

立法會
Legislative Council

LC Paper No. PWSC49/10-11
(These minutes have been
seen by the Administration)

Ref : CB1/F/2/2

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

**Minutes of the 6th meeting
held in Room A of Legislative Council Building
on Tuesday, 25 January 2011, at 10:45 am**

Members present:

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP (Chairman)
Hon Alan LEONG Kah-kit, SC (Deputy Chairman)
Hon Fred LI Wah-ming, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
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, JP
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

Member attending:

Hon WONG Sing-chi

Members absent:

Hon James TO Kun-sun
Hon WONG Kwok-hing, MH
Hon CHAN Hak-kan
Dr Hon LEUNG Ka-lau

Public officers attending:

Ms Doris HO Pui-ling	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr WAI Chi-sing, 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
Ms Joyce HO Kwok-shan	Principal Assistant Secretary for Financial Services and the Treasury (Works)
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Ms Maisie CHENG Mei-sze, JP	Deputy Secretary (Transport) ¹ Transport and Housing Bureau
Mr CHOW Chun-wah	Principal Assistant Secretary (Transport) ⁷ Transport and Housing Bureau
Mr Peter LAU Ka-keung, JP	Director of Highways
Mr Henry CHAN Chi-yan	Principal Government Engineer (Railway Development) Highways Department
Mr Henry LAM	General Manager (SCL/KTE) MTR Corporation Limited
Mr James CHOW	Project Manager (SCL/KTE Civil) MTR Corporation Limited

Ms Maggie SO	Senior Manager (Projects and Property Communications) MTR Corporation Limited
Mr FONG Yeun-tsin	Assistant Postmaster General (Corporate Development) Post Office
Mr Mark CUZNER	Project Manager (SIL Civil) MTR Corporation Limited

Clerk in attendance:

Ms Debbie YAU	Chief Council Secretary (1)6
---------------	------------------------------

Staff in attendance:

Mrs Constance LI	Assistant Secretary General 1
Ms Diana WONG	Senior Council Secretary (1)8
Mr Ken WOO	Council Secretary (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

The Chairman reported that a total of 17 projects amounting to \$21,373.71 million had been endorsed by the Public Works Subcommittee (PWSC) in the 2010-2011 session so far. Of the total amount endorsed, \$18,306.71 million was related to capital works projects.

Head 706 – Highways

PWSC(2010-11)34	61TR	Shatin to Central Link — construction of railway works
PWSC(2010-11)35	62TR	Shatin to Central Link — construction of non-railway works

2. As the proposals in PWSC(2010-11)34 and PWSC(2010-11)35 were related to the Shatin to Central Link (SCL), the Chairman suggested and members agreed to combine discussion of the two items which would be voted on separately.

3. The Chairman advised that the proposal of PWSC(2010-11)34 was to upgrade part of 61TR to Category A at an estimated cost of \$6,254.9 million in money-of-the-day (MOD) prices for the construction of advance railway works of SCL at the Admiralty Station and Ho Man Tin Station (the Advance Railway Works). The proposal of PWSC(2010-11)35 was to upgrade part of 62TR to Category A at an estimated cost of \$1,448.2 million in MOD prices for carrying out advance non-railway works of SCL (the Advance Non-railway Works). The Subcommittee on Matters Relating to Railways (Railways Subcommittee) under the Panel of Transport had been consulted on the proposal at its meetings on 6 December 2010 and 7 January 2011. At the request of the members, the Administration had provided supplementary information detailed in PWSC(2010-11)34 and PWSC(2010-11)35. Furthermore, another supplementary information paper related to the concerns raised by the different districts had been circulated to the Railways Subcommittee on 19 January 2011.

On-cost rate for the construction of the Advance Railway Works

4. Mr WONG Sing-chi expressed concern about the on-cost rate for the construction of the Advance Railway Works, which was estimated to be 16.5% of the project base cost which would be payable to the MTR Corporation Limited (MTRCL), and the amount could amount to over \$10 billion as the estimated cost for the entire project would be in the region of \$60 billion. When compared to the on-cost rates of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Railway (XRL) and the West Island Line (WIL), which were 7.38% and 9.8% of the approved project estimates respectively, the proposed rate of 16.5% for the works under consideration was too high. Noting that the actual on-cost rate for the project was expected to be lower than 16.5%, Mr WONG questioned the need to set aside more funds than actually required. He requested the Administration to lower the rate to about 8%.

5. Mr LEE Wing-tat was of the opinion that the Administration had chosen to adopt a high on-cost rate for the project in order to provide ample buffer for utilizing the committed fund. Making reference to the on-cost rates adopted for the two railway projects of XRL and WIL, Mr LEE said that the Democratic Party proposed to reduce the rate by half if the Administration could not provide satisfactory justification for the 16.5% rate. Should there be a need to increase the rate subsequently, the Administration could submit another funding request to the Finance Committee (FC) to make up the shortfall. Sharing similar views as

Mr LEE Wing-tat, Mr CHAN Kam-lam urged the Administration to set a lower on-cost rate, say, at 9.8%, with MTRCL and seek additional funding if there was such a need.

6. Mr Andrew CHENG pointed out that the on-cost of Advance Railway Works and Advance Non-railway Works payable to MTRCL were \$710.5 million and \$168.1 million respectively. He urged the Administration to consider adopting 8% instead as the on-cost rate for SCL in order to gain more support for the funding proposal.

7. The Under Secretary for Transport and Housing (USTH) responded that the on-cost rate was set according to the principles outlined in Enclosure 5 to PWSC(2010-11)34. The Director of Highways (DHy) added that the 16.5% on-cost rate was only a provisional figure. As the Government had entrusted the Advance Railway Works with MTRCL, the on-cost payment would cover services to be provided by MTRCL for management and supervision of the construction and design development of the project, which included invitation of tender and staff cost for the MTRCL's dedicated project management team. DHy added that the Government had conducted detailed studies and discussions with the two railway corporations on the rate of on-cost payment. It had been agreed in 2003 with the corporations that an on-cost rate of 16.5% would be adopted for entrustment of projects between the Government and the corporations.

8. DHy further advised that for the XRL project, the Government had engaged an independent engineering consultants (IEC) to assess whether the project cost estimate, including on-cost, was reasonable, and had further discussed with MTRCL the appropriate on-cost rate for the project. Due to the economy of scale in project management, the final on-cost rate for XRL was lowered to 7.38%. DHy undertook to adopt the same approach for SCL so that an IEC would also be engaged to assist in auditing MTRCL's proposed cost estimate for the entire SCL project, including on-costs, so as to review the reasonableness of the on-cost rate. When the IEC had completed the audit report, the Administration would further discuss with MTRCL to work out the final on-cost rate for the project, and would adjust the on-cost rate when seeking funding approval from FC for the remaining railway and non-railway works of SCL in 2012. The Deputy Secretary (Transport)1, Transport and Housing Bureau (DS(T)) said that the Government was confident that there would be scope for downward adjustment in on-cost rate to less than 16.5%.

9. In reply to Mr LEE Wing-tat, DHy stressed that the estimated on-cost payment under consideration was for the Advance Railway Works and not the entire SCL project. DHy added that in the past five years the on-cost rate of the works project implemented ranged from 15.8% to 26.4%.

10. Mr CHEUNG Hok-ming said that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) would support the proposal. Referring to the 7.38% on-cost rate for XRL, Mr CHEUNG enquired about the preliminary estimated on-cost rate originally adopted for XRL, and whether the on-cost rate for SCL could be reduced eventually.

11. DHy advised that the initial estimated rate of on cost payment for XRL was also 16.5%, based on the agreement between the Government and the two railway corporations in 2003. As for the SCL project, it was far more complicated than XRL and WIL. For instance, XRL only had one station with most of the construction works taken place in rural areas, whereas WIL was only three kilometres with just three stations. Under the present design, SCL would have ten stations, six of which would be interchange stations, and most of the construction works would be carried out in the dense urban districts with older buildings, making the construction works more complex. Hence, the project management work for SCL would be more complicated and demanding than the other two aforementioned railway projects.

12. Mr Albert Chan urged the Administration to review the on-cost rate, since the current works would be entrusted to a single entity without competitive bidding. He suggested that the Research Division of the Secretariat be requested to provide information on the on-cost rates for the entrustment of railways works in overseas places to facilitate member's deliberation on railways works.

(Post-meeting note: The Chairman has subsequently directed that the Administration be requested to provide the information. The Clerk has conveyed the Chairman's instruction to the Administration to provide the information on on-cost rates for railway projects in overseas places as soon as possible, preferably before the next funding submission related to the SCL scheduled for June 2011.)

13. While expressing support for the SCL project, Ms Miriam LAU urged the Administration to expedite the project works in order to contain

and control the project estimates, and to ensure that the project was cost-effective and value-for-money. She considered the on-cost rate of 16.5% unacceptable nowadays and suggested the Administration to consider adopting the same on-cost rate as XRL. Responding to Ms LAU's enquiry about the availability of the final on-cost rate, USTH re-iterated that the Administration would provide the final on-cost rate when seeking funding approval from FC for the SCL remaining works in 2012.

14. While expressing support for the proposal on behalf of Members belonging to DAB, Mr IP Kwok-him remarked that the proposed on-cost rate was unacceptable and that the taxpayers' money should be used more effectively by ways such as reducing the on-cost rate as in the case of WIL. Ms Starry LEE declared that she was an owner of properties along SCL and a member of the Kowloon City District Council (KCDC). On behalf of the residents in Kowloon City, she expressed support for the expedition of the construction of SCL. However, Ms LEE also expressed concerned about the high on-cost rate and soaring project cost estimate for SCL, which she considered might be due to the need for resuming land and meeting other requirements of KCDC and Wong Tai Sin District Council (WTSDC). Ms LEE asked whether the 16.5% on-cost rate could be waived for items not related to the construction of rail, such as the relocation of the International Mail Centre from Hung Hom to Kowloon Bay, and the relocation of the Harbour Road Indoor Games Hall and Wan Chai Training Pool. She also suggested reducing the on-cost rate to 8% - 10% for the advanced works, so that any balance of fund could be deployed to compensate the affected local communities.

15. USTH re-iterated that the Administration would strive to lower the on-cost rate and to control the project cost. DHy supplemented that the on-cost payment would cover estimated actual expenditure such as staff costs, expenditure on project management and construction supervision of the proposed works. As the relocation of facilities would also require supervision, the on-cost rate would be applicable. He stressed that an IEC would be engaged to conduct a final audit on the proposed rate.

16. Mr Alan LEONG said that Members belonging to the Civic Party would give support for the proposal at this meeting. However, if the Administration did not provide a satisfactory explanation on the derivation of the 16.5% on-cost rate and a significant reduction of the said cost, these Members might vote against the proposal at the FC meeting. He suggested that the tender documents should require a

breakdown on the fee for management and supervision of the construction works of the project instead of grouping these expenses as an on-cost payment.

Admin

17. Prof Patrick LAU pointed out that based on the provisional sum of \$710.5 million included in the project estimate, an on-cost at 16.5% of the project base cost would be payable to MTRCL for undertaking the technical studies, design and construction supervision of the Advance Railway Works. He considered that to ensure the quality of such works, the on-cost rate should not be unreasonably reduced. He requested the Administration to provide the breakdown of the on-cost for each item. Mr Abraham SHEK declared that he was a non-executive director of MTRCL and added that the on-cost payment was not the profit sought by MTRCL. 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.

18. Regarding members' concern about the on-cost for railway projects, the Permanent Secretary for Development (Works) (PS/D(W)) explained that since advance works were not required for XRL and WIL, funding approval for each of those projects was sought from FC in one go. In those cases, the Administration had engaged IECs to audit the MTRCL's cost estimate for the projects and conclude a final on-cost rate for inclusion in the funding proposals. However, for the SCL project, advance works had to proceed before the finalization of the detailed design and there was insufficient information at this stage for an IEC to conduct the audit. For cost estimation purpose, the Administration had adopted an on-cost rate of 16.5%, which had previously been endorsed for other railway-related projects. When the Administration sought funding approval from FC for the main works of SCL in future, the final on-cost rate would be available and the Administration would adjust the estimated on-cost of the entire project accordingly.

Project cost and internal rate of return

19. Mr KAM Nai-wai noted from Enclosure 5 to PWSC(2010-11)34 that the presumed project costs of \$60 billion and \$64 billion for SCL was even lower than the original estimate (\$68 billion) in 2009, and asked whether there was room for reducing the project cost. DS(T) responded that based on the current assessment, the estimated cost for the entire SCL project would be over \$60 billion instead of \$68 billion, but such estimates might be adjusted when MTRCL had completed the detailed design of SCL in about early 2012. Moreover, as the statutory

consultation period had just started and would last until early 2012, the Administration would need to carefully consider views and suggestions collected from the public and study whether adjustment would be required. The cost implications of these adjustments would be taken into account in the IEC's assessment report. Based on the hypothetical project cost and different patronage assumptions, the projected economic internal rate of return (EIRR) would range from 5% to 6%, which was comparable to that of XRL (6%) and WIL (5%).

20. Mr KAM Nai-wai expressed that the project cost of SCL was reduced artificially. He asked about the EIRR of SCL should the project cost rise to, say, \$80 billion. DS(T) emphasized that all along, the estimated project cost for SCL was over \$60 billion and the presumed project cost stated in Enclosure 5 to PWSC(2010-11)³⁴ were more in-line with the Administration's estimation.

21. Mr Albert CHAN sought more information about the financial arrangement and cost-effectiveness of the SCL project. He commented that EIRR was different from the Financial Internal Rate of Return (FIRR) which could reflect more clearly the total investment and its return of individual works. Mr Albert CHAN requested the Administration to provide information on the FIRR of SCL, the projected profit and loss associated with the operation of SCL, the financial arrangement with MTRCL and the timeframe for the Government to recoup its investment. Mr Andrew CHENG considered that the Administration should also include information on the estimated passengers intake and the forecast revenue.

Admin

22. The Principal Assistant Secretary (Transport)⁷, Transport and Housing Bureau (PAS(T)) responded that EIRR included the benefits arising from the time saving for passengers. As regards FIRR, DS(T) explained that since the calculation of FIRR involved the estimated capital cost and operating cost of the entire project which were not yet available, the Administration would only be able to provide the FIRR of SCL on a hypothetical basis if members so wished.

23. Referring to Mr Albert CHAN's comments that the Government did not have to foot the bill for previous railway projects constructed by Kowloon-Canton Railway Corporation (KCRC), Mr Abraham SHEK clarified that the construction cost of KCRC railway lines were actually borne by taxpayers since KCRC was solely owned by the Government. He urged that the construction of SCL should be taken forward immediately as SCL was a critical part of the entire railway network.

Mr SHEK appreciated that certain people in the affected areas would have to bear with some inconvenience during the construction of SCL for the benefit of the whole territory. Mr SHEK further said that for a sizeable project such as SCL, EIRR rather than FIRR could reflect more comprehensively the impact and cost-benefits of the project to the society.

Concerns raised by local communities

24. Mr WONG Kwok-kin expressed concern that the Administration had not fully addressed the concerns raised by affected residents. He asked the Administration how it would deal with the concerns raised forward by WTSDC after such protracted discussions in the past three years. He said that Members belonging to the Hong Kong Federation of Trade Unions (HKFTU) could not support the current proposal if the Administration did not resolve all the concerns raised by WTSDC.

25. USTH advised that the SCL scheme was gazetted under the Railways Ordinance (Cap. 519) on 26 November 2010 and the statutory consultation process had just commenced. The Administration had been conducting extensive consultation with the stakeholders, including the relevant District Councils which had been briefed on the proposed railway project. USTH understood that WTSDC supported the proposed advance works under consideration which involved only two stations, namely, Ho Man Tin Station and Admiralty Station. DS(T) added that the Government had given due consideration to the concerns of residents of Wong Tai Sin, and had since September 2010 attended five meetings with WTSDC and conducted 11 briefing sessions with local residents. USTH and DS(T) undertook to liaise closely with WTSDC during the statutory consultation process to follow up on its requests.

26. Ms Miriam LAU noted that Ma Chai Hang Recreation Ground would be expropriated as works areas during the construction period of the proposed SCL as there would be a ventilation building and an emergency access at that location. She said that WTSDC and residents affected by such construction works were strongly opposed to the proposed arrangement. She urged the Administration to consider providing compensatory measures to the residents, such as providing permanent transport connection to San Po Kong. USTH undertook to consider compensatory measures for taking up the community area during the construction works.

27. Mr CHAN Kam-lam asked about the timeframe for resolving the concerns raised by the District Councils and affected residents. Mr IP Kwok-him noted that residents affected were opposed to the construction of ventilation buildings, but he hoped that the SCL project would not be delayed unduly. He urged the Administration and MTRCL make serious efforts to address residents' concerns.

28. DS(T) advised that the statutory consultation period would end in early 2012, and the Administration would consider the views and suggestions received in the detailed design stage. The Government and MTRCL had started public consultation on SCL since mid 2008. During the statutory consultation period, more in-depth consultation would be conducted especially on residents' requests such as designs of stations and ventilation facilities, and the number of connections to station entrances. DS(T) and PAS(T) undertook to continue to maintain close dialogue with the affected residents.

29. Mr WONG Kwok-kin said that as he lived in the East New Territories and commuted by rail, he had great interest in the completion of SCL. However, he considered it unfair if the project was to proceed at the expense of the welfare of the affected residents of Wong Tai Sin. For example, the Administration had not taken on board the request for a fully sunken stabling sidings to minimize impact on the environment of the area. He opined that it was the Government that was delaying the construction of SCL.

30. Mr Alan LEONG said that he was an elected Legislative Council Member of the Kowloon East Geographical Constituency. The residents in his constituency had relayed to him concerns about the noise nuisance arising from the construction works and the railway operation after SCL was in use. He urged the Administration and MTRCL to seriously address the concerns of the affected residents.

31. Mr KAM Nai-wai asked about the concrete timeframe for completing the first phase of the Tsz Wan Shan pedestrian link. PAS(T) advised that the proposed works would commence in 2012 and the pedestrian link would be completed in phases two to three years thereafter. In reply to Mr KAM's further enquiry about the relocation of the Harbour Road Indoor Games Hall and Wan Chai Training Pool, PAS(T) affirmed that the new facilities would be constructed first before demolishing the existing ones.

32. Mr KAM Nai-wai noted that the construction waste from the expansion works of the Admiralty Station and the re-provisioning and enhancement of Harcourt Garden would be disposed at the disposal facilities in the Western District, and that there would not be any coverings and would cause much hazards for the residents nearby. He was gravely dissatisfied that the Administration had not taken any action to enclose the disposal facility used for the construction of WIL despite the Administration had previously undertaken to do so. He asked what mitigation measures would be adopted to minimize nuisance to the neighbourhood. He requested MTRCL to undertake to enclose all disposal facilities for the SCL project.

33. The Principal Government Engineer (Railway Development), Highways Department added that construction waste from the Admiralty area would be transported to the disposal facility in Kennedy Town and works would be carried out to enclose the said disposal facility. Meanwhile, temporary measures, such as watering of the site, would be implemented to reduce dust and debris scattered around the area. Ms Maggie SO, Senior Manager (Projects and Property Communications), MTRCL undertook to follow up the concerns arising from the works of WIL. She added that there were different disposal facilities for WIL and various measures had been adopted under the Environmental Impact Assessment report. MTRCL would keep close monitoring of the works to minimize the impact to the community.

34. Mr KAM Nai-wai said that the construction of WIL had created much noise nuisances to the area. As the construction of SCL would be carried out in dense urban areas, Mr KAM considered it insufficient to simply use a piece of soundproof fabric to mitigate noise pollution arising from the construction works. He asked whether there were more effective measures than those statutorily required. He requested MTRCL to discontinue the use of such soundproof fabric for the construction of SCL, South Island Line (East) (SIL(E)) and Kwun Tong Line Extension.

35. Ms Maggie SO of MTRCL responded that soundproof fabric had proven to be effective in reducing noise pollution and it was commonly used at works sites. Necessary noise mitigation measures would be adopted with regard to the conditions of the works sites and the requirements set out in the Environmental Impact Assessment report.

36. Noting that extra underground works under the Tai Wai to Hom Hung Section would be required to avoid resumption of private buildings,

Admin

Mr LEE Wing-tat requested the Administration to provide a list of the affected buildings, details of the underground geotechnical works to be undertaken and information on the effect of the proposed works on these buildings. PAS(T) advised that the proposed works did not require any land acquisition, and underground geotechnical works would first be implemented before the tunnel works to ensure building safety. Detailed investigation on buildings along the railway from Wong Tai Sin to Kowloon City had been conducted, and local groups had been briefed on the implementation of works. PAS(T) undertook to continue to liaise with the affected residents to address their concerns.

37. While noting the concerns of the residents of Rhythm Garden in Wong Tai Sin about the possible environmental impact of the construction works and the operation of the railway, Mrs Regina IP remarked that the SCL project as a whole was welcome by the community, including the Southern District. She urged the Administration to expedite the construction works and properly address the concerns raised by the affected residents.

Patronage of the railway network

38. Mr Andrew CHENG considered the estimation of 1.1 million passengers utilizing SCL per day in 2021 was too optimistic, and requested the Administration to provide information on the daily patronage of each rail line in Hong Kong. DS(T) explained that among the daily patronage forecast of 1.1 million in 2021, 380 000 were new passengers, 260 000 were passengers who would switch to use SCL from the existing rail lines, and the remaining 460 000 were short-haul passengers switching to long-haul by taking SCL instead of other modes of transportation. A sensitivity test using 1.1 million passengers as a base case scenario would be conducted at a $\pm 10\%$ deviation.

Admin

39. Referring to the estimated loss of 260 000 passengers (or 290 000 passengers assuming that there was an increase of 10% in patronage when SCL was in operation) per day from the cross-harbour section and the East Kowloon section by 2021, Mr Andrew CHENG requested the Administration to provide more detailed information on the re-distribution of passengers among different rail lines when SCL came into operation in 2020, in order to ascertain the service concession payment payable by MTRCL to the Government, which would be based on fare revenue generated by SCL. He expressed concern that according to the current projection of patronage, SCL would not generate extra fare revenue.

40. DS(T) clarified that the calculation of the service concession payment was not based on the figures provided in paragraphs 5 and 6 of Enclosure 5 to PWSC(2010-2011)34. Instead, the revenue from SCL was derived from deducting the total revenue generated by whole railway network (i.e. MTR and KCR) without SCL from the total revenue generated by the whole railway network with SCL in operation. Under the Operating Agreement between the Government and MTRCL during the Railway Merger, the service concession payment payable by MTRCL would be 90% of the net present value of the net revenue from SCL (i.e. net present value of revenue from operation minus net present value of MTRCL's cost in operating the railway and cost in capital replacement). This method had taken into account the extra fare revenue generated from SCL for both the MTR and KCR systems.

Motion to adjourn the discussion of PWSC(2010-11)34 and PWSC(2010-11)35

41. Mr Albert CHAN considered it unreasonable to require members to vote on the items in the absence of certain critical information on the proposal, such as the FIRR of the SCL project. He moved a motion to adjourn the discussion of the two items relating to SCL in accordance with paragraph 33 of the PWSC Procedure.

42. In moving the motion, Mr Albert CHAN highlighted the concerns of the District Councils and the lack of relevant financial information of the proposal, and suggested that more time should be allowed for the Administration to discuss the proposal with relevant stakeholders. He proposed to hold another PWSC meeting after the Administration had addressed these concerns. Mr CHAN considered any decision made impetuously was unreasonable and irresponsible.

43. Mr LEE Wing-tat said that while the Democratic Party (DP) supported the SCL project in principle, DP Members shared the concerns of the affected residents and DP Members would therefore abstain from voting on the two items relating to the SCL projects at this meeting.

44. The Chairman put the motion to adjourn discussion of the items relating to SCL projects to vote. Mr LEE Wing-tat claimed a division. Of the 20 members present, four voted for, 11 voted against and four abstained from voting on the motion. The Chairman declared that the motion was not carried. The voting results of the individual members were as follows:

For:

Mr Andrew CHENG Kar-foo
Ms Cyd HO Sau-lan
Mr WONG Kwok-kin
Mr Albert CHAN Wai-yip
(4 members)

Against:

Mr CHAN Kam-lam
Mr LAU Wong-fat
Ms Miriam LAU Kin-yee
Mr Timothy FOK Tsun-ting
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him
Mr CHEUNG Hok-ming
Mr Patrick LAU Sau-shing
Ms Starry LEE Wai-king
Mr IP Kwok-him
Mrs Regina IP LAU Suk-yee
(11 members)

Abstain:

Mr LEE Wing-tat
Mr KAM Nai-wai
Mr Alan LEONG Kah-kit
Miss Tanya CHAN
(4 members)

Voting on PWSC(2010-11)34

45. The Chairman put the item to vote. Mr LEE Wing-tat claimed a division. Of the 20 members present, 11 voted for, one voted against and seven abstained from voting on the item. The Chairman declared that the item was endorsed. The voting results of the individual members were as follows:

For:

Mr CHAN Kam-lam
Mr LAU Wong-fat
Ms Miriam LAU Kin-yee
Mr Timothy FOK Tsun-ting
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him

Mr CHEUNG Hok-ming
Mr Patrick LAU Sau-shing
Ms Starry LEE Wai-king
Mr IP Kwok-him
Mrs Regina IP LAU Suk-yee
(11 members)

Against:

Mr WONG Kwok-kin
(1 member)

Abstain:

Mr Andrew CHENG Kar-foo
Mr LEE Wing-tat
Mr KAM Nai-wai
Ms Cyd HO Sau-lan
Mr Alan LEONG Kah-kit
Miss Tanya CHAN
Mr Albert CHAN Wai-yip
(7 members)

Voting on PWSC(2010-11)35

46. The item was voted on and endorsed.

47. Mr LEE Wing-tat requested that the two items be voted on separately at the relevant FC meeting.

Head 706 – Highways

PWSC(2010-11)33 56TR South Island Line (East) — essential public infrastructure works

48. The Chairman advised that the proposal was to upgrade 56TR to Category A at an estimated cost of \$927 million in MOD prices for the construction of the essential public infrastructure works (EPIW) for the SIL(E). The Railways Subcommittee had been consulted on the proposal on 16 December 2010.

49. The Chairman said that he would extend the meeting for 15 minutes beyond the appointed ending time of the meeting at 12:45 pm, to allow time for members to discuss this item. Members agreed.

50. Prof Patrick LAU declared that he was a Member of the Board of Ocean Park Corporation.

Admin

51. Mr KAM Nai-wai said that the Democratic Party supported the funding proposal and urged for the immediate implementation of SIL(E). Mr KAM said that he had received views from the public expressing concerns on the SCL and SIL(E) projects. He requested the Administration to provide a written response to some 20 questions he had raised in his letter to the Administration dated 24 January 2011. USTH undertook to provide a reply to the questions before the relevant FC meeting.

Funding approach

52. Mr KAM Nai-wai expressed disappointment that information on the funding arrangements of SIL(E) detailing the granting of the property development rights of the former Wong Chuk Hang Estate to MTRCL to bridge the funding gap of the project was not yet available, and urged the Administration to provide the information as soon as possible. DS(T) advised that the Executive Council decided at the meeting on 18 December 2007 that a "Rail-plus-property" model would be used for the financing of the SIL(E) project. The Administration could not provide the funding details at this stage because the statutory town planning procedures for amending the land use of the former Wong Chuk Hang Estate site from residential area to comprehensive development area was still in progress. Moreover, as the future residential development at the former Wong Chuk Hang Estate site would need to comply with the "Measures to Foster a Quality and Sustainable Built Environment" recently introduced by the Government for the determination of gross floor area of residential developments, the Administration could only provide the funding details after the guidelines in respect of the measures were made available so that it was able to assess the gross floor area of the site. DS(T) undertook to provide the relevant requested information when ready.

Admin

Noise mitigation measures

MTRCL

53. In view of the close proximity of SIL(E) to residential developments, Mr KAM Nai-wai requested MTRCL to put in place effective noise mitigation measures to minimize the noise nuisance during the construction stage. Ms Maggie SO of MTRCL responded that, apart from implementing the standard noise control measures during the construction of the proposed EPIW, MTRCL had been in close touch with

the local community with a view to minimizing the possible environmental impact arising from the works. In order to keep the noise impact to the minimum, MTRCL would closely monitor the noise level of construction activities and design the works programme having regard to the residents' living pattern as far as practicable. In response to Mr KAM's request for more stringent noise mitigation measures than those provided for in the legislation, Ms SO undertook to pay special attention to the needs of the local community, such as the operational needs of schools and medical institutions in the vicinity.

Safety issues on the use of explosives

54. Prof Patrick LAU said that he supported the funding proposal. However, he said that residents of the Stanley and Chung Hom Kok were opposed to the selection of Chung Hom Shan as the proposed temporary magazine for storage of explosives under the SIL(E) project. As the delivery of explosives by sea and road transport had been matters of concern to the local community, he urged the Administration to take action to address such concerns. PAS(T) advised that the transportation of explosives would need to comply with a set of stringent requirements of the Mines Division of Civil Engineering and Development Department. The Administration would continue to keep the relevant operations under close supervision.

Admin

55. Prof Patrick LAU pointed out that the roads of Stanley and Chung Hom Kok were quite narrow and uneven, and that road accidents, if happened, would likely create severe traffic chaos. At the request of Prof LAU, USTH undertook to explain in writing, before the relevant FC meeting, the control measures to be implemented to ensure the safe transport, storage and use of explosives.

56. The item was voted on and endorsed. Mr LEE Wing-tat requested that the item be voted on separately at the relevant FC meeting.

57. There being no other business, the meeting ended at 1:00 pm.