

立法會
Legislative Council

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

**Minutes of the 8th meeting
held in Conference Room A of Legislative Council Building
on Wednesday, 14 April 2010 at 8:30 am**

Members present:

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP (Chairman)
Hon CHEUNG Hok-ming, GBS, JP (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 Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
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 WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP

Members absent:

Hon Abraham SHEK Lai-him, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Mrs Regina IP LAU Suk-ye, GBS, 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)
Mr Philip YUNG Wai-hung, JP	Commissioner for Tourism, Commerce and Economic Development Bureau
Miss Patricia SO Pui-sai	Deputy Commissioner for Tourism, Commerce and Economic Development Bureau
Mrs Marigold LAU LAI Siu-wan, JP	Director of Architectural Services
Miss Uson CHUNG	Chief Project Manager 201, Architectural Services Department
Mr John CHAI Sung-veng, JP	Director of Civil Engineering and Development
Mr Joseph CHAN Chun-shing	Chief Engineer (Boundary Control Point), Civil Engineering and Development Department
Ms Sophia CHIANG Chui-wan	District Lands Officer (District Lands Office, North), Lands Department
Mr LAU Ka-keung, JP	Director of Drainage Services
Mr Elvis AU Wai-kwong, JP	Assistant Director (Water Policy), Environmental Protection Department
Mr CHAU Kwok-ming	Chief Engineer (Harbour Area Treatment Scheme), Drainage Services Department
Mr MA Lee-tak, JP	Director of Water Supplies
Mr NG Chi-ho	Assistant Director (New Works), Water Supplies Department

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

The Chairman reported that a total of 21 capital works projects of an amount \$92240.2 million had been endorsed by the Public Works Subcommittee (PWSC) in the 2009-2010 session so far.

Election of Deputy Chairman

2. The Chairman invited nominations for the deputy chairmanship to fill the vacancy arising from the resignation of Mr Alan LEONG. Mr CHEUNG Hok-ming was nominated by Mr IP Kwok-him and the nomination was seconded by Mr LAU Wong-fat. Mr CHEUNG accepted the nomination.

3. As there was no other nomination, the Chairman declared that Mr CHEUNG Hok-ming was elected Deputy Chairman of PWSC for the remainder of the 2009-2010 session.

Head 703 – Buildings

PWSC(2010-11)1 7GA Cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development

4. The Chairman advised that the proposal was to upgrade 7GA to Category A at an estimated cost of \$5,852.1 million in money-of-the-day (MOD) prices for the construction of the cruise terminal building and ancillary facilities for the Kai Tak cruise terminal development. The Panel on Economic Development had been consulted on the proposed works at the meeting on 29 March 2010, and Panel members expressed support in principle for the funding proposal. The Administration had provided in the current submission to PWSC further information on the total project cost of the new cruise terminal, and the provision of barrier free access and toilet facilities.

5. Mr IP Kwok-him enquired about the consultancy fees for the design of the cruise terminal building. The Director of Architectural Services (D Arch S) said that as the project would be delivered through a design-and-build contract, the design consultancy fee was incorporated in the contract lump-sum, and it was roughly estimated to be around 7.5% of the net construction costs of the project. She considered the design cost reasonable as the cost estimate was comparable to the cost of other design-and-build projects such as the new Civil Aviation Department Headquarters building and the Tamar Development Project.

6. The item was voted on and endorsed. Ms Cyd HO requested that the item be voted on separately at the relevant meeting of the Finance Committee (FC).

Head 705 – Civil Engineering

**PWSC(2010-11)2 13GB Liantang/Heung Yuen Wai Boundary
Control Point and Associated Works**

7. The Chairman advised that the proposal was to upgrade part of 13GB to Category A at an estimated cost of \$51.3 million in MOD prices to provide a village resite area with supporting infrastructure at Ta Kwu Ling for reprovisioning of the existing Chuk Yuen Village to allow for the construction of the Liantang/Heung Yuen Wai Boundary Control Point (BCP). An information paper on the proposal had been circulated to the Panel on Development on 23 March 2010.

Site formation and stream diversion

8. Mr IP Kwok-him enquired about the reasons for the diversion of an existing stream under the proposal and whether any environmental impact assessment had been conducted for the proposed works. The Director of Civil Engineering and Development Department (DCED) explained that as some parts of the existing stream was within the 2.2 hectares of land where site formation would be carried out for a village resite area, it was thus necessary to divert those parts outside the project site. DCED further said that while the stream in question did not have much ecological concern, the stream improvement works was classified as a designated project under Schedule 2 of the Environmental Impact Assessment Ordinance (Cap 499). The Civil Engineering and Development Department (CEDD) had conducted an environmental impact assessment and obtained an environmental permit for the stream improvement works on 12 February 2010. CEDD would comply with the requirements stipulated in the environmental permit, including carrying out the proposed works during the dry season so as to avoid flooding in the area.

9. Ms Cyd HO also expressed concern that the site formation works and stream diversion would affect natural drainage of the area, giving rise to flooding risk, as the proposed village resite area was at low-lying lands near the Shenzhen River. She stressed the importance to ensure that the design capacity of the drainage system to be provided at the proposed village resite area would withstand flooding.

10. DCED advised that after the site formation works, the village resite area would be elevated to facilitate drainage, and the drainage system would be specially designed to channel water out from the area to the stream so as to avoid

flooding. As such, drainage problem was not envisaged for the proposed village resite area. Referring to overseas experience in urbanizing rural areas, Ms Cyd HO urged the Administration to consider carrying out the site formation works in harmony with the natural environment thereby obviating the need to divert the stream and preserving the natural landscape. Prof Patrick LAU echoed the same view. The Chief Engineer (Boundary Control Point), CEDD (CE(BCP), CEDD) responded that the existing ground level of the village resite area was between 12 and 15 mPD while the water level could reach up to 13.3 mPD during flooding. It was therefore proposed that the ground level thereat be raised to 15.5 mPD to safeguard against flooding.

11. Prof Patrick LAU and Ms Cyd HO reiterated their concern that the proposed site formation works and stream diversion would destroy the natural environment, and pose potential flooding risk to other areas in the North-eastern New Territories. They urged the Administration to explore alternative ways to carry out the site formation works. The Permanent Secretary for Development (Works), Development Bureau (PS(W), DEVB) said that the Administration appreciated the important task to prevent flooding in the low-lying lands in the New Territories, and would address such concern in the future development of the Closed Area, including the village resite area.

Admin 12. At the request of Ms Cyd HO, the Administration agreed to provide information on the design capacity of the drainage system to be provided at the village resite area, and the return period of rainstorms adopted in the design.

Admin The Administration would also provide written response on whether there were alternatives to carrying out the proposed site formation works and the diversion of the existing stream of about one metre (m) wide.

Land resumption and resite entitlements

13. Mr IP Kwok-him noted that 13 private agricultural lots would be resumed for carrying out the proposed works. He enquired about the ex-gratia compensation to be offered to the affected landowners vis-à-vis the special ex-gratia payments for the villagers of Choi Yuen Tsuen under the Hong Kong Section (HKS) of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project.

14. The Permanent Secretary for Development (Planning and Lands) (PS(PL), DEVB) and the District Lands Officer (District Lands Office, North) Lands Department (DLO(DLO/N), Lands D) advised that the agricultural lots to be resumed under the proposed project were situated at the village resite area outside

Admin

Chuk Yuen Village and there were no domestic structures that would be affected by the proposed project. The land to be resumed in this project was within the definition of Zone "C" under the existing ex-gratia zonal compensation system. Land compensation and ex-gratia allowance for the affected landowners and cultivators would be offered under the prevailing policy for resumption and clearance. PS(PL), DEVB explained that a special ex-gratia rehousing package was adopted exclusively for eligible residents of Choi Yuen Tsuen in connection with the land resumption under the HKS of the XRL project. At the request of Mr IP Kwok-him and the Chairman, the Administration undertook to provide information on the zonal compensation rates for land resumption for the proposed village resite area vis-à-vis that for Choi Yuen Tsuen under the HKS of the XRL project.

15. Mr CHEUNG Hok-ming expressed support for the proposal. He highlighted that the removal and relocation of an old indigenous village like Chuk Yuen Village would be a complicated process requiring the villagers' understanding on the need to develop the BCP, in particular as the ex-gratia zonal compensation rate for Chuk Yuen Village would likely be comparatively lower than that for Choi Yuen Tsuen. DLO(DLO/N), Lands D said that the Lands Department was discussing the detailed reprovisioning arrangements with the villagers of Chuk Yuen Village. The Administration would consider the application of the ex-gratia zonal compensation rate for the land resumption required for implementation of BCP Project including resumption of Chuk Yuen Village at a later stage. She also expressed gratitude to Heung Yee Kuk and the villagers for their support to the BCP development.

16. Ms Cyd HO enquired about the resite arrangements for villagers who did not fall within the categories as detailed in PWSC(2010-11)2, but these residents had been residing in the village for a long time, say over 30 years. DLO(DLO/N), Lands D clarified that the current project did not involve land resumption and compensation for Chuk Yuen Village, which would be dealt with at a later stage after commencement of the reprovisioning work at the village resite area. The Lands Department had however carried out pre-clearance survey, and negotiations with the villagers of Chuk Yuen Village was ongoing since 2008. The request of villagers outside existing eligible categories was under consideration.

17. In reply to Ms Cyd HO's enquiry on the resite house entitlement, DLO(DLO/N), Lands D advised that generally speaking, according to prevailing policy, the eligible indigenous villagers who owned an affected post-war building lot in Chuk Yuen Village would be entitled to one resite house each. For pre-war building land owned by the eligible indigenous villagers in Chuk Yuen Village, one resite house would be provided for each 0.01 acre of land affected.

18. In response to Ms Cyd HO's enquiry on the arrangement for the affected cultivators, DLO(DLO/N), Lands D replied that the affected cultivators would be offered ex-gratia cash allowances for the clearance of crops, fruit trees, fences, irrigation pipes and wells affected by the proposed project.

Supporting facilities

19. Regarding the improvement works to an existing access road between Lin Ma Hang Road and the village resite area, Mr CHEUNG Hok-ming enquired about the cost of the works, the responsibility for maintaining the road, and whether the works would involve land resumption. Ms Miriam LAU also sought more details of the improvement works.

20. DCED advised that the width of some sections of the access road in question was just 2.5 m and was below the required standard. It was proposed that widening works be carried out for the sub-standard sections at an estimated cost of \$4.6 million to provide a one-lane carriageway of 3.5 m wide and four passing bays with a total width of 6 m each. The road improvement works did not require any land resumption, and the Government would be responsible for the maintenance of the access road in future.

21. Mr CHEUNG Hok-ming enquired about the sewerage system to be provided at the village resite area for conveying and treating the sewage before discharge. CE(BCP), CEDD said that under the current planning, the sewage generated at the village resite area would be conveyed to the sewage treatment works (SWT) to be built near the new BCP in future. Temporary treatment facilities using septic tanks would be provided in the interim for treating the sewage before the said SWT was commissioned. Mr CHEUNG suggested that before the completion of the new SWT, the Drainage Services Department should take forward the laying of sewers along the access road concurrently with the proposed road improvement works to obviate the need for frequent road opening. The Administration took note of the suggestion.

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22. Mr CHEUNG Hok-ming enquired about the details of the annual recurrent cost of about \$1 million for the project. Ms Miriam LAU noted that a number of public facilities would be provided at the village resite area and queried the need for providing a public car park. She considered it more cost-effective to provide land to enable the villagers to set up their own car parking facilities which would be maintained by the villagers themselves, in order to save the recurrent public expenditure.

23. DCED advised that the annual recurrent expenditure of about \$1 million was related to the maintenance of roads, drainages, sewerages and other public facilities, including the car park which would be open for public use (such as residents of nearby residential developments other than Chuk Yuen Village).

Admin

24. In reply to Prof Patrick LAU's enquiry about the detailed design layout for the village resite area, DCED said that the site to be formed would provide land for building village houses with supporting infrastructures for reprovisioning of the existing Chuk Yuen Village to allow for the BCP construction. CE(BCP), CEDD added that at the meeting held on 7 September 2009, the Village Removal Committee of Chuk Yuen Village had already agreed with the Government on the proposal of reprovisioning the village to the resite area, including the site formation layout, the position and orientation of village houses, village office etc. At the request of Prof LAU, the Administration agreed to provide more details in the site plan (Enclosure 1 to PWSC(2010-11)2) to show the village houses and other public facilities at the resite area for members' reference.

Removal of trees

25. Ms Audrey EU noted that the proposed works would involve the removal of 55 trees, including 48 trees to be felled and seven trees to be transplanted. She enquired about the reasons for felling the 48 trees, the new location for the seven trees and details of the planting proposals. CE(BCP), CEDD said that the Administration would strive to minimize tree felling or removal in taking forward public works projects. For the present project, 48 trees would need to be felled after taking into account their health conditions, aesthetic value and survival rate after transplantation. These trees were currently within private lots and they were not maintained by the Government. Under the planting proposals, 80 grown-up trees, and not seedlings, would be planted together with the transplanted trees at the sitting-out area to enhance greening of the village resite area. The Administration would continue to monitor the tree conditions during the one-year maintenance period after the transplanting/planting. Ms Audrey EU was keen to ensure that the new trees to be planted or transplanted should be comparable to those to be felled in terms of size and age, in order to attain the same greening effect. The Administration took note of her concern.

Impact of logistics activities

26. Ms Miriam LAU said that the new BCP at Liantang/Heung Yuen Wai providing linkage between Hong Kong and the Mainland via the Eastern Corridor in Shenzhen would be of strategic significance to the cargo industry. She was however concerned about the potential adverse impact of logistics activities and related traffic on the village resite area upon the commissioning of the new BCP. She considered it important to plan the provision of transport and associated facilities in relation to the logistics activities away from the village resite area, so as

to minimize the impact of such activities on the villagers.

27. DCED advised that the proposed BCP would be connected with other parts of the territory by a new trunk road to segregate cross-boundary traffic from local traffic. PS(W), DEVB explained that the BCP project would be implemented in phases. The investigation and preliminary design study for the overall development of the BCP was still being conducted, so issues relating to logistics facilities in respect of the BCP would be addressed separately at a later stage. DLO(DLO/N), Lands D added that the village resite area was located within the Frontier Closed Area, and the Planning Department had engaged a consultancy study on the land use planning of the Frontier Closed Area for drawing up the relevant Outline Zoning Plan. She undertook to convey Ms Miriam LAU's concerns to the Planning Department for their consideration.

Admin

Consultation with the relevant Panel

28. Mr Andrew CHENG noted that according to paragraph 3(f) of PWSC(2010-11)2, the scope of works under 13GB included a dual two-lane trunk road of approximately 10-kilometre (km) long connecting the BCP with Fanling Highway. He queried that the Administration only provided an information paper for circulation to the Panel on Development on 23 March 2010, and the Panel on Transport was not consulted on the proposed road works. PS(W), DEVB clarified that similar to other large-scale public works projects, the BCP project was to be upgraded to Category A by phases. The current proposal was to upgrade part of 13GB (i.e. paragraph 3(h) in PWSC(2010-11)2) to Category A, while the other items were still in the planning stage. The Administration would provide separate papers on these proposals and consult the relevant Panels in due course. The Clerk advised that in accordance with existing practice, an information paper provided by the Administration on the current proposal was circulated to the Panel on Development on 23 March 2010, and copied to all other Members for their reference.

29. As the current project involved improvements of an existing access road, Mr Andrew CHENG said that the Administration should also consult the Panel on Transport. PS(W), DEVB clarified that the access road in question was different from the trunk road described under paragraph 3(f) of PWSC(2010-11)2. The Chairman requested the Administration to highlight explicitly the scope of works covered by the proposal in future submissions to PWSC and FC.

30. Mr Andrew CHENG said that as Members received voluminous papers every day, a mechanism should be worked out to alert Members of the funding proposals to facilitate their consideration of the matters. The Chairman instructed

Clerk

the Clerk to follow up with the Administration after the meeting.

(Post-meeting note: In response to the Legislative Council Secretariat's letter dated 22 April 2010, Financial Services and Treasury Bureau has agreed that with immediate effect, information papers on funding proposals should be submitted to relevant Panels preferably four weeks before the relevant PWSC meetings, to allow adequate lead time for Members to consider whether the funding proposal should be scheduled for discussion at a Panel meeting. The arrangement also applies to funding proposals for submission to Establishment Subcommittee and FC.)

31. The item was voted on and endorsed. Prof Patrick LAU requested that the item be voted on separately at the relevant FC meeting.

Head 704 – Drainage

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|-----------------------|--------------|---|
| PWSC(2010-11)3 | 230DS | Outlying Islands sewerage, stage 1 phase 1 part 2—Yung Shue Wan sewerage, sewage treatment works and outfall |
| | 234DS | Outlying Islands sewerage, stage 1 phase 2—Sok Kwu Wan sewage collection, treatment and disposal facilities |

32. The Chairman advised that the proposal was to increase the approved project estimate (APE) of 230DS by \$59.2 million from \$288.3 million to \$347.5 million in MOD prices, and to increase the APE of 234DS by \$97.3 million from \$256.4 million to \$353.7 million in MOD prices. The Panel on Environmental Affairs (the EA Panel) had been consulted on the proposed increase in APE at the meeting on 29 March 2010. The Administration had provided supplementary information to the EA Panel on 1 April 2010.

33. Mr IP Kwok-him expressed concern that the tender price of the recommended tender was as much as 42% higher than the original sum allowed in the APE of the two projects. He enquired about the main reason for the higher-than-expected tender prices.

34. The Director of Drainage Services (DDS) outlined the established tendering practice and advised that the project estimates were usually based on the recent outturn tender prices of comparable government public works projects, with some adjustments to cater for special requirements. In drawing up the project estimates, the Administration had already allowed for difficulties in undertaking the sewerage works on an outlying island, i.e. Lamma Island. Notwithstanding this,

the tender prices still turned out to be higher than expected as unforeseen factors had come into play, such as the economic downturn in late 2008, market conditions and attractiveness of the bid as compared to the many other works projects in the same period. Moreover, additional works were required under this project to address local requests such as temporary road closure and on-site situations due to the presence of unchartered utilities etc. for laying sewers in the village areas. There were also greater constraints in transporting equipment and materials by sea to the project sites. As a result, the tenderers needed to make greater risk allowances in the tender prices. For the sewerage works in Sok Kwu Wan where the contractors were required to apply trenchless technique instead of open excavation, the tender price was drastically increased by one fold from \$8 million to \$16 million.

35. Ms Audrey EU noticed that the works in question were packaged into two contracts, one for the proposed sewage collection facilities (the village sewerage Contract) on a conventional consultant-design-contractor-build arrangement, and the other for the sewage treatment and disposal facilities (STW Contract) under a design-build-operate (DBO) mode. While these projects were approved by FC in November 2007, it was not until May 2008 that the STW Contract had proceeded to the prequalification exercise and tendering stage, and none of the invited tenderers submitted a tender by the closing date in November 2008. Ms EU queried that the delay in tendering of the STW Contract had contributed to the higher-than-expected outturn tender prices. As the DBO contract appeared to be unattractive to the tenderers, she asked the Administration to explain the considerations for adopting the DBO procurement arrangement in the first instance, and whether the Administration would review the suitability of the DBO arrangement for other sewerage and sewage treatment projects in future.

36. Prof Patrick LAU said that there were also delays caused by the DBO procurement approach in other projects, such as the development of the new cruise terminal at Kai Tak and the West Kowloon Cultural District Project. He asked the Administration to consider whether this approach was suitable in future.

37. DDS explained that the DBO procurement arrangement was originally adopted for the STW Contract on a pilot basis with a view to facilitating introduction of innovative and latest technology in sewage treatment by the contractors who would have more flexibility to design the works to suit their preferred mode of operation. The Administration had taken more time to prepare the tender documents in order to state clearly the functional and works requirements without mandating a particular technology in the specifications for the sake of impartiality. Since it was the first attempt that a DBO procurement approach was adopted for disposing sewage treatment works contract, the Administration had conducted a prequalification exercise prior to tendering to ensure that there would be sufficient bidders who would be interested in the DBO project. Four prequalified tenders were finally invited to take part in the tendering, the duration of which had been extended upon the request of the tenderers for more time to prepare their bids, but none of them submitted a tender by the tender closing date in November 2008. During the post-tendering feedback meetings with the

prequalified tenderers, they indicated that the main reason for their withdrawal from tendering was the uncertainties in obtaining financing after the global economic downturn in end 2008. In view of the relatively unattractive contract value, the prequalified tenders were not willing to take the high risks of committing themselves to a 19-year long DBO contract. Given the uncertain economic outlook, and with a view to providing early sewage treatment services to Lamma Island while reducing the risk on tenderers and increasing the competitiveness of the tender, the Administration decided to change the procurement mode from DBO to the conventional consultant-design-contractor-build arrangement. Tenders for the construction contract were finally invited in October 2009 after completion of the detailed design by the consultants.

38. In reply to Ms Audrey EU's further enquiry, DDS said that the original contract estimate under comparison referred to the APE in September 2007 prices endorsed by FC on 16 November 2007, under which the STW Contract was to be implemented under a DBO arrangement.

39. Prof Patrick LAU enquired about the timeframe for the provision of sewers in all the villages on the Lamma Island. In view of the rising material and labour costs, he urged the Administration to undertake the remaining works as soon as possible. DDS said that the village sewerage Contract providing sewers in Yung Shue Wan and Sok Kwu Wan under the approved project scope was about 70% completed under stage one of the required sewerage works on the Lamma Island. As these works did not require land resumption, they could be undertaken earlier and would be completed by late 2010. As for the provision of sewers to the remaining 18 villages on the Lamma Island, they would be undertaken in one to two years' time under the second stage of the outlying islands sewerage works, taking into account the time required to acquire the land for the works.

40. The item was voted on and endorsed.

Head 709 - Waterworks

PWSC(2010-11)4 76WC Improvement to Hong Kong Central mid-level and high level areas water supply—remaining works

41. The Chairman advised that the proposal was to increase the approved project estimate of 76WC by \$100.5 million from \$229.3 million to \$329.8 million in MOD prices. An information paper on the proposal had been circulated to the Panel on Development on 17 February 2010.

42. The item was voted on and endorsed.

43. There being no other business, the meeting ended at 10:05 am.

Council Business Division 1
Legislative Council Secretariat
29 April 2010