

立法會
Legislative Council

LC Paper No. FC79/15-16

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seen by the Administration)

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Finance Committee of the Legislative Council

**Minutes of the 68th meeting
held at Conference Room 1 of the Legislative Council Complex
on Thursday, 16 July 2015, at 4:45 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon James TO Kun-sun

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon Frederick FUNG Kin-kee, SBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon WONG Ting-kwong, SBS, JP

Dr Hon LAM Tai-fai, SBS, JP

Hon CHAN Hak-kan, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon Paul TSE Wai-chun, JP

Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon WONG Yuk-man

Hon Claudia MO

Hon Michael TIEN Puk-sun, BBS, JP

Hon Steven HO Chun-yin, BBS

Hon YIU Si-wing, BBS
Hon Gary FAN Kwok-wai
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon MA Fung-kwok, SBS, JP
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok

Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Hon Martin LIAO Cheung-kong, SBS, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Public officers attending:

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| Ms Elizabeth TSE Man-ye, JP | Permanent Secretary for Financial Services and the Treasury (Treasury) |
| Ms Esther LEUNG, JP | Deputy Secretary for Financial Services and the Treasury (Treasury)1 |
| Mr Alfred ZHI Jian-hong | Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch) |
| Mr CHAN Chung-kun | Acting Principal Assistant Secretary for Development (Works) 2 |
| Mr Norman HEUNG Yuk-sai, JP | Project Manager (Kowloon), Civil Engineering and Development Department |
| Mr Harry MA Hon-ngai | Acting Head (Kai Tak Office), Civil Engineering and Development Department |

Clerk in attendance:

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| Ms Anita SIT | Assistant Secretary General 1 |
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Staff in attendance:

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| Mr Derek LO | Chief Council Secretary (1)5 |
| Mr Daniel SIN | Senior Council Secretary (1)7 |
| Mr Raymond SZETO | Council Secretary (1)5 |
| Mr Frankie WOO | Senior Legislative Assistant (1)3 |
| Ms Michelle NIEN | Legislative Assistant (1)5 |
| Miss Yannes HO | Legislative Assistant (1)6 |

**Item No. 1 – FCR(2015-16)29
RECOMMENDATIONS OF THE
PUBLIC WORKS SUBCOMMITTEE MADE
ON 16, 24 AND 30 JUNE 2015**

The Chairman advised that the item sought the approval of the Finance Committee ("the Committee") for the recommendations of the Public Works Subcommittee made at its meetings on 16, 24 and 30 June 2015. Of these recommendations, the Committee had thus far dealt with 19 items, including 10 items which required separate discussion and voting at the Committee's meetings, and would now continue with the deliberation of the remaining one item which required separate discussion and voting.

**PWSC(2015-16)33
HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT
Transport – Railway
65TR – Detailed Feasibility Study for Environmentally Friendly Linkage
System for Kowloon East**

2. The Chairman advised that the item sought the Committee's approval for the upgrading of 65TR to Category A at an estimated cost of \$92.3 million in money-of-the-day prices for carrying out a detailed feasibility study ("DFS") for the proposed Environmentally Friendly Linkage System ("EFLS") for Kowloon East ("KE").

Financial viability of the Environmentally Friendly Linkage System

3. Mr SIN Chung-kai was concerned that the EFLS in the form of an elevated monorail system would incur high construction costs and without the Government's subsidy for its operation, it would charge passengers a high fare. He asked whether the financial viability of the EFLS would be examined under the proposed study. Project Manager (Kowloon), Civil Engineering and Development Department ("PM(K),CEDD") responded that the DFS would include a financial assessment of the EFLS covering construction costs, recurrent operating costs and fare income.

4. Mr James TO asked whether the Administration would proceed with the elevated monorail system if it was found to be the only viable green transport mode of EFLS for KE and even if it required heavy subsidization from the Government. PM(K),CEDD said that the Administration would consult the public during the public consultation exercise of the DFS on the outcome of

the study including the financial assessment on the proposed EFLS before making the final decision on the way forward.

5. Mr WONG Yuk-man said that according to a financial assessment of the EFLS made in January 2012, the economic internal rate of return of the system was estimated to be just around 1%, which was much lower than that of a typical transport infrastructure at 4% or more. He questioned whether the EFLS would be financially viable, taking into account the upsurge of construction costs in recent years.

6. Mr LEUNG Kwok-hung pointed out that there were almost no example of successful operation of elevated monorail system in overseas countries and expressed doubt on whether there were ones making with a profit at all. He said that he would not support the funding proposal if the Administration was determined to include the elevated monorail system under the DFS. PM(K),CEDD responded that there were a number of monorail systems operating successfully in overseas cities including Tokyo, Osaka and in the Mainland such as Chongqing. He said that the Administration would approach the relevant operators of monorail systems for information on the financial performance of their systems in the DFS.

Concerns about the Administration's stance regarding green public transport modes

7. Mr Gary FAN relayed the concerns of some local residents' groups and the Panel on Development ("the Panel") that the Administration might have adopted a preconceived position in the DFS that the EFLS would take the form of monorail so that the study would be biased towards the monorail option. He sought the Administration's assurance that different green public transport modes would be accorded equal weighting when they were evaluated in the study in respect of their suitability for adoption as EFLS. He called on the Administration to report to the Panel on the progress of the study at an appropriate juncture.

8. Mr CHAN Chi-chuen and Mr Frederick FUNG shared Mr FAN's views and were keen to ensure that the Administration did not have any preconceived position in the DFS. Mr Alan LEONG enquired whether a decision on the mode of green public transport of EFLS would be made upon the completion of stage one of the proposed study. Mr CHAN Chi-chuen asked whether the Administration would consult Members of the Legislative Council prior to making the relevant decision.

9. Mr CHAN Kam-lam noted that the DFS would commence in the third quarter of 2015 for completion in phases by the third quarter of 2017. Given that the Administration had already conducted a prolonged public consultation exercise on the preliminary EFLS proposals earlier on and the urgent need to provide intra-district and inter-district connections for KE to tie in with the development of the concerned areas, Mr CHAN urged the Administration to expedite the implementation of the DFS as far as possible. He was of the view that to facilitate public discussion, instead of providing a general evaluation on each potential green public transport mode as proposed in the Administration's proposal, it would be more advisable for the DFS to compare the elevated monorail system, an option recommended in the preliminary feasibility study of EFLS and had gained wide support from the local communities during the previous public engagement exercise, with other green public transport modes.

10. PM(K),CEDD assured members that the Administration would, on an equal-weighting basis and without any preconceived position, select the most suitable and cost-effective green public transport mode as EFLS for KE. The DFS would be conducted in two stages. The first stage of the study was to formulate a well-planned integrated multi-modal linkage system ("IMMLS") by evaluating various green public transport modes to enhance the connectivity of KE at its different stages of development. Upon completing the first stage of the study, a public consultation exercise would be conducted to gauge public views on the proposed IMMLS including the recommended mode of green public transport of EFLS. Upon securing a general public consensus on the transport mode selected after the public consultation exercise, the Administration would proceed to develop the EFLS scheme in the second stage of the DFS. He said that the first stage of the study would aim for completion in about one year while the entire DFS was expected to be completed in about two years.

Scope and implementation of the detailed feasibility study

11. In view that the adoption of the elevated monorail system as EFLS for KE was supported by the concerned District Councils ("DCs"), Mr Paul TSE queried whether the Administration would consider other potential green public transport modes, such as traveller, under the DFS. PM(K),CEDD reiterated that the Administration would examine all potential green public transport modes during the first stage of the DFS, and the elevated monorail system was one of the possible modes to be considered.

12. Mr LEE Cheuk-yan said that the Administration had not explained clearly in its paper the work to be undertaken during the first and second stages

of the DFS. In his view, the Administration should submit the funding proposals for the two stages separately. He considered that on the basis of the public consensus secured on the selected mode of transport for EFLS during the public consultation exercise of the first stage of DFS, the Committee would be in a better position to consider the funding proposal for the second stage of the study regarding the development of a detailed EFLS scheme.

13. PM(K),CEDD explained that under the present proposal, the Administration would, without any preconceived position, select the most suitable and cost-effective green public transport mode for the EFLS during the first stage of the study. The Administration would then consult the public on the relevant recommendation prior to devising a detailed EFLS scheme in the second stage of the study. He added that soliciting funding support from the Committee for the first and second stages of the DFS separately would lengthen the implementation process of the study. The present proposal had balanced the needs to address Members' concern about the choice of a green public transport mode for the EFLS and to take forward the EFLS proposal as soon as practicable.

Views on elevated monorail system

14. Mr LEE Cheuk-yan queried whether there would be sufficient space in KE to accommodate the elevated monorail system and expressed reservations for adopting such a system as EFLS. He considered that the Administration should first study the viability of various green public transport modes and secure public consensus on the preferred option prior to proceeding to any study on technical feasibility.

15. In response, PM(K),CEDD said that the Administration had commissioned a study to examine the preliminary feasibility for the rail-based EFLS in 2009 and had subsequently conducted a two-stage public consultation exercise on the preliminary EFLS proposal between early 2012 and early 2014. The objective of the present DFS was to address the views and concerns expressed by the public. The Administration had not received any views dismissing the elevated monorail option as unsuitable for KE or entirely technically infeasible.

16. Mr Frederick FUNG enquired whether the Administration would follow up the suggestion he had made at the Panel that modern tramway should be adopted within Kai Tak Development ("KTD") while elevated monorail should be used to connect the tramway with the existing Mass Transit Railway ("MTR") lines in KE outside KTD. PM(K),CEDD advised that the DFS would collect information on examples of such a mixed mode of elevated

monorail and modern tramway as proposed by Mr FUNG, if any, in overseas cities and would study its technical feasibility.

Connection with Mass Transit Railway

17. Mr Gary FAN enquired whether the EFLS must be connected with MTR stations; and if so, whether this would have an impact on the scope of the DFS.

18. PM(K),CEDD responded that the objective of the DFS was to address the key issues identified during the previous public consultation exercise mentioned above, in which various views on the alignments and locations of the stations of EFLS, and its connectivity with MTR stations were received. The DFS would therefore include a review on the network development for the EFLS with sensitivity tests in terms of financial viability, technical feasibility and patronage forecast of different options and a comparison of these options.

Allocation of resources under the proposed study

19. Mr Frederick FUNG and Mr Alan LEONG enquired about the resources to be allocated on each of the potential green public transport modes under the proposed study. PM(K),CEDD advised that different types of green public transport modes would be compared on an equal footing such as their system reliability, service quality, safety level, environmental sustainability and financial viability. He clarified that about 30% of the total project estimate of \$92.3 million would be allocated to the first stage of the study, while the remaining 70% would be for completing the study and other expenditure under the project.

20. Mr Alan LEONG enquired whether 30% of the provision for "consultants' fees" in the Administration's paper would be used in stage one of the DFS and the respective allocations for each potential green public transport modes. He cautioned that the Administration's reply on the issue might serve as the basis for the value-for-money audit of the EFLS project, if any, in the future.

21. PM(K),CEDD said that the project estimates were broken down by categories or objectives of the work items and not by stages of the project. It was roughly estimated that about 30% of the budget would cover the work in the first stage of the study. He said that while the levels of detail of the outcome produced by the study on different transport modes might not be the

same, the information should be sufficient to allow meaningful comparison of these transport modes.

22. Mr CHAN Chi-chuen said that the estimated total project cost of the DFS was slightly increased from the original \$92 million to the present \$92.3 million due to the expanded scope to include an evaluation on different modes of green public transport modes pursuant to the Panel's views. He queried whether such a small additional provision was sufficient for carrying out a balanced and in-depth study on various modes of green public transport as claimed by the Administration.

23. PM(K),CEDD responded that the paper on DFS considered by the Panel in July 2014 had already included the provision for conducting an evaluation on various green public transport modes although that was not explicitly stated in the paper. He explained that it was usual practice for the initial phase of a detailed engineering study to review the work undertaken in previous preliminary studies taking into account any changes in basic assumptions and planning data over time.

24. Mr CHAN Chi-chuen was not satisfied with the Administration's explanation. The Chairman and Mr CHAN sought details on how the Administration would make use of the provision for consultants' fees to conduct an in-depth, impartial evaluation on various green public transport modes. PM(K),CEDD responded that various green public transport modes would be compared according to a series of objective factors to ensure objectivity of the evaluation.

Procurement and implementation approaches

25. Mr Gary FAN asked whether the DFS would include a comparison of the pros and cons of different modes of financing and operating the EFLS, including one financed and run directly by the Government, and whether the relevant information would be made available for discussion by the Panel. PM(K),CEDD replied in the affirmative, adding that an assessment of different procurement, implementation and management options of EFLS would be conducted under the DFS to provide necessary information to facilitate future discussion on the way forward of EFLS.

26. Given that the EFLS would be connected with some MTR stations, Ms Claudia MO enquired whether the Administration would appoint a consultant that was affiliated with the Mass Transit Railway Corporation Limited for the DFS. She was keen to ensure that the appointment procedures of the project consultant would be open and transparent. PM(K),CEDD

advised that different procurement options of EFLS would be compared in the proposed study, and the consultant of the DFS would be selected through open tender.

Coverage of the Environmentally Friendly Linkage System

27. Mr SIN Chung-kai said that the coverage of the EFLS, which was initially proposed in the form of an elevated monorail system with a length of 9 kilometres and 12 stations only, was rather small. He asked whether the Administration would consider extending the coverage of EFLS to other districts.

28. PM(K),CEDD responded that the EFLS was intended to serve the new central business district ("CBD") in KE, the coverage of which included Kai Tak Development (KTD), Kwun Tong and Kowloon Bay business areas. It would provide connectivity within the new CBD and through interchanges with the existing MTR Kwun Tong Line and the future Shatin to Central Link to facilitate inter-district travelling. Views of extending the coverage EFLS to adjoining districts, such as Kowloon City and San Po Kong, were received during the two-stage public consultation exercise on the preliminary EFLS proposal conducted earlier on. The DFS would consider the possibility of building in flexibility for future expansion of EFLS to adjacent districts.

Patronage forecast

29. Mr James TO enquired about the list of basic assumptions adopted for the DFS, such as the total floor area to be served by EFLS and the estimated patronage by the population of adjoining districts (e.g. Kwun Tong, Choi Hung and Ngau Chi Wan) as well as that of other districts. PM(K),CEDD responded about 5 million square metres ("m²") of additional commercial/office floor area would be provided in East Kowloon areas pursuant to the "Energizing Kowloon East" policy, of which about 2 million m² of new commercial/office floor area were planned in KTD. In estimating the patronage of EFLS, it would be assumed that the population residing or working within a zone of 500-metres radius of and eight minutes' walk from any of the proposed EFLS stations would be within the catchment areas of the system. The Administration undertook to provide a list of the basic assumptions adopted for the DFS after the meeting.

[Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. FC240/14-15 on 12 August 2015.]

Public consultation in the past

30. Ms Claudia MO said that according to the residents of Ngau Tau Kok district, they had not been consulted during the public consultations on the preliminary EFLS proposal conducted earlier on. She enquired how that public consultation had been conducted and how the Administration could ensure that the views of local residents in East Kowloon areas on the EFLS could be heard in its future public consultation exercise.

31. PM(K),CEDD responded that the previous public consultation exercise on the preliminary EFLS proposal included a series of meetings with relevant professional institutions, DCs, transport operators and local organizations, as well as two public forums. He said that the public forums invited the participation of members of the public by newspaper advertisements and had successfully drawn a wide participation from the local communities. The Administration would further review whether there were better ways to engage local residents to participate in the future public consultation exercise on the DFS.

Connections between Kai Tak Cruise Terminal and Kwun Tong

32. Mr Paul TSE expressed concern that despite the opening of the Kai Tak Cruise Terminal ("KTCT") for several years, its ancillary transport facilities remained inadequate, rendering it difficult for residents of East Kowloon to enjoy the public facilities in KTCT, such as the Kai Tak Cruise Terminal Park. Given that the EFLS would only be completed in 2026 the earliest, Mr TSE urged the Administration to consider his proposal of deploying barges as temporary floating bridges ("Mr TSE's Proposal") connecting KTCT through breakwaters at the Kwun Tong Typhoon Shelter ("KTTS") to the shore of Kwun Tong so that pedestrians or cyclists could travel across KTTS between KTCT and Kwun Tong.

33. In response, PM(K),CEDD advised that the use of barges as floating bridges in Mr TSE's Proposal might involve safety issues in particular under adverse weather conditions. Barges placed at the entrance of KTTS might also affect the operation of KTTS. In addition, despite its temporary nature, the construction of the floating pedestrian bridge was subject to the provisions of the Protection of the Harbour Ordinance as KTTS was located within Victoria Harbour. Notwithstanding, the Administration would examine Mr TSE's Proposal under the DFS. PM(K),CEDD added that to enhance the connectivity between Kwun Tong and KTCT, the Administration had secured an allocation from the Committee earlier for the construction of a dual two-lane carriageway to replace the existing single two-lane carriageway linking

Kowloon Bay and the KTCT. The accessibility of KTCT would be greatly enhanced when the relevant project was completed.

34. Mr Paul TSE urged the Administration to expedite its study on his Proposal in view of the urgent need to improve the accessibility of KTCT. He requested that the relevant study be conducted separately from the DFS. PM(K),CEDD undertook to consider Mr TSE's request to expedite the study. Ms Claudia MO said that Mr TSE's Proposal deserved consideration and should not be ruled out prematurely. She called on the Administration to study it in detail.

Space for the public and land use in Kai Tak Development

35. Mr WONG Yuk-man expressed objection to the funding proposal. He anticipated that residents of KTD would be compelled to use EFLS in the future to commute within KE given that most of the at-grade areas were reserved for use by vehicles rather than pedestrians under the Administration's planning. He said that by channelling residents to shopping malls through connecting footbridges, the EFLS actually served the interests of businessmen but not those of the local residents. He commented that the Administration's planning policy was skewed towards promoting economic development while neglecting the provision of public open space for public enjoyment.

36. PM(K),CEDD advised that apart from the EFLS, the IMMLS in KE would include enhancements to pedestrian facilities to facilitate the travelling of residents to different areas within KE. Hence, residents within KE would not be compelled to use EFLS for commuting. In addition, the objective of EFLS was to enhance the overall connectivity of KTD with various key adjoining districts but not with particular shopping malls. Regarding land use planning of KTD, PM(K),CEDD said that over 30% of the total area of KTD was zoned as "public open space", being the highest among urban districts, and the proportion of land planned for commercial use in KTD was low as compared with other districts.

Integrated multi-modal linkage system

37. Mr LEUNG Yiu-chung referred to paragraph 6 of the paper and sought information about the definition of a "world-class" IMMLS. He also enquired how the pedestrian facilities in KE would be enhanced under the IMMLS. PM(K),CEDD responded that in the Administration's view, the IMMLS of KE was considered as a "world class" system as it could achieve different connectivity objectives at the strategic, inter-district, intra-district and local levels. On the improvements that would be made to pedestrian facilities

Action

in KE under the IMMLS, PM(K),CEDD said that the Administration endeavoured to create an environment that encouraged walking in KE by enhancing connections within walking distance in the area through the construction of pedestrian streets, footbridges and subways, and enhancement to footpaths, etc. It was anticipated that residents in KE could commute between the commercial area and the waterfront promenade by walking in the future.

38. Mr LEUNG Yiu-chung enquired how the IMMLS could achieve the connectivity objective of KE at the strategic level and how the said system would be different from other inter-district connection systems. PM(K),CEDD responded that the IMMLS would enhance the connectivity of KE by connecting it with strategic routes that enabled quick access to the airport and cross-boundary facilities. He said that one of the primary objectives of the IMMLS was to enhance the connectivity within KE, which included KTD, Kwun Tong and Kowloon Bay business areas, in particular those areas not well covered by the catchment of existing or planned MTR networks.

39. The Chairman declared that the meeting be adjourned and the next meeting would be held after a break of 10 minutes.

40. The meeting was adjourned at 6:42 pm.

Legislative Council Secretariat
6 January 2016