2009-10)68, 69 and 72 relating to the Hong Kong section of XRL as well as the remaining three items on the agenda (PWSC(2009-10)75, 76 and 77) be deferred to the additional meeting scheduled for 3 December 2009 at 2:30pm in the Chamber.

54. The meeting ended at 10:44 am.