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

**Minutes of the 4th meeting
held in the Chamber of Legislative Council Building
on Thursday, 3 December 2009 at 2:30 pm**

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 Fred LI Wah-ming, SBS, JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
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-ye, GBS, JP

Members attending:

Hon Mrs Sophie LEUNG LAU Yan-fun, GBS, JP
Hon LEUNG Kwok-hung

Member absent:

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)
Mr TSE Chin-wan, JP	Assistant Director (Environmental Assessment) Environmental Protection Department
Miss Sandra LAM Ching-nga	Principal Assistant Secretary for Financial Services and the Treasury (Works)
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
Professor Gabriel M LEUNG, JP	Under Secretary for Food and Health
Miss Gloria LO Kit-wai	Principal Assistant Secretary (Health) ²
Mrs Marigold LAU LAI Siu-wan	Director of Architectural Services

Mr Charles CHOW Chi-ping	Project Director (2) Architectural Services Department
Dr Joseph LUI	Cluster Clinical Co-ordinator (Quality and Safety) Kowloon West Cluster, Hospital Authority
Mr Donald LI	Chief Manager (Capital Planning) Hospital Authority
Mr Francis HO Siu-hong	Principal Assistant Secretary (Food) ² Food and Health Bureau
Mr Wilson LEE Hung-wai	Project Director (3) Architectural Services Department
Ms Rhonda LO Yuet-ye, JP	Assistant Director (Operations) ² Food and Environmental Hygiene Department
Mr Kenneth CHEN Wei-on, JP	Under Secretary for Education
Ms Amy WONG Pui-man	Principal Assistant Secretary for Education (Higher Education)
Mrs Dorothy MA CHOW Pui-fun	Deputy Secretary-General (1) University Grants Committee Secretariat
Mr CHAN Wing-tak	Chief Technical Adviser (Subvented Projects) Architectural Services Department
Professor CHING Pak-chung	Pro-Vice-Chancellor The Chinese University of Hong Kong
Mr FUNG Siu-man	Deputy Director (Campus Development Office) The Chinese University of Hong Kong
Mr MA Wai-kong	Senior Architect (Campus Development Office) The Chinese University of Hong Kong

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 Frankie WOO	Senior Legislative Assistant (1) ³
Ms Christy YAU	Legislative Assistant (1) ¹

Action

The Subcommittee resumed discussion of the items carried over from the last meeting on 2 December 2009. Mr Alan LEONG, the Deputy Chairman, continued to chair the discussion for the three funding proposals relating to the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Railway Link (XRL).

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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Project estimates and railway alignment

2. The Deputy Chairman said that Members belonging to the Civic Party (CP) considered that the Administration had not conducted adequate consultation in taking forward the proposed project. The Subcommittee on Matters Relating to Railways (the Railways Subcommittee) was only given a few months to study the proposed project and the alignment option, and the Public Works Subcommittee (PWSC) and the Finance Committee (FC) had to consider the funding proposals under a tight timeframe. He recalled that at a previous meeting of the Railways Subcommittee, The Professional Commons and other professional institutions were invited to give their views on the alignment of the Hong Kong section of XRL. It was disappointing to note that the "Integrated Option" counter-proposed by The Professional Commons, which located the XRL terminus adjacent to the Kam Sheung Road Station of the West Rail Line (WRL) forming an integrated station, and connecting to the spur line "Hong Kong Island Express" off the Tsing Yi Station of the Airport Express Line (AEL), was not considered. Based on his understanding, this alternative alignment option could trim down the project costs by as much as \$30 billion. It would also make better use of the idle capacity of AEL, while saving the need to clear the site at Choi Yuen Tsuen (CYT). The Deputy Chairman said that he and some other members of the Railways Subcommittee considered the alternative option worthy of further consideration, but the suggestion of commissioning an independent consultant to examine the alternative was not accepted at the meeting. He considered this project a bad example of taking forward consultation and public engagement properly for public works projects. With the above considerations, CP Members would vote against the funding proposals.

3. The Secretary for Transport and Housing (STH) responded that the Hong Kong section of XRL project had undergone lengthy and thorough consultation. The LegCo Railways Subcommittee, deputations, professional institutions, local residents and community groups were given sufficient opportunities to express their

concerns and suggestions. The Professional Commons and other professional institutions had also exchanged views with the Administration and the Railways Subcommittee on the Government's alignment option vis-à-vis the "Integrated Option" at the meeting of the Railways Subcommittee on 6 November 2009, and The Hong Kong Institution of Engineers (HKIE) had also provided a report on the comparison of the Government scheme and The Professional Commons' concept. The report concluded that the "Hong Kong Island Express" proposed by the Professional Commons was not feasible. The HKIE was also not convinced that the budgetary figures advanced by The Professional Commons were reliable and ascertainable. After detailed analysis, the Government came to the view that the alternative of locating the terminus at the Kam Sheung Road Station and linking it with AEL to utilize its unused capacity would affect the long-term development of the Hong Kong International Airport, the Hong Kong-Zhuhai-Macao Bridge and other developments on Lantau Island. The Professional Commons' concept would also require more land resumption and affect more households. Besides, there was an over-estimation of the amount of project cost saving by adopting the alternative option.

4. The Deputy Chairman said that according to some sources, the WRL's Kam Sheung Road Station was originally planned to serve as the terminus of the Hong Kong section of XRL (and hence the large size of the station), but the original design was dropped because of incompatibility with the train width of the Mainland section of XRL. He requested the Administration to clarify the matter and explain why the XRL terminus was relocated at WKCD. STH explained that the provisions at the Kam Sheung Road Station were related to the planning of the Northern Link instead of XRL. Moreover, when a decision was taken on using a dedicated corridor for the Hong Kong section of XRL, the Administration had adopted a central alignment without going through the Kam Sheung Road Station. At the Deputy Chairman's request, the Administration agreed to provide information on the future planning of the Kam Sheung Road Station for members' reference before the relevant FC meeting.

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Land resumption and site clearance at Choi Yuen Tsuen

5. Ms Cyd HO said that while the special ex-gratia rehousing package seemed to have provided different options of compensation and rehousing arrangements for the residents in CYT affected by the land resumption and site clearance required under the Hong Kong section of XRL, most villagers actually aspired for resite of the whole village to preserve their social community. While she noted that there was no policy for resiting non-indigenous village like CYT, she considered that the Administration should lay down relevant policies to address the needs of these villagers, as more non-indigenous villages might likewise be affected by land resumption required for infrastructural projects in future. STH said that given the policy to contain the squatter problem, the domestic squatters or licensed structures at CYT were tolerated only on a temporary basis until they were subject to clearance for public purpose. If special arrangements were made to resite the whole village of CYT, it would have grave implications on the future arrangements with the

existing over 300 000 squatters/licensed structures in the New Territories upon related land development.

6. Mr Kam Nai-wai opined that as the Hong Kong section of XRL was a strategic project of territory-wide significance, exceptional consideration should be given to resite CYT in its entirety, as it was unlikely to have projects of similar nature and scale which might affect the other domestic squatters/licensed structures in the territory. Referring to the suggestion of providing community farming at the site to help meet the villagers' aspiration to continue their way of living, Mr KAM enquired whether assistance would also be provided for them to build domestic structures and rehouse their families on the community farm. Mrs Regina IP also asked about details of the community farming arrangements, and whether non-CYT villagers could also use the facilities.

7. Mr Fred LI said that the CYT villagers strongly aspired for whole village resite to preserve their social community. As there were reports about a precedent case of resiting a non-indigenous village, i.e. the New Fisherman's Village, he requested the Administration to confirm such information. Mr LI asked whether exceptional and flexible considerations could also be given to resiting CYT in its entirety, having regard to the strategic and unique significance of the XRL project. He also asked whether the domestic structures permitted to be built by affected villagers on the agricultural land purchased or rented on their own would be on a permanent basis for meeting the long-term housing needs of the villagers.

Admin 8. STH reiterated that the domestic squatters or licensed structures at CYT were essentially illegal structures that did not entail any land or property rights. Rebuilding them in another location would be tantamount to recognizing their legality, hence jeopardizing the principles to contain the squatter problem. Nevertheless, she would check whether there was actually a precedent case of resiting non-indigenous village as mentioned by Mr Fred LI. STH further said that as far as this project was concerned, the Administration had focused its efforts on enhancing the ex-gratia rehousing package to provide flexible and adequate assistance to the affected villagers for long-term residence. It was proposed that qualified households affected by the clearance exercise for the Hong Kong section of the XRL project be offered further assistance options, namely an ex-gratia cash allowance (EGCA) of \$600,000 or an EGCA of \$500,000 plus an opportunity to purchase a surplus Home Ownership Scheme (HOS) flat without being subject to Comprehensive Means Test (CMT). For genuine farmers, they could apply for a short term waiver under the existing policy to build a domestic structure (400 square feet large and 17 feet high) on agricultural land to continue farming. If they were qualified households, the above EGCA would assist them to meet the costs of the domestic structure and some farm facilities. For residents who preferred to live in public rental housing (PRH), they would have priority in rehousing to PRH if they met the CMT and other criteria.

9. As regards community farming, STH explained that about two hectares (ha) of the land at the shallow section of the rail tunnel on the northern side of the emergency rescue station of the Hong Kong section of XRL project would be

reformed for the purpose after recovery. The current plan was that the community farm site would be leased to a non-governmental organization at nominal rent to operate a community farm on a non-profit making basis for CYT villagers and other members of the public to practise farming as a hobby and/or a source of income. There was also a suggestion from the Heung Yee Kuk for providing a community centre on the farm, with a view to rebuilding the social network of CYT villagers. As the railway tunnel was shallow in this area, the land would not be released for other developments even if it turned out that only a few villagers made use of the farms thereat. The Transport and Housing Bureau (THB) would work out the implementation details, in consultation with the relevant departments and the CYT villagers.

10. Mr Fred LI remarked that the special ex-gratia rehousing package for CYT villagers would have implications on the future arrangements for some 300 000 squatters/licensed structures over the territory. He considered that as the rehousing package was confined only to the CYT villagers and other parties affected by land resumption and site clearance required by the Hong Kong section of XRL, village resite could also be included in the arrangements exclusively for CYT villagers. STH responded that THB had discussed related issues with the Development Bureau thoroughly before coming up with the proposed special ex-gratia rehousing package, which was to provide the most flexible choices to affected residents with the least impact on existing policy.

11. Mr LEE Wing-tat said that while the Administration insisted on not changing the existing policy on village resite, it had proposed the special ex-gratia rehousing package, which had overridden existing policy on compensation and rehousing arrangements. He considered that the Administration had over-emphasized the possible impact on the existing 300 000 squatters/licensed structures, as individual cases warranted different considerations and not all cases necessitated village resite, as in the case with Kau Wah Keng Village. He was disappointed that the Administration would not give any consideration to resiting the whole CYT. He suggested that the Administration could deploy any unspent provision under the contingency vote for the project for resiting the village if possible. He also cautioned the Administration about the worsening of regional disparity arising from uneven distribution of Government's resources in the urban and rural districts.

12. STH advised that the development of the New Territories would be taken forward in the light of the Hong Kong 2030 planning study, with a focus on the three new development areas (NDAs), i.e. Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling (i.e. the Three-in-One NDA Scheme). A three-stage public engagement on the development of the NDAs was being undertaken by the Development Bureau and the Planning Department. In reply to Mrs Regina IP, STH said that over 80% of the 150 households in CYT had already registered to enable the Government to verify their eligibility.

13. Referring to the development in Ma Wan by the New World Development Company Limited (NWDCL) whereby a fisherman's village affected by the development was resited under the initiative of NWDCL, Mr Albert CHAN opined that the MTR Corporation Limited (MTRCL) should exercise its corporate social responsibility to discuss with the Government possible arrangements to facilitate relocation of CYT, such as identifying suitable sites for village relocation at the cost of MTRCL. He believed this alternative should be feasible under the existing policy. STH explained that as the XRL was a public works project in which the MTRCL would be granted a service concession to operate the express rail on behalf of the Government, it was essentially the responsibility of the Government to resolve the issues arising from the land resumption and site clearance required for the project.

14. Mr LEE Wing-tat suggested that the Government could act as a facilitator in identifying suitable sites for purchase or rental by the villagers so that they could continue to live together in a similar village mode. This would not affect the existing policy on village resite while genuine assistance would be provided to the CYT villagers to relocate and rebuild social network. STH advised that the Administration had been working along this line to provide assistance to affected villagers if they were genuine farmers. However, it was not practicable to lend similar assistance to residents who were not genuine farmers as facilitating relocation of their domestic squatters or licensed structures would be tantamount to recognizing the legality of these structures which would be against the existing policy. The Permanent Secretary for Development (Planning and Lands) said that the prevailing policy for land resumption and site clearance was devised after thorough consideration and implemented effectively over the past years. It was a fundamental principle not to compensate persons who did not have land title for loss of structures. He emphasized that the intention of the special ex-gratia rehousing package was to provide ex-gratia assistance to the villagers for long-term residence.

15. Mr LEE Wing-tat expressed grave concern that some MTRCL representatives were arrogant in dealing with the residents during the consultation. He reminded the Administration that it had the responsibility to ameliorate the situation lest the problem would generate negative sentiment and hostilities among affected parties in future consultation. The Administration took note of Mr LEE's views.

Resumption of underground strata

16. Mr CHAN Hak-kan spoke on behalf of Ms Starry LEE who was attending another meeting. He said that Tai Kok Tsui residents were worried about the impact of the underground strata resumption in their district on the integrity of the buildings nearby. He requested the Administration and MTRCL to provide the residents/owners concerned a simplified version of the relevant reports on the assessment of the impact. Mr IP Kwok-him expressed similar concerns and said that such worries were understandable as the elderly in particular might not understand the proposed works and their rights of making claims. Hence, the

Administration and MTRCL should provide the residents with the relevant impact assessment reports of their building, together with information on procedures for making claims, the compensation arrangements and the development parameters of the buildings concerned.

17. Mr James TO said that as villagers affected by land resumption and site clearance at CYT were provided with a compensation and rehousing package exclusively for them, special arrangements should also be designed for the Tai Kok Tsui residents affected by the resumption of underground strata under the project. Mr TO suggested that the residents should be allowed to appoint an independent expert to conduct the assessment before commencement of the relevant works and to carry out the monitoring afterwards. Alternatively, an expert could be appointed by an independent party which was agreed by the Government and the residents to carry out a joint assessment. The fees in both cases should be reimbursed by the Government. He believed this would allay the worries of the residents more effectively, in particular the elderly residents who were confused by the divergent views expressed on the works impact.

18. STH said that the Administration was aware of the need to alleviate the worries of residents in Tai Kok Tsui. She pointed out that MTRCL had appointed qualified professionals to carry out geological risk assessment, and employed a separate group of experts to review the assessments. She stressed that these assessments and plans would be submitted to the Highways Department (HyD), Buildings Department and other relevant departments for approval. Prior to commencement of construction, MTRCL would undertake pre-construction condition surveys for the buildings and structures along the tunnel alignment. The relevant assessment and survey reports could be made available to the residents.

19. The Deputy Secretary for Transport and Housing (DS/TH) said that the Administration was willing to enhance communication with the local residents on the structural safety issues arising from the construction works. It would provide the information in simplified version as requested by members to the residents/owners and the owners' associations/incorporations where appropriate and meet with them if necessary. An Information Centre at West Kowloon had been set up to provide advice and information to residents and building owners on the project and possible impacts.

20. Mr James TO said that if negligence was found on the part of the experts who undertook the impact assessment on the structures of the Tai Kok Tsui buildings, affected building owners could initiate legal action directly against the experts. However, this right might be undermined if the relevant assessment reports were undertaken by experts not directly appointed by the owners themselves, in particular if the assessment reports in question were intended only for specific purpose and reference of the Administration and MTRCL. He therefore would advocate financing the affected residents to engage an independent expert to undertake the assessment task for the co-reference of the Government and the residents. STH said that she believed that the rights of the affected residents would not be jeopardized under the said circumstances, nor was there any precedent case of

Admin such. She stressed that MTRCL would be held accountable if negligence was found on the part of the experts they employed. The Government would also bear responsibility as the ultimate project owner. Nevertheless, she would look into the issue raised by Mr TO after the meeting.

Admin 21. Mr Albert CHAN and Ms Cyd HO commented that the consultation with Tai Kok Tsui residents was inadequate as some local residents were not aware of the project or the land resumption until lately. In response, the Administration agreed to provide detailed information on the consultation for members' reference.

22. Prof Patrick LAU said that the affected residents in Tai Kok Tsui were worried because their buildings were very old, and some of these buildings did not have piling works to support the foundation. They were therefore worried that the underground works would affect the safety of the buildings. He enquired how the rights of the residents could be protected.

23. The Director of Highways (DHy) said that depending on the geological conditions, piling works might not be necessary for foundations for some buildings. The geological risk assessments conducted by MTRCL had confirmed that the proposed construction method for XRL would not pose adverse impact on the structural safety of the affected buildings. To strengthen the protection for the buildings and structures nearby, before the commencement of tunnel boring, MTRCL would, with reference to ground conditions and engineering needs, consider undertaking additional ground strengthening works as necessary.

24. As regards Prof Patrick LAU's concern whether the current alignment was final, STH said that the Administration had undergone thorough assessment and discussion before coming up with the proposed scheme with a terminus located at West Kowloon. The option of the previous alignment at urban Kowloon was not considered because there would be geotechnical problems and more households would be affected by underground strata resumption under this alternative.

25. Considering that property owners might suffer loss in property redevelopment as a result of their land being included in the railway protection zone, Prof Patrick LAU considered it necessary to inform the affected residents early about claims and compensation matters.

26. DS/TH said that there were many factors affecting the potential of a site for redevelopment, including whether the maximum plot ratio allowable for the property concerned had been fully developed, conditions of the adjacent environment, town planning considerations and land grant conditions, etc. If aggrieved building owners felt that they had a compensable interest in loss of redevelopment potential due to the underground strata resumption, they would be entitled to claim compensation under the Railways Ordinance within one year after completion of the redevelopment works. STH highlighted the successful example of redevelopment at Wing Lok Street which was within the railway protection zone. She pointed out that the redevelopment potential of lots might not be necessarily affected by railway protection zone.

27. At this juncture, the Deputy Chairman said that he would extend the meeting by 15 minutes to 4:45pm.

Patronage forecast

28. Dr LEUNG Ka-lau expressed concern that there was no information on the detailed calculation of the 2-way daily patronage in 2016. As the forecast of 99 000 daily passengers was based on relevant data in the past 10 years when Hong Kong experienced robust economic growth, it might not be a correct indicator for projecting the growth rates in the ensuing 10 years. Noting that the patronage projection for some transport infrastructures, such as WRL, AEL and the Hong Kong-Shenzhen Western Corridor (HKSWC), had proved to be over-estimated, he doubted the accuracy of the current forecast for the XRL. Dr LEUNG was worried that over-projection of the patronage would lead to inviability of the Hong Kong section of XRL and render it another "white elephant". It might even necessitate deployment of taxpayers' monies to cover the financial losses.

29. STH said that in line with existing practice, the XRL shuttle patronage was forecast by a four-stage transport model. Various survey data and statistical information, including demographic and socio-economic data, public transport modes, fare revenue, routes and travel time etc, was input into the four-stage model. She said that Members might visit the Highways Department (HyD) for a demonstration on the computation process on patronage against different design years under the transport model.

30. STH further explained that the passenger forecast for HKSWC had in fact met the projection targets, which would rise upon the commissioning of a highway linking with the Mainland section of the corridor. The forecast of AEL was based on the assumption of the operation of the Tsing Ma Bridge under the original build-operate-transfer approach. She stressed that the base case scenario of patronage forecast for the Hong Kong section of XRL had not included additional trips that might be induced due to shorter travelling time between Hong Kong and Mainland cities. Besides, the forecast had assumed a competitive XRL fare comparable with that of boundary and through train services, about \$180 for a trip to Shibi. The project was expected to be operationally viable, as confirmed by the sensitivity analysis for the low case scenario. Given that the Mainland section of the XRL would complete by early 2010s vis-a-vis Hong Kong section in 2015, there would be substantial time ahead to nurture patronage growth for the Hong Kong section.

31. Mr KAM Nai-wai enquired about the existing daily patronage of through train service to Guangzhou and the estimation of patronage switching from through train to XRL services by 2016. Noting that the patronage forecast of XRL in 2016 for shuttle service to Shenzhen was 65 400 in the base case scenario, which in his view accounted for the greatest share of patronage of the XRL shuttle services, Mr KAM enquired how the forecast patronage was calculated. STH said that competitive fare and time saving were factors to attract patronage to switch from

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through train to XRL services. Mr KAM enquired whether there was any plan to cut down the through train services or terminate it altogether. STH said that in view of the differences in routes and patronage source, through train services were expected to continue, as there would still be demand for cross-boundary transportation to the eastern part of Guangzhou though the frequency might be reduced. She agreed to provide further information on the calculation of the projected patronage as requested by Mr KAM.

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32. As the outturn of daily patronage had fallen far short of the projected figures for some previous rail and road projects by as much as 60% as in the case of WRL, Mr KAM Nai-wai was concerned about the extent of financial loss should the daily patronage of the XRL also fall short by 60% with 40 000 daily passengers. STH said that the Administration had already considered a low case scenario by assuming a much lower growth in GDP. While the Administration could work out a worst case scenario, a 60% shortfall from the base case projection was not envisaged, bearing in mind the competitiveness of the XRL services in terms of fares and journey time. Mr KAM insisted that a financial analysis be provided for reduced patronage forecast by 60%. STH took note of the request.

Temporary works areas at the West Kowloon Cultural District

33. The Deputy Chairman referred to his letter to STH and the Chief Secretary for Administration in the latter's capacity as the chairman of the Board of the West Kowloon Cultural District Authority (WKCD) enquiring on the impact of the temporary occupation of works areas for the XRL project at the West Kowloon Cultural District. According to the written reply from the WKCD Board Chairman, Board members "hoped" that the works areas could be minimized and that phased handing of the works areas back to WKCD could be arranged from 2012 onward so as to meet the construction timetable of WKCD. The Deputy Chairman said that it appeared to him that the reply did not reflect certainty in the said arrangements. Miss Tanya CHAN also expressed concern whether there was adequate and effective coordination between the XRL and WKCD projects.

34. STH advised that THB and relevant government departments had been in constant dialogue with WKCD to coordinate the works of both the XRL and WKCD projects. The Home Affairs Bureau had established a standing inter-departmental coordinating committee with participation of representatives from relevant departments such as THB and HyD. The committee would coordinate the planning of the WKCD and XRL projects, with a view to ensuring timely completion of both the Hong Kong section of XRL and Phase 1 development of WKCD.

35. Miss Tanya CHAN noted that the West Kowloon Terminus (WKT) for the Hong Kong section of XRL would extend into part of the underground area of WKCD. She was concerned about the total land area at WKCD to be occupied for the works of the Hong Kong section of XRL and the duration of such occupation. DHy advised that the underground extension of WKT and associated works areas nearby would take up 5.5 ha of temporary works areas including 3.3 ha construction

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area for the extension *per se*, from December 2009 to late 2014. In addition, 7.5 ha of works areas would be temporarily occupied at WKCD to make way for prefabrication of construction components and other activities, which would be returned in phases starting from March 2012 for the development of WKCD. Around 1 ha of land would also be required near the waterfront between October 2010 and March 2012 to facilitate spoil removal by barges during the peak time of excavation. At the request of Miss CHAN, the Administration agreed to provide information on the timeframe of the temporary occupation of project sites at WKCD to undertake the relevant works for the XRL project, and the location of these sites.

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36. Miss CHAN was concerned whether the cost of enabling works, i.e. \$1,604 million, had taken into account the need to allow for the maximum flexibility and structural capacity for the development of WKCD. The Deputy Chairman asked about the assumptions in determining the enabling works and whether the estimated cost was the ceiling. DHy said that the Administration had adopted a planning assumption at this stage to allow medium-rise structures up to 70 metres above Principal Datum which was the height limit specified on the statutory outline zoning plan at the extension area. Enabling works including those for foundation, noise and vibration mitigation (including isolated slab track) and transfer plate would be carried out. The cost of the enabling works might be reduced when more details of the WKCD development were available. STH said that the current design of the enabling works had assumed that buildings under the said height limit would be erected at the site, irrespective of where the structures were located. She believed this would allow the greatest flexibility to cater for different design and construction. At the request of Miss CHAN, the Administration undertook to provide further information on the enabling works, the assumptions in drawing up the related cost estimate, whether and how the cost had taken into account the maximum structural capacity required for the future development of WKCD above the section of XRL tunnel thereat.

37. Ms Cyd HO expressed concern about the noise and vibration impact of XRL on the future arts and cultural activities at WKCD. She was worried that a lack of coordination between these two projects would give rise to unwarranted constraints on taking forward the development of WKCD and result in planning blunders. She requested the Administration to maintain close communication with WKCD and obtain the latest information on the WKCD project with a view to achieving better interface. The Administration took note of the suggestion.

Co-location of cross-boundary facilities

38. Noting that space had been reserved inside WKT for co-location of cross-boundary facilities, Miss Tanya CHAN enquired about the contingency plan if the co-location mode would not be adopted eventually. Ms Miriam LAU opined that the Administration should draw up a specific timeframe for discussing the co-location arrangements with the Mainland authority. If the co-location arrangement turned out to be not feasible, adequate time should be allowed for the Railways Subcommittee to study and discuss the alternative thoroughly.

39. STH explained that discussion with the relevant Mainland authorities was underway. Given that the Hong Kong section of XRL was scheduled for commissioning in 2015, she assured members that the Administration would report the outcome to the Railways Subcommittee and other relevant Panels as soon as a specific plan was drawn up.

Tendering arrangements and other issues

40. Referring to a news report in the Apple Daily, Miss Tanya CHAN expressed concern that MTRCL had awarded the tender for a noise monitoring contract relating to the Hong Kong section of XRL within an unreasonably short timeframe after the tender invitation.

41. DHy said that the contract in question, which was related to consultancy services for noise monitoring during the construction of the Hong Kong section of XRL, was part of the design and site investigation works approved for the project in July 2008. He understood that MTRCL had conducted an expression of interest (EOI) exercise for the contract in September 2009, before proceeding to the formal tendering. As the tender entailed relatively small scope of works and the bidders had basically grasped the tender requirements during the EOI exercise, the tendering period could thus be shortened. Mr Paul LO, the General Manager (XRL) of MTRCL advised that MTRCL had invited two companies meeting the prequalification requirements to submit tenders between 18 November 2009 and 27 November 2009, and the deadline was subsequently extended to 4 December 2009. Tenders assessment would be carried out upon return of tenders.

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42. Referring to a submission from the public, Ms Cyd HO expressed concern that the contracts in respect of design consultancy services and environmental impact assessment (EIA) for the Hong Kong section of XRL project were awarded to the same company, i.e. AECOM. She queried whether there was any conflict of interests, and requested the Administration/MTRCL to provide information, before the relevant FC meeting, on the tendering arrangements of the contracts in question. DHy advised that the tendering procedures of Hong Kong section of XRL being adopted by the MTRCL were similar to the Government's prevailing procurement processes. As the design of the proposed works had to take environmental protection into account, there was a highly interactive relationship between the design consultancy services and EIA study, and it was not uncommon for the two contracts to be undertaken by the same consultant. He stressed that tendering for the consultancy services and EIA study in question had been conducted in an open, fair and transparent manner, and there was no question of conflict of interests in awarding the two contracts separately to the same party.

43. Mr KAM Nai-wai enquired whether the tendering period complied with the Government's guidelines and the World Trade's Organization (WTO) Agreement (the WTO Agreement) on Government Procurement. DHy said that while MTRCL was required to follow the WTO Agreement on Government Procurement

for works-related contracts valued around \$58 million or above, procurement of consultancy services fell outside the scope of the WTO Agreement.

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44. In view of the huge cost of the project, Mr Albert CHAN considered it important to ensure that the tendering was/would be conducted appropriately and fairly. To dispel members' worries, he requested the Administration to provide information on the tendering arrangements (including the invitation for EOI) in respect of all the contracts relating to the Hong Kong section of the XRL project, with details on the timeframe from tendering to awarding the contracts and the contract value. The Administration was also requested to clarify whether the procedures for individual tenders complied with the Government's procurement guidelines as well as the WTO Agreement.

45. As members raised no further enquiry, the Deputy Chairman put the items PWSC(2009-2010)68, 69 and 72 to the vote. Mr Albert CHAN requested that the three funding proposals be voted on separately. Mr James TO requested for a division for the voting of individual items.

Voting on PWSC(2009-10)68

46. The Deputy Chairman put the item to vote. Of the members present, 12 members voted for the item, eight members voted against and one member abstained. The individual results were as follows:

For:

Mr CHAN Kam-lam	Mr LAU Wong-fat
Ms Miriam LAU	Mr Timothy FOK
Mr TAM Yiu-chung	Mr WONG Kwok-hing
Mr CHEUNG Hok-ming	Prof Patrick LAU
Mr CHAN Hak-kan	Mr WONG Kwok-kin
Mr IP Kwok-him	Mrs Regina IP

Against:

Mr Fred LI	Mr James TO
Mr Andrew CHENG	Mr Albert CHAN
Mr LEE Wing-tat	Mr KAM Nai-wai
Ms Cyd HO	Miss Tanya CHAN

Abstain:

Dr LEUNG Ka-lau

47. The item was endorsed by the Subcommittee.

Voting on PWSC(2009-10)69

48. The Deputy Chairman put the item to vote. Of the members present, 12 members voted for the item, eight members voted against and one member abstained. The individual results were as follows:

For:

Mr CHAN Kam-lam
Ms Miriam LAU
Mr TAM Yiu-chung
Mr CHEUNG Hok-ming
Mr CHAN Hak-kan
Mr IP Kwok-him

Mr LAU Wong-fat
Mr Timothy FOK
Mr WONG Kwok-hing
Prof Patrick LAU
Mr WONG Kwok-kin
Mrs Regina IP

Against:

Mr Fred LI
Mr Andrew CHENG
Mr LEE Wing-tat
Ms Cyd HO

Mr James TO
Mr Albert CHAN
Mr KAM Nai-wai
Miss Tanya CHAN

Abstain:

Dr LEUNG Ka-lau

49. The item was endorsed by the Subcommittee.

Voting on PWSC(2009-10)72

50. Mr Albert CHAN stated that the special ex-gratia rehousing package was unfair and unreasonable to the CYT villagers and he would leave the meeting to express his dissatisfaction.

51. The Deputy Chairman put the item to vote. Of the members present, 12 members voted for the item, seven members voted against and one member abstained. The individual results were as follows:

For:

Mr CHAN Kam-lam
Ms Miriam LAU
Mr TAM Yiu-chung
Mr CHEUNG Hok-ming
Mr CHAN Hak-kan
Mr IP Kwok-him

Mr LAU Wong-fat
Mr Timothy FOK
Mr WONG Kwok-hing
Prof Patrick LAU
Mr WONG Kwok-kin
Mrs Regina IP

Against:

Mr Fred LI
Mr Andrew CHENG
Mr KAM Nai-wai
Miss Tanya CHAN

Mr James TO
Mr LEE Wing-tat
Ms Cyd HO

Abstain:

Dr LEUNG Ka-lau

52. The item was endorsed by the Subcommittee.

53. Ms Cyd HO requested that all the three items relating to the Hong Kong section of XRL (PWSC(2009-10)68, 69 and 72) be voted on separately at the relevant FC meeting.

Head 708 - Capital Subventions and Major Systems and Equipment

PWSC(2009-10)75 63MM North Lantau Hospital, phase 1

54. The Chairman took over the chair and members agreed to extend the meeting up to 6:30 pm to continue discussion of the remaining items on the agenda.

55. The Chairman advised that the proposal sought to upgrade 63MM to Category A at an estimated cost of \$2,482 million in money-of-the-day (MOD) prices for the construction of phase one of the North Lantau Hospital (NLH) project. The Administration had briefed the Panel on Health Services on the proposed project on 8 June 2009, and the Panel had not raised objection to the proposal.

56. Mr TAM Yiu-chung welcomed the Administration's decision to commence construction of NLH, which was in line with the aspirations of local residents. He urged the Administration to minimize environmental impacts during construction, in particular the traffic congestion, noise nuisance and air pollution of the surrounding areas. The Administration should maintain close communication with district councillors and mutual aid committees to address their concerns throughout the project. The Administration took note of Mr TAM's view.

Estimated project cost

57. Dr LEUNG Ka-lau noted that the estimated cost for the construction of the NLH project had been drastically reduced from \$3,200 million in June 2009 to the current \$2,482 million. He enquired about the reasons for the reduction. He was worried that the Administration might have scaled down the project or lowered building standards in order to secure Members' support for the funding proposal.

58. The Director of Architectural Services (DArchS) said that the cost estimate made in June 2009 was based on the tender price indices of September 2008, and there had been significant reduction in the tender prices since then. For this particular project, with the support of the Food and Health Bureau, the Administration had carried out parallel tendering to invite bids for the project. The latest estimate was based on actual tender prices which were quite competitive.

59. Ms Cyd HO said that while she supported the proposed project, she was also concerned about the drastic reduction in the estimated cost for the NLH project. She recalled that when the Panel on Health Services considered the proposed project at the meeting in June 2009, the Administration had attributed the excessively high estimated cost of \$3,200 million to the escalated prices of construction materials given rise by the post-quake reconstructions in Sichuan

province. She wondered whether the drastic reduction of project cost in the current proposal was due to the recent drop in construction material prices. If this was the case, the costs of all other projects implemented under similar timeframe should also have a reduced cost estimate.

60. The Permanent Secretary for Development (Works), DEVB responded that project estimates usually reflected the prevalent market condition. At the time when the original project estimate for NLH was made, the construction cost indices were on the rise. There could be rapid changes of market conditions subsequently due to fluctuation in supply and demand, which could lead to a lower-than-expected tender price, hence a reduction in the project cost. He assured members that there was no compromise on the quality and standards of the project. Ms Cyd HO remained concerned and requested the Administration to provide a comparison on the breakdown of the cost items under the original and the current estimates, and information on the Government's building works tender price indices for the past few quarters.

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Public-private healthcare collaboration

61. Mr LEE Wing-tat enquired whether there would be any public-private healthcare collaboration in the new NLH. Referring to the operation of the Link Management Limited in public housing estates as a negative example, he cautioned that the Administration had to be extremely mindful of introducing public-private-partnership (PPP) in the new hospital, as such an operation model could lead to disputes and might even jeopardize public interests. He hoped that the Administration would strive to protect public interests to ensure that public funds were put to the best use in all circumstances.

62. The Under Secretary for Food and Health (USFH) said that phase 1 of the NLH project would be a Government project with 180 beds. To meet the long-term demand for hospital services on Lantau Island upon full development of the North Lantau New Town, the Government would provide an additional 170 beds under phase 2 of the NLH project. The opportunity would be taken of the phase 2 development to explore the introduction of PPP for the private sector to provide other medical facilities and services in addition to the 170 beds provided by the Government. He said that the Administration would consult the Panel on Health Services when taking forward the phase 2 development in future.

Scope of services of NLH

63. As North Lantau was far from major hospitals in other districts, Mr Albert CHAN considered it necessary for NLH to provide consultation services for chronic disease patients so that they needed not travel to other districts for consultation. In response, USFH advised that as a community hospital, NLH, phase 1 would be able to attend to the needs of chronic disease patients in Lantau Island including Tung Chung.

64. Since the nearest hospital for acute diseases was Princess Margaret Hospital which was far away from North Lantau, Ms Miriam LAU enquired whether the new NLH would be adequately equipped to cope with disastrous situations, given that the Hong Kong International Airport and major tourist attractions were located in North Lantau.

65. USFH said that in planning for phase 1 of NLH, the Administration had already taken into consideration the fact that the Hong Kong International Airport and some major tourist facilities were situated in North Lantau. With a well-equipped Accident & Emergency Department, phase 1 of NLH would be able to stabilize the conditions of patients in case of major incidents involving massive casualties, and make necessary arrangement to refer patients in need of secondary and tertiary treatment to other suitable public hospitals for follow-up after their conditions were stabilized.

Employment of Tung Chung residents

66. Mr WONG Kwok-hing said that he fully supported the proposal. In view of the persistent problem of unemployment or under-employment amongst Tung Chung residents, he requested the Administration to urge the contractors to accord priority in hiring local residents for the hospital project. Mr Albert CHAN expressed similar concern and urged the Administration to follow up with the contractors accordingly so that Tung Chung residents could be employed for the NLH project, without having to travel a long distance to work.

67. DArchS advised that according to the contract terms, the contractors had no obligation to employ Tung Chung residents for implementing the proposed hospital project. Nevertheless, the Administration would try its best to encourage them to do so on a voluntary basis.

Other concerns

68. Mr WONG Kwok-hing sought clarification from the Administration on whether phase 1 of the NLH project would involve the construction of a helipad. He was worried that the helipad, if built, might generate noise nuisance to local residents in the nearby Yat Tung Estate. As for the proposed new road linking Chui Kwan Drive and On Tung Street, he requested the Administration to consider constructing covers for the pavement at the side of the link road to facilitate patients and pedestrians.

69. USFH assured members that the proposed project would not include any helipad. As regards the provision of covers for the pavement along the proposed link road, he said that the proposal might be dealt with in collaboration with the Islands District Council.

70. The item was voted on and endorsed. Ms Cyd HO requested for separate voting on the item at the relevant FC meeting.

Head 703 - Buildings

PWSC(2009-10)76 16NB Reprovisioning of Cape Collinson Crematorium

71. The Chairman advised that the proposal was to upgrade 16NB to Category A at an estimated cost of \$696.3 million in MOD prices for the reprovisioning of Cape Collinson Crematorium. The Administration had briefed the Panel on Food Safety and Environmental Hygiene on the proposal on 14 July 2009.

Serviceable life of cremators and recurrent expenditure

72. Mr IP Kwok-him said that he was concerned about a substantial increase of the recurrent expenditure of the new Crematorium from the existing \$20.5 million to \$55.5 million in future, and enquired whether there would be a corresponding increase in fees and charges. Mr IP also asked about the serviceable life of these new cremators.

73. USFH responded that the increase in recurrent expenditure was mainly due to the increase of cremation sessions and the use of town gas as fuel which would be more expensive but more environmentally-friendly. In reviewing the level of fees and charges, the Administration would take into account the long-established cost recovery principle. At present, cremation services were already being subsidized by the Government. As regards the serviceable life of the new cremators, it was estimated to last about 15 to 20 years. The cremation demand of the whole territory could largely be met up to early 2020s, with the reprovisioning of the Cape Collinson Crematorium.

Traffic impact

74. In response to the enquiry of Mr CHAN Hak-kan, USFH pointed out the Administration would schedule the reprovisioning works carefully to avoid affecting the traffic conditions during the Ching Ming and Chung Yeung Festivals. As the cremation sessions would spread throughout the whole year, additional sessions would not generate undesirable pressure on the traffic in the area. The Administration would closely monitor the situation and carry out improvement works such as widening of roads, if necessary.

Industrial safety

75. Citing Fu Shan Crematorium as a negative example, Mr WONG Kwok-hing enquired whether the design of the crematorium had been improved to meet the prescribed industrial safety standards which would enable crematorium staff to leave the cremators safely under emergency conditions. DArchS responded that the safety of workers and service users had been duly considered by the Administration in the designs of Cape Collinson Crematorium.

76. The item was voted on and endorsed.

Head 708 - Capital Subventions and Major Systems and Equipment

PWSC(2009-10)77 51EF An integrated teaching building, The Chinese University of Hong Kong

77. The Chairman advised that the proposal sought to upgrade 51EF to Category A at an estimated cost of \$176.0 million in MOD prices for the construction of an integrated teaching building by the Chinese University of Hong Kong within its campus in Sha Tin. The Administration had consulted the Panel on Education on 9 November 2009.

78. Mr CHAN Hak-kan declared that he was a member of the Council of the Chinese University of Hong Kong.

79. The item was voted on and endorsed.

80. The meeting ended at 5:31 pm.