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Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 13th meeting
held at the Legislative Council Chamber
on Friday, 15 April 2011, at 3:00 pm

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yea, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP

Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN

Members absent:

Prof Hon Patrick LAU Sau-ching, SBS, JP (Deputy Chairman)
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Public officers attending:

Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Ms Elsie YUEN	Principal Executive Officer (General) Financial Services and the Treasury Bureau (The Treasury Branch)
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing Transport and Housing Bureau
Ms Maisie CHENG, JP	Deputy Secretary for Transport and Housing (Transport) 1 Transport and Housing Bureau
Mr C W CHOW	Principal Assistant Secretary (Transport) 7 Transport and Housing Bureau
Mr LAU Ka-keung, JP	Director of Highways
Mr Henry CHAN	Principal Government Engineer (Railway Development) Highways Department
Ms Maggie SO	Senior Manager (Projects and Property Communications) MTR Corporation Limited
Mr Henry LAM	General Manager (SCL/KTE) MTR Corporation Limited
Mr James CHOW	Project Manager (SCL/KTE Civil) MTR Corporation Limited
Mr Ken WONG Kin-wai	Construction Manager (SIL Civil) MTR Corporation Limited
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Mr Raymond LEE Kai-wing	Principal Assistant Secretary (Planning and Lands) 5 Development Bureau

Mr Edward CHAN Cheuk-wing	Acting Chief Engineer (Project 1/New Territories North and West Development Office) Civil Engineering and Development Department
Mr LING Kar-kan	Deputy Director of Planning (Territorial) Planning Department
Mr Andy YAU Pak-hang	Principal Assistant Secretary (Works) ² Development Bureau
Mr YUNG Cho-leung	Chief Engineer (Land Works) Civil Engineering and Development Department
Mr Ken CHEUNG Kun-sing	Chief Architect 1 Housing Department
Mr Edwin CHAN Wing-kin	District Lands Officer (District Lands Office, Tuen Mun) Lands Department

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Annette LAM	Chief Council Secretary (1) ⁷
Mr Daniel SIN	Senior Council Secretary (1) ⁷
Mr Frankie WOO	Senior Legislative Assistant (1) ³
Ms Christy YAU	Legislative Assistant (1) ⁸

Item No. 1 - FCR(2011-12)1

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 16 FEBRUARY AND 2
MARCH 2011**

The Chairman said that the Committee's approval was sought for the staffing proposals in FCR(2011-12)1 which were recommended by the Establishment Subcommittee on 16 February and 2 March 2011 respectively.

2. The Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 2 - FCR(2010-11)59

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 19 AND 25 JANUARY 2011**

3. The Chairman said that PWSC(2010-11)32 on essential public infrastructure works (EPIW) for Kwun Tong Line Extension (KTE) and PWSC(2010-11)33 on EPIW for South Island Line (East) were items carried over from Finance Committee (FC) meeting on 18 February 2011. These two items would be discussed and voted on separately at this meeting.

PWSC(2010-11)32

60TR – Kwun Tong Line Extension – essential public infrastructure works

4. The Chairman advised that FC's approval was sought to upgrade 60TR to Category A at an estimated cost of \$826.9 million in money-of-the-day (MOD) prices for EPIW for KTE.

Communication with local residents

5. Ms Starry LEE declared that she was a member of Kowloon City District Council and she owned properties along the alignment of KTE. She said that the Administration had not yet fully addressed local residents' concern about enhancing pedestrian links between the proposed Ho Man Tin Station (HOM) and the Ho Man Tin Estate as well as the proposed Whampoa Station and the residential developments in the vicinity. She urged the Administration to liaise closely with local residents and relevant stakeholders when taking forward the project.

6. Under Secretary for Transport and Housing (USTH) replied that the Government had given due consideration to the concerns of residents. The proposed pedestrian link system comprising covered footbridges, walkways and subways as gazetted in the amended KTE scheme was considered appropriate and sufficient in improving connectivity and accessibility. He assured members that the Administration and the MTR Corporation Limited (MTRCL) would continue to maintain close dialogue with the local residents and respective parties. The Senior Manager (Projects and Property Communications) (SM(P&PC)) of MTRCL added that to facilitate communication, three residents groups were set up for local communities along the KTE alignment. These groups had been invited to join the Community Liaison Group (CLG) which served as a platform for two-way communication on matters relating to the construction of EPIW and railway works.

7. Mr KAM Nai-wai expressed doubt on the effectiveness of CLG. He had received feedback that local residents' views and suggestions were quite often not accepted at CLG meetings, while complaints lodged by residents were often taken as views or suggestions and not properly addressed. He asked whether MTRCL would put in place a mechanism for recording the attendance at CLG meetings as well as the views, suggestions and complaints received at these meetings.

8. SM(P&PC) replied that CLG meetings would normally be held every three to four months, and such meetings could be adjusted to suit residents' needs. While every effort would be made to address residents' concerns as far as practicable, alternative proposals would be explored where suggestions made by residents were considered not practicable. There were records of discussions at CLG meetings and relevant information was posted on the dedicated project webpage. Where necessary, site visits would be arranged for residents to address their concerns.

9. Mr KAM opined that MTRCL should differentiate complaints from views received, regularly release the complaint figures and conduct satisfaction survey on the effectiveness of CLGs in addressing local residents' concerns. SM(P&PC) undertook to consider the suggestions.

Enhancing pedestrian connectivity

10. Mr James TO enquired about pedestrian connectivity between HOM and Oi Man Estate and the shopping arcade, and the progress of the improvement facilities that The Link had undertaken to carry out in the commercial complex at Oi Man Estate. Principal Assistant Secretary

Action

(Transport) (PAS(T)) advised that the proposed footbridge would be extended into the podium of Oi Man Estate and the commercial complex. He said that The Link was actively studying the feasibility of various improvement measures in the commercial complex of Oi Man Estate to tie in with the proposed pedestrian facility. Details of the improvement facilities would be finalized shortly following discussion with the relevant Government departments on the necessary modification works.

On-cost rate for the construction of the essential public infrastructure works

11. Mr WONG Sing-chi noted that the Administration would further discuss with MTRCL to work out the final on-cost rate for the construction of the Advance Railway Works under the Shatin to Central Link (SCL) which was expected to be lower than the estimated 16.5% of the project base cost. He asked whether the on-cost rate for the construction of EPIW under KTE could be lowered as was the case of SCL, and whether the estimated on-cost for the KTE project, which amounted to \$100 million at the rate of 16.5%, was reasonable.

12. USTH explained that the proposed EPIW under KTE project was relatively smaller in scale, and the standard rate of 16.5% adopted for construction projects of similar scale and complexity in the past would be applied. He further explained that downward adjustment of the on-cost rate for SCL was possible due to the economy of scale in project management. Upon completion of the audit report by the independent engineering consultant (IEC) engaged to assess the cost estimates for the SCL project, the Administration would discuss with MTRCL and adjust the on-cost rate as necessary before seeking FC's funding approval for the remaining railway and non-railway works in 2012.

13. PAS(T) advised that the on-cost payment rate of 16.5% was adopted in 2003-2004 for entrustment of projects between the Government and the two corporations, following detailed studies and discussions with the then Kowloon-Canton Railway Corporation and Mass Transit Railway Corporation. Deputy Secretary for Transport and Housing (Transport) 1 (DS(T)1) explained that unlike the complex mega SCL project, the proposed EPIW under the KTE comprising the provision of a pedestrian link system and public transport facility was of a relatively smaller scale, similar to that of the West Island Line (WIL) for which an on-cost rate of 16.5% was endorsed by FC in 2009. Director of Highways (D of Hy) said that the on-cost rate of 16.5% for EPIW of KTE was considered reasonable, as compared with the five works projects implemented in the past five years with an on-cost rate ranging from 15.8% to 26.4%. He stressed that the on-cost payment rate at 16.5% had all along been

Action

adopted as the standard rate for entrustment of projects between the Government and the two railway corporations since 1990s.

14. Mr WONG Sing-chi considered that as MRTCL would be granted property development right under the rail-plus-property model, the on-cost rate for KTE should be considered along with the lucrative profits to be generated from the relevant property development. Sharing similar views, Mr LEUNG Kwok-hung raised concern about possible collusion and transfer of benefits between the Government and MTRCL. He requested MTRCL to provide a breakdown on the on-cost payment for EPIW under KTE instead of grouping all the expenses in a lump sum.

15. D of Hy explained that the on-cost payment to MTRCL was the actual expenses for MTRCL's management cost for the KTE project, covering supervision of construction works, contract management, technical studies and design implementation for the EPIW, etc. DS(T)1 pointed out that the proposed EPIW under KTE would provide public transport facilities to be owned by the Government for enhancing connectivity between HOM and the housing estates in the vicinity, and such works were essential for realising the consequential social and economic benefits of KTE.

16. PAS(T) advised that as with other railway projects, the Administration had engaged an IEC to assess the project cost estimate for KTE including the on-cost payable to MTRCL for taking forward EPIW. The IEC considered the rate of 16.5% reasonable compared with past projects of similar scale. The percentage breakdown on the on-cost payment at 16.5% would be 7.6% for supervision of construction works and contract management, 7.5% for technical studies and design implementation, and 1.4% for insurance and other items.

17. Mr James TO enquired whether the standard on-cost payment rate of 16.5% for entrustment of works was agreed by negotiation or was legally binding because of the agreement made between the Government and MTRCL. USTH reiterated that the standard rate was agreed between the Government and the two corporations with reference to past practice in various projects. In fact, the rate of 16.5% had been previously adopted by many railway-related works entrusted by the Government and approved by the Legislative Council. D of Hy added that the rate was not legally binding, and a higher or lower rate had applied to projects as appropriate. In response to Dr Ir Raymond HO's enquiry about cases with an on-cost rate lower than 16.5%, Permanent Secretary for Financial Services and the Treasury (Treasury) (PSTsy) advised that the on-cost rates of the Hong Kong Section of the Guangzhou-Shenzhen-Hong

Action

Kong Express Rail Link and WIL were 7.38% and 9.8% of the approved project estimates respectively.

18. Mr Ronny TONG considered the on-cost rate of 16.5% on the high side as a lower rate was adopted for some other projects. He asked whether MTRCL adopted the same on-cost rate of 16.5% in awarding contracts to its contractors. General Manager (SCL/KTE), MTR Corporation Limited GM(SCL/KTE) replied that the rate of on-cost payment would depend on the scale of the projects to be awarded. For large-scale projects, it might be possible to agree on a lower on-cost rate due to economy of scale. The standard on-cost rate of 16.5% for entrustment of works was a norm for the local construction industry.

19. Ir Dr Raymond HO remarked that 16.5% had been a long established standard market on-cost rate agreed amongst the Government, industry players, trade associations and practitioners upon extensive discussions. It had been widely accepted as a fair rate for the contractual parties sharing the risks of over and under budget. He added that the rate was adopted for many projects endorsed by the Public Works Subcommittee (PWSC) over the years.

20. Mr LEUNG Kwok-hung queried the basis for setting the standard rate at 16.5%. He considered it inappropriate and unacceptable to continue applying the same on-cost rate to works entrusted to MTRCL after the public listing of MTRCL in 2000. He criticized MTRCL for haggling with the Government over the EPIW on-cost and also for raising fares under the pretext of protecting the interests of shareholders when the provision of EPIW would increase patronage and hence ultimately benefit MTRCL. He urged the Administration to review the on-cost rate and provide the relevant records of discussions on the agreement made between the Government and the two corporations in 2003 in respect of the on-cost payment. USTH replied that the Administration had provided supplementary information on the standard rate of on-cost payments for works entrusted to MTRCL. He said that members' concern about the matter could be followed up by a suitable LegCo Panel or subcommittee.

21. Mr WONG Sing-chi enquired whether MTRCL was required to present bills for reimbursement of on-cost payment to ensure prudent use of public monies. D of Hy explained that under the simplified procedures, payment would be made in a lump sum according to the agreed on-cost rate, instead of on reimbursement basis. He said that as the EPIW and the railway works, such as the construction of the railway tunnel underground and the pedestrian facilities aboveground, would be undertaken concurrently at the same site, there would be practical difficulties in separating the on-cost for contract

management and works supervision for both works. GM(SCL/KTE) supplemented that while the actual on-cost rate was usually higher than that of the standard rate at 16.5%, the on-cost rate could however be lowered due to the interface of the EPIW and railway works and also because of economy of scale in project management. Mr WONG requested the Administration and MTRCL to explore the feasibility of separating the on-cost items and reimbursing on-cost payment on production of receipts.

22. Ir Dr Raymond HO pointed out that there were numerous expenditure items including staff costs, project management, supervision of works involved in a project. He considered it impractical to adopt a reimbursement approach as this would seriously disrupt the operations of the construction industry.

23. In response to Dr Ir Raymond HO's enquiry, PSTsy said that as noted in Members' discussion so far, the long-established approach of a lump sum payment for on-cost had its merits for both parties, as the on-cost expenditure would be capped for the project owner while the contractor would be encouraged to economise.

24. Mr LAU Kong-wah called for the early implementation of the KTE project so as to contain cost and to ensure that the project was cost-effective and provided value-for-money. He remarked that the discussions on the on-cost payment rate and reimbursement mechanism which involved policy considerations should more appropriately be followed up by the relevant panel or subcommittee. He also urged MTRCL to provide a rough break-down of the on-cost for each item to address members' concern about monitoring the spending of public money. The Chairman advised that the policy issues should be followed up by the relevant panel or its subcommittee.

25. The Chairman put the item to vote. The Committee endorsed the funding proposal.

PWSC(2010-11)33

56TR – South Island Line (East) – essential public infrastructure works

26. The Chairman advised that the Committee's approval was sought to upgrade 56TR to Category A at an estimated cost of \$927 million in MOD prices for EPIW for South Island Line (East).

Schedule of works

27. Mr KAM Nai-wai expressed concern whether the deferred submission to FC would delay the implementation of the railway project. He said that there had been strong call for an early completion of the South Island Line (East), and he asked about the commencement and completion dates for the proposed EPIW.

28. USTH said that the item was originally included in the agenda for the February meeting of FC but not dealt with at that meeting because of time constraint. As the proposed Admiralty Station was an interchange for both SCL and South Island Line (East), the Administration was actively pursuing the advanced works under SCL in order that main construction works for both railways could start as soon as possible. He assured members that the Administration would push ahead the relevant preparatory works in full steam. The proposed EPIW works was expected to begin in mid-2011 for completion in 2015 as scheduled.

Noise and dust mitigation measures

29. Mr KAM Nai-wai said that residents along the proposed railway line were gravely concerned about noise and dust nuisances arising from the construction works and called for better mitigation measures at the worksites. Referring to the experience of WIL, Mr KAM criticized MTRCL for using acoustic fabric and not noise barriers to mitigate construction noise. He asked whether MTRCL had set aside funding for more effective noise and dust mitigation measures for the current project.

30. USTH advised that MTRCL was required to comply with the requirements of the Environmental Impact Assessment Ordinance and mitigation measures would be taken to reduce the noise nuisance. PAS(T) supplemented that provision of noise barriers was sometimes constrained by the conditions of the work sites. The project contractors would, depending on the nature of the works and conditions of the work site, adopt the most suitable mitigation measures to minimize the dust and noise impacts of the works. He said that the acoustic fabric had been materially tested and certified to be effective in reducing noise pollution and was commonly used at work sites.

31. Mr KAM Nai-wai said that he had received many complaints from the residents, and he urged the Administration to consider erecting noise barriers to reduce the noise level as far as practicable.

Action

32. SM(P&PC) said that MTRCL had always strived to minimize the nuisance to the community, and would endeavour to provide the most appropriate and effective noise mitigation measures having regard to the conditions of the work sites and the requirements set out in the Environment Impact Assessment Report. She explained that acoustic fabric was usually used at small work sites at the initial stage of construction, while other noise mitigation measures could be considered at a later stage when the work sites could accommodate other noise barrier measures.

33. The Chairman requested MTRCL to seriously address the affected residents' concerns about noise and dust nuisance.

34. The Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 3 - FCR(2011-12)2

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 9 FEBRUARY 2011**

35. The Chairman put FCR(2011-12)2, except items PWSC(2010-11)37 on the review studies on Hung Shui Kiu new development area, and PWSC(2010-11)38 on the formation, roads and drains in Area 54, Tuen Mun, to vote. The Committee approved the item.

PWSC(2010-11)37

733CL – Review studies on Hung Shui Kiu new development area – consultants' fees and site investigation

36. The Chairman advised that the Committee's approval was sought to upgrade 733CL to Category A at an estimated cost of \$70.4 million in money-of-the-day (MOD) prices for carrying out a planning and engineering study and site investigation works for the proposed new development area (NDA) in Hung Shui Kiu.

Design and planning considerations

37. Mr WONG Kwok-hing expressed support for the proposal. He opined that the consultants undertaking the planning and engineering (P&E) study should learn from the lessons of the Tin Shui Wai development, and map out the provision of community ancillary facilities and services, such as

Action

hospitals and public libraries, in the NDA at Hung Shui Kiu during the early stage of planning. Provision should also be made for commercial and market facilities at street-level for the development of local economy so as to create job opportunities in the area. He suggested earmarking a site for petrol cum liquefied petroleum gas (LPG) filling stations in Hung Shui Kiu NDA, and providing a municipal market near Tin Shui Wai to serve the residents of both areas.

38. The Deputy Director of Planning (Territorial), Planning Department (DD/PD) undertook to actively consider Mr Wong's requests. He assured members that the Administration would make reference to the experience of the Tin Shui Wai development in planning for the development of the NDA at Hung Shui Kiu to ensure the provision of sufficient community facilities and services, to promote economic development, and to meet the needs of the residents and provide employment.

Development schedule and land supply

39. Mr LEE Wing-tat expressed great disappointment at the protracted development of the NDA at Hung Shui Kiu, and the long lead time required for implementing the project. He said that the development project had not kept pace with the demands and changing circumstances of the society. He pointed out that despite talks dating back to 1998 for developing HSK and the subsequent Planning and Development Study on North West Territories in 2003 (the NWNT Study) and the "Hong Kong 2030: Planning Vision and Strategy" (the HK 2030 Study) in 2007 identifying HSK as a NDA, the site formation and engineering works would not commence until 2019. He enquired about the timeframe of the entire development project, and when the first lot of land would be made available for residential housing.

40. The Principal Assistant Secretary (Planning and Lands)5, Development Bureau (PAS(P&L)) informed members that the NDA proposal was shelved in 2003 due to an anticipated slower population growth and slackened housing demand at that time, pending a comprehensive review of the need for the NDAs from a strategic angle in the HK2030 Study. Following the completion of the HK2030 Study in 2007, the Chief Executive announced in his October 2007 Policy Address the revival of the planning and engineering studies on the NDAs, including the one for Hung Shui Kiu. As there had been substantial changes since the NWNT Study in 2003, it was considered necessary to undertake a P&E Study to look into the latest planning circumstances of the area. Referring members to the supplementary information submitted to PWSC detailing the work flow and timeframe from planning to implementation, PAS(P&L) undertook to expedite the works as far as practicable.

41. The Director of Civil Engineering and Development (DCED) supplemented that in view of the time required for the P&E Study cum community engagement (30 months), the statutory procedures in preparing Outline Zoning Plans (17 months), land resumption and clearance (four years), the first package of site formation and engineering works was expected to commence in 2019 at the earliest. He assured members that the Administration would explore the feasibility of advancing the engineering works for those sites with less complicated land and re-housing issues to meet the public's aspiration for early implementation of the NDA.

42. Mr LEE Wing-tat expressed disappointment that the construction of housing blocks and necessary community facilities to support the first population intake in the NDA of Hung Shui Kiu would be as late as 2021 or 2022. He said that he found it difficult to support the proposal and would abstain from voting.

High-value-added activities in NDAs

43. Mrs Regina IP referred to press reports that some land in NENT, Hung Shui Kiu or restricted areas would be used for the development of leisure, retail and exhibition facilities catering to Mainland visitors. Mrs IP considered that such kind of low-value-added activities were no longer economically viable in Hong Kong with scarce land resources, she urged the Administration to set aside more land for the development of high-value-added industries conducive to the sustained development of the local economy.

44. DD/PD clarified that retail and entertainment facilities mainly meeting the need of the future population would be provided in the planning of NENT NDAs and Hung Shui Kiu NDA. It was also the Government's planning strategy to provide land in the NDAs for the development of high-value-added industries such as the six pillar industries where Hong Kong enjoyed clear advantages.

Land resumption and clearance

45. While supporting the proposal, Mr TAM Yiu-chung expressed concern about land resumption and clearance in connection with the project. Referring to the recent incidents of Choi Yuen Tsuen and Tsz Tin Tsuen, he urged the Administration to review the prevailing land resumption and compensation policy so as to encourage affected land owners and residents to move out voluntarily and to expedite land resumption and clearance. PAS(P&L) responded that the Administration would draw on the experience of

Action

Choi Yuen Tsuen and Tsz Tin Tsuen and handle land resumption and clearance operation in Hung Shui Kiu with care.

46. Noting that about 64% of the land in Hung Shui Kiu NDA was privately-owned, Mr LEE Wing-tat doubted whether the related land resumption and clearance would be completed within four years as targeted. PAS(P&L) responded that based on past experience in handling similar development projects, it would take about four years for land resumption and clearance. He added that the P&E Study would also examine the extent of land acquisition required for implementation of the Hung Shui Kiu NDA. At the request of Mr LEE Wing-tat, the Administration undertook to provide information on the percentage and distribution of Government land and private land in the proposed Hung Shui Kiu NDA.

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The planning and engineering Study

47. In view of the anticipated problems in land resumption and clearance for implementation of the NDA project, the Chairman questioned whether the \$70.4 million spent on the P&E Study would be wasted in the end. PAS(P&L) replied that given the limited supply of land in Hong Kong, the development of NDAs was crucial to maintain a steady and sufficient supply of land to meet the housing and economic development needs in the long run.

48. Mr Abraham SHEK asked why the Planning Department could not conduct the P&E Study itself. PAS(P&L) replied that the engagement of consultants was considered necessary as the P&E Study involved detailed technical evaluations on various aspects including transport and environmental impact assessments, planning and technical assessments on land uses, and the associated engineering infrastructure, etc. DCED supplemented that the consultants to be engaged would also supervise associated site investigation works in the NDA.

49. The Chairman put the item to vote. The Committee approved the funding proposal.

PWSC(2010-11)38

681CL – Formation, roads and drains in Area 54, Tuen Mun – phase 2

50. The Chairman advised that the Committee's approval was sought to upgrade part of 681CL, entitled "Formation, roads and drains in Area 54, Tuen Mun – phase 2 stage 1 works", to Category A at an estimated cost of

Action

\$325.2 million in MOD prices, and to retain the remainder of 681CL in Category B.

Noise barriers and greenery

51. Mr WONG Kwok-hing expressed concern whether the construction of noise barriers and enclosures at the site would reduce greenery in the area. He urged the Administration to make reference to the case of Yeung Uk Road, where vertical greening had been applied as noise barriers, which would also enhance greenery.

52. DCED advised that the Administration would reserve landscaping areas on the footway along the carriageway for planting trees. He further explained that different from Yeung Uk Road where the noise barriers were in the middle of the road, the noise barriers to be constructed at Site 2 in Area 54, Tuen Mun would be along the side of the carriageway. Planting too many trees would reduce sunlight penetration to the road. Noise barriers with transparent panels would be installed instead, and landscaping areas with trees and shrubs adjacent to the noise barriers would be provided to mitigate visual impact.

53. In response to Mr WONG Kwok-hing's further enquiry about tree planting at the site, the Chief Engineer (Land Works), Civil Engineering and Development Department advised that 364 trees would be felled, whereas 289 trees and 51 trees would be preserved and transplanted respectively within the site. In addition, a total of about 583 new trees would be planted within the site.

54. The Chairman ended the meeting at 5:00 pm, she said that the next meeting would start at 5:05 pm to continue discussion of PWSC(2010-11)38 and deal with the remaining items on the agenda.

Legislative Council Secretariat

11 October 2011