

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 14th meeting
held at the Legislative Council Chamber
on Friday, 15 April 2011, at 5:05 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-ching, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yeet, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Audrey EU Yuet-mee, SC, 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 WONG Ting-kwong, BBS, JP
Hon KAM Nai-wai, MH
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
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon WONG Yuk-man

Members absent:

Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon WONG Yung-kan, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Cyd HO Sau-lan
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Dr Hon Samson TAM Wai-ho, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip

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 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
Mr Stephen MAK Hung-sung, JP	Acting Government Chief Information Officer Office of the Government Chief Information Officer

Mr Kenneth CHENG Kin	Assistant Government Chief Information Officer (E-government Service Delivery) Office of the Government Chief Information Officer
Mr PANG Hon-chi	Chief Systems Manager (E-government Service Delivery) Office of the Government Chief Information Officer
Dr Kitty POON Kit, JP	Under Secretary for the Environment Environment Bureau
Mr Carlson CHAN Ka-shun, JP	Deputy Director of Environmental Protection (3) Environmental Protection Department
Mr W C MOK, JP	Assistant Director (Air Policy) Environmental Protection Department
Mr Edmond HO Ka-man	Principal Environmental Protection Officer (Mobile Source) Environmental Protection Department
Mr LAI Tung-kwok, SBS, IDSM, JP	Under Secretary for Security Security Bureau
Mr David LAU Kam-kuen	Principal Assistant Secretary for Security Security Bureau
Mr David FONG Tai-wai, CMSM	Assistant Commissioner (Excise and Strategic Support) Customs and Excise Department
Mr Frankie CHEUNG Yun-ping	Senior Staff Officer (Information Technology) Customs and Excise Department
Ms Amy TSE Suk-han	Senior Systems Manager (Information Technology Management Group) Customs and Excise Department
Mr Kim Anthony SALKELD, JP	Head, Efficiency Unit Chief Secretary for Administration's Office

Mr YUK Wai-fung	Assistant Director, Efficiency Unit (2) Chief Secretary for Administration's Office
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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

PWSC(2010-11)38

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

The meeting started at 5:05 pm resumed discussion of this item.

Land resumption arrangements

2. Mr Albert HO said that the Democratic Party supported the construction of more public housing estates and Home Ownerships flats. The Party was gravely concerned about the dissatisfaction of the affected land owners and residents over the land resumption, compensatory and re-housing arrangements. He pointed out that the Government's compensation offers to the land owners and residents affected by the works at Site 2 were less favourable compared to the package offered to Choi Yuen Tsuen. In the present case, the compensation amount was even lower than the original amount offered before gazettal of the land resumption. Moreover, many of the affected land owners and residents were not eligible for accommodation in public housing estates under the prevailing re-housing policy. He considered that the Administration should allow flexibility for the affected clearerees to apply for second-hand Home Ownership flats. He envisaged that unless the Government modified its existing land resumption and compensation policies there would be a lot of controversies and social conflicts in the coming land resumption exercises in NENT and NWNT. He found it difficult to support

the proposal if the Government continued to adopt the existing land compensation and rehousing approach for the affected owners and residents.

3. The District Lands Officer (District Lands Office, Tuen Mun), Lands Department (DLO/LD) explained that as the Express Rail Link was a special territory-wide strategic project, the compensation package for land resumption at Choi Yuen Tsuen was a special one-off compensation package which was not applicable to the land resumption exercise at Tsz Tin Tsuen. He added that the Administration had developed a timetable for various land resumption actions according to the statutory procedures. The concerned government departments then had to complete all the actions according to the timetable so as to ensure the timely commencement of public works. He emphasized that the amount of compensation or ex-gratia allowances to be offered to affected land owners and residents was never a factor of consideration in Government's timing of actions for land resumption and clearance.

Concerns of residents at Siu Hong Court

4. Mr Albert HO relayed the concerns of the Siu Hong Court residents that future residents of the public rental housing (PRH) at Site 2 might trespass on Siu Hong Court to get access to the West Rail and Light Rail stations. DCED advised that the matter had been discussed at the LegCo Case Conference and a site visit had also been conducted with the LegCo Members concerned. DCED said that the Administration had already planned a pedestrian route where residents at the future PRH could access both railway stations via Siu Hong Road and the strip of land between the Light Rail tracks and Siu Hong Court without affecting Siu Hong Court. As regards the suggestion of extending the proposed footbridge to connect the carpark of Siu Hong Court and the railway stations, DCED said that besides technical difficulties in taking forward the proposal, there were legal difficulties in relation to the Deed of Mutual Covenant of Siu Hong Court as the consent of all property owners would be required before the proposed arrangements could go ahead.

Provision of community facilities

5. In view of the projected population intake in the PRH at Site 2, Mr Albert HO urged the Administration to consider setting aside some land in Area 54 for the provision of community facilities such as sports centres and community halls. The Chief Architect 1, Housing Department (CA/HD) replied that new community facilities would be provided in accordance with the Hong Kong Planning Standards and Guidelines, taking into account relevant factors such as population size, district characteristics, the provision of similar

facilities in adjacent areas, the anticipated usage, etc. Some land had already been earmarked in other sites of Tuen Mun Area 54 for the provision of Government, Institution and Community facilities. The Administration would closely monitor the development in the area and continue to consult the Tuen Mun District Council and other relevant parties on the provision of community facilities in the area.

6. While expressing support for the proposal to provide more land to meet the public housing demand, Mr TAM Yiu-chung urged the Administration to proactively review the land resumption policy as well as the compensation and re-housing arrangements for residents affected by clearance. He also called on the Administration to identify more suitable sites for the construction of PRH to address housing demand in the long run. He urged that community facilities should be provided in Area 54 to tie in with the PRH development at Site 2.

7. The Chairman put the item to vote. Mr Albert HO said that the Democratic Party objected to the proposal. As the majority of the members present supported the proposal, the Chairman declared that the item was approved.

Item No. 4 - FCR(2011-12)3

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Office of the Government Chief Information Officer

New Subhead "New Hosting Infrastructure for E-government Services"

8. The Chairman advised that FCR(2011-12)3 sought to create a new commitment of \$135 million for the development of a new hosting infrastructure for E-government services. The Panel on Information Technology and Broadcasting had been consulted on the proposal 10 January 2011. Panel members supported the funding proposal in principle.

Cloud computing

9. The Chairman enquired about the Government's plan in adopting cloud computing technology and the development of cloud services in the Hong Kong market. Government Chief Information Officer (GCIO) advised that the proposed new hosting infrastructure would adopt the cloud computing model by providing an infrastructure and a platform for bureaux/departments, and by using virtualization technology for more dynamic capacity allocation and

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sharing of common facilities and services. Under the Pan-government IT Strategy, the Government's central IT services would be progressively re-provisioned over the next five years through the adoption of cloud computing technology to support a number of common services centrally developed by the Office of the Government Chief Information Officer (OGCIO). He added that a Government cloud environment would be established and made available to bureaux/departments, including an "in-house private cloud" owned and operated by the Government, an "outsourced private cloud" comprising facilities dedicated to the Government in secure data centres operated by contractors, and a "public cloud" for generic services. The proposed new hosting infrastructure would form part of an emerging overall Government private cloud infrastructure. As regards the provision of public cloud services, GCIO said that some generic services and applications were currently available in the market, but the industry was adopting a wait and see attitude towards the business potentials.

10. In response to Mrs Regina IP's enquiry about new business opportunities for local IT software companies, GCIO said that the procurement of servers (including hardware and software) by phases for the proposed new hosting infrastructure would benefit and provide business opportunities to the IT industry, including small and medium sized enterprises.

Scope of E-Government services

11. The Chairman enquired about the scope of E-Government services and the development of on-line applications for food business licences by the Food and Environmental Hygiene Department (FEHD). GCIO said that OGCIO would continue to assist bureaux and departments in introducing new and improved e-services to meet public needs and expectations. Some notable examples included a personalized version of the Government's one-stop portal, MyGovHK, e-tax etc. FEHD was currently developing on-line applications for food business licences and other relevant document endorsements which could be hosted by the proposed new hosting infrastructure. The central hosting infrastructure could reduce the lead time for introducing new E-Government services by four to nine months. He added that the hosting capacity of the proposed new infrastructure would be increased progressively, having regard to the actual demand by bureaux and departments in delivering their E-Government services. The proposed new hosting infrastructure, when fully developed, would be able to host 100 additional E-Government services. GCIO said that the Panel on Information Technology and Broadcasting would be updated on the progress of E-Government development in June 2011.

Data privacy and security

12. While supporting the funding proposal, Mr Andrew LEUNG expressed concern about data privacy and security of the new hosting infrastructure and the future public cloud environment. He urged the Administration to put in place measures to guard against leaks of personal data. GCIO assured members that the Government attached great importance to data security. Bureaux and departments were required to conduct security risk assessment and security audit before and after launching any new information technology system. For systems involving personal data, bureaux and departments were also required to conduct a privacy impact assessment to ensure that the security control complied with the requirements of the Office of the Privacy Commissioner for Personal Data. These assessments would be conducted for both the private cloud infrastructure to be implemented as well as public cloud services before adoption by the Government in the future.

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

Item No. 5 - FCR(2011-12)4

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

Subhead 700 General non-recurrent

New Item "Trial of Hybrid Buses by Franchised Bus Companies"

14. The Chairman said that the item sought approval for the creation of a new commitment of \$33 million for funding the full cost of procuring six hybrid buses for trial by the franchised bus companies in Hong Kong.

15. Mr CHAN Hak-kan, Chairman of the Panel of Environmental Affairs (EA Panel), reported that the EA Panel had been consulted on the proposal on 24 January 2011. Panel members generally supported the trial of hybrid bus to test out its feasibility under local conditions. Some Panel members were of the view that if the trial was successful, additional requirements should be included in the bus franchise conditions requiring franchised bus companies to switch to zero emission buses or the most environmental-friendly buses when replacing existing ones, taking into account affordability for bus operators and passengers. Some Panel members were concerned that there would not be sufficient number of hybrid buses to replace the existing bus fleet, and that it might not be financially viable for franchised bus companies to replace their entire bus fleet with hybrid buses given that the higher costs for hybrid buses. Some

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suggested that replacing 5 000 franchised buses with zero emission buses over a 10-year period when the current bus franchises expired.

The proposed trial

16. Ms Audrey EU said that members of the Civic Party supported the trial of hybrid buses and the early replacement of polluting buses with a view to improving roadside air quality. Noting that the two-year trial would only commence in 2012, Ms EU expressed concern about the slow progress in switching to cleaner buses and urged the Administration to expedite the trial.

17. Under Secretary for the Environment (USEN) said that the hybrid buses would be made to order with a delivery time of about 12 months. Subject to funding approval by the FC, order for the hybrid buses would be placed for the trial to commence in mid 2012. A trial of two years was considered necessary for a comprehensive assessment of the operational efficiency and performance of the buses, in particular the durability and reliability of the batteries under local conditions of high operation frequency, hilly terrains as well as hot and humid summer that required significant air-conditioning capacity. An interim review would be carried out one year after the start of the trial to provide a preliminary assessment of the performance of the hybrid buses.

18. As the outcome of the trial would be taken into account in deciding the way forward, Ms Audrey EU and Mr LEE Wing-tat enquired about the parameters and the objective criteria for evaluation of the performance of the hybrid buses. They called on the Administration to lay down clear benchmarks for evaluation. Mr CHAN Kam-lam opined that to avoid any disputes with the participating bus companies and to facilitate subsequent consideration of a wider use of hybrid buses in the future, the parameters for evaluation should be laid down at an early stage and made known to the franchised bus companies. USEN replied that parameters for assessment had been agreed with the participating franchised bus companies. Assessment criteria would include fuel economy, operational efficiency, durability and reliability of the batteries, maintenance requirements and, above all, emission performance. The fuel economy and emission performance of the hybrid buses would be assessed against the data provided by the manufacturer, while the operational efficiency in terms of maintenance requirements and turn-out rate, etc would be compared with the conventional buses.

19. Mr Andrew LEUNG and Mr Jeffrey LAM said that members of the Economic Synergy supported the funding proposal for the trial of hybrid buses, but there was concern about the battery performance. Mr LAM opined that the

hybrid buses should be put under stringent stress test to find out whether they would lead to additional wear and tear and accelerate vehicle aging which would require extra maintenance. He enquired whether the funding of \$33 million had included provision for additional maintenance. USEN said that to test out the operational efficiency and environmental performance of the buses, the participating bus companies would be required to operate the hybrid buses in busy corridor roads under normal operating situation. Deputy Director of Environmental Protection (3) (DDEP(3)) added that the choice of bus service routes would be a mix of different road environments including busy corridors in Causeway Bay/Central/Mong Kok, highways and uphill/downhill roads. Assistant Director of Environmental Protection (Air Policy) (ADEP(AP)) said that the trial would be closely monitored and additional tests would be administered when required.

20. While expressing support for the funding proposal, Dr Philip WONG enquired whether the Administration would send observers to observe the stress test conducted by the car manufacturer. ADEP(A) replied that the test by the manufacturer would mainly focus on the durability of the vehicle. As batteries were the critical parts of hybrid buses, the Administration would specifically ask the manufacturer to provide data on battery durability and to provide warranty of batteries for a specified period of time under the contract.

21. Mr LEE Wing-tat agreed that a trial was necessary to test out the feasibility of hybrid buses under local conditions. He opined that when the current bus franchises expired in 2013 the Administration could take the opportunity to impose additional franchise requirements for switching to cleaner buses. He enquired whether the franchised bus companies would be asked to undertake to procure a certain number of hybrid buses when replacing the existing fleet if the trial was successful. Mr CHAN Kam-lam commented that as the six hybrid buses were funded by public money, the Administration should proactively encourage the participating bus companies to replace in phases their aging non-three-axle fleet with those buses with better fuel economy and emission performance.

22. USEN stressed the importance of collecting sufficient data to evaluate the performance of hybrid buses under local operation conditions before consideration could be given to putting them to wider use. Referring to the 2010-2011 Policy Address, she said that the ultimate policy objective of the Administration was to have zero emission buses running across the territory. When the current bus franchises expired in 2013, the bus franchises would include terms to reflect such policy objective. USEN said that while hybrid buses could be one of the environmentally friendly bus types to be considered,

the feasibility of wider use of hybrid buses would depend on future technology development and availability of more energy efficient models in the market.

23. Ms Miriam LAU agreed that it was too early to plan for the wider use of hybrid buses at this stage, as the fuel consumption, emission performance and operational efficiency of hybrid buses had yet to be ascertained through trial. She understood that the bus operators were concerned about the higher cost of hybrid buses and whether the cost would be off-set by the 20% - 30% fuel savings. She questioned why electric buses which had zero emission were not put to trial. USEN responded that in view of market availability and technological developments, hybrid buses had the potential to replace diesel buses on a large scale within a short period of time. She advised that a franchised bus company was interested in seeking funding from the Pilot Green Transport Fund for trying electric buses.

24. Ms Audrey EU enquired about the ownership of the six hybrid buses and the arrangements between the Administration and the participating bus companies on maintenance and staff training. DDEP(3) responded that the participating franchised bus companies would own and operate the hybrid buses and be responsible for the recurrent operation costs, including maintenance and battery replacement. The cost of technical training for mechanics would also be borne by the participating franchised bus companies. An agreement would be signed with the participating bus companies setting out clearly their roles and responsibilities. He added that the full cost of procuring the hybrid buses, which was funded by the Administration, would not be reflected in the average net fixed assets (ANFA) of the participating franchised bus companies. As the number of hybrid buses was small compared with the size of the franchised bus fleets, the trial was not expected to have any implications for bus fares. In response to Ms Miriam LAU's enquiry about the subsequent use of the six hybrid buses after the trial, USEN advised that the buses would continue to be deployed for providing franchised bus service until the end of their economical service life.

25. Mr CHAN Kam-lam enquired about the market availability of hybrid buses, and expressed concern about over-reliance on and possible monopoly by a sole manufacturer. ADEP(AP) replied that so far, only one European manufacturer was able to manufacture three-axle double deck hybrid buses of this size. USEN said that other suitable models of hybrid buses or E-friendly buses, if available, would also be put to trial.

Task Force

26. Noting that a task force with representatives from the participating franchised bus companies and government departments would be set up to monitor the trial, Ms Audrey EU commented that environmental experts from universities and representatives from environmental groups should also be invited to join the task force. Mr Andrew LEUNG said that the participation of independent experts and organizations in the trial would help ensure an objective assessment. Declaring that he was currently Chairman of the Vocational Training Council (VTC), Mr LEUNG said that independent organizations, such as the Heavy Vehicle Emissions Testing and Research Centre of VTC, could assist in the collection and analysis of operational data.

27. ADEP(AP) explained that as the task force would mainly focus on the analysis of operational data and monitoring of day-to-day operations of hybrid buses, its membership was proposed to come from the participating bus companies and government departments in the first place. USEN undertook to review the composition of the task force. In respond to Ms EU's further enquiry, DDEP(3) advised that the data collected from the trial would be disclosed to the public.

28. The Chairman requested the Administration to consider members' view, and to follow up the issues with the EA Panel.

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

Item No. 6 - FCR(2011-12)5

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Customs and Excise Department

New Subhead "Replacement of the Case Processing System"

30. The Chairman said that the proposal sought to create a new commitment of \$45,720,000 for the replacement of the Case Processing System of the Customs and Excise Department. The Panel on Security had been consulted on 4 January 2011 and supported the funding proposal.

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

Item No. 7 - FCR(2011-12)6

**CAPITAL WORKS RESERVE FUND
Head 708 –CAPITAL SUBVENTIONS AND MAJOR SYSTEMS
AND EQUIPMENT**

**Government Secretariat : Offices of the Chief Secretary for Administration
and the Financial Secretary**

New Subhead "Replacement of the 1823 Call Centre Systems"

32. The Chairman said that members were invited to approve a new commitment of \$40,000,000 to replace the 1823 Call Centre system. The Panel on Public Service had been consulted on 17 January 2011 and raised no objection to the proposal.

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

34. The meeting was adjourned at 6:25 pm.

Legislative Council Secretariat

11 October 2011