

立法會
Legislative Council

LC Paper No. ESC23/15-16
(These minutes have been
seen by the Administration)

Ref : CB1/F/3/2

Establishment Subcommittee of the Finance Committee

Minutes of the 2nd meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 4 November 2015, at 8:30 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Hon WONG Kwok-kin, SBS (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok

Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kwong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Members absent:

Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Hon Dennis KWOK
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Dr Hon CHIANG Lai-wan, JP

Public Officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service (1)
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Wallace LAU	Deputy Secretary for Transport and Housing (Transport)4
Mr Henry CHU	Assistant Secretary for Transport and Housing (Transport) (Airport Expansion Project Coordination Office)A

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Ms Anita SIT	Assistant Secretary General 1
Miss Sharon LO	Senior Council Secretary (1)9
Mr Jason KONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Haley CHEUNG	Legislative Assistant (1)9
Miss Yannes HO	Legislative Assistant (1)6

Action

The Chairman drew members' attention to the information paper ECI(2015-16)10 which set out the latest changes in the directorate establishment approved since 2002. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the funding proposals under discussion at the meeting before they spoke on the items. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2015-16)8 Proposed creation of three supernumerary posts of one Principal Government Engineer (D3), one Administrative Officer Staff Grade C (D2) and one Chief Engineer (D1) in the Airport Expansion Project Coordination Office (AEPCO), Transport Branch of Transport and Housing Bureau for about two years and four months with immediate effect upon approval of the Finance Committee to 31 March 2018 to head the AEPCO for steering and coordinating the related work in taking forward the Three-Runway System project

2. The Chairman remarked that the staffing proposal in question was a resubmission item. She invited the Administration to brief members on the proposal.

3. Permanent Secretary for Transport and Housing (Transport) ("PSTH(T)") said that the proposal was to create three supernumerary directorate posts in the Airport Expansion Project Coordination Office ("AEPCO") in the Transport Branch of the Transport and Housing Bureau ("THB(TB)") to monitor the work of the Airport Authority Hong Kong ("AAHK") and coordinate efforts with relevant parties in the implementation of the Three-Runway System ("3RS") project at the Hong Kong International Airport ("HKIA"). He remarked that the three posts were first created in 2012 and lapsed on 1 April 2015 as approval for retaining the posts was not

Action

granted by the Finance Committee ("FC") in time. In order for the Government to meet the public expectation in respect of monitoring the implementation of the 3RS project, there was an urgent need to re-create the three posts to provide the necessary directorate support to AEPCO. As the 3RS project was a major infrastructure project in which inputs from engineering professionals were vital, two of the proposed posts were pitched at the Principal Government Engineer ("PGE") and Chief Engineer ("CE") ranks respectively to provide the necessary engineering expertise and support for the tasks involved.

Justifications for creating the proposed posts and their duties

4. Mr WONG Kwok-hing supported the staffing proposal. He urged the Administration to exercise prudence in monitoring the implementation of the 3RS project and AAHK to make timely reports to the Legislative Council ("LegCo") in order to avoid reoccurrence of the problems encountered in the Hong Kong section ("HKS") of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") project, which had exposed loopholes in the Administration's monitoring mechanism. He sought details on the duties of the three proposed posts and the monitoring mechanism for the 3RS project.

5. PSTH(T) said that the Government was determined to fulfil its responsibility in monitoring the implementation of the 3RS project. AEPCO had been working in partnership with AAHK and had provided inputs on various issues, including reducing the charging level of Airport Construction Fee ("ACF"), conducting the relevant statutory gazettal procedures under the Foreshore and Sea-bed (Reclamations) Ordinance (Cap. 127) and Town Planning Ordinance (Cap. 131), and working out the detailed designs for the 3RS project. AAHK had all along been cooperative and receptive to the Government's advice. AEPCO would continue to fully cooperate with the work of LegCo, including that of the Subcommittee to Follow Up Issues Relating to the Three-runway System at the Hong Kong International Airport ("3RS Subcommittee").

6. PSTH(T) added that at present, pending FC's approval for creating the three proposed posts, as an interim arrangement, Division 4 of THB(TB) had been standing in to provide directorate support for the 3RS project. In view of the heavy workload of AEPCO and as Division 4 was already fully loaded with a wide spectrum of other duties, the stopgap arrangement was not sustainable. In addition, directorate officers in THB(TB) did not have the necessary engineering expertise which was critical for accomplishing the tasks of AEPCO. It was therefore necessary to create the three proposed posts to handle the relevant tasks.

7. Mr WONG Kwok-kin enquired about the impact on the implementation of the 3RS project if the staffing proposal was not approved by FC timely, and whether matters relating to working conditions at the construction sites of the 3RS project and illegal workers would be under the purview of AEPCO.

8. PSTH(T) pointed out that while AAHK was the project proponent and was responsible for taking forward the 3RS project, the three posts would be vital for steering the work of AEPCO which played an important coordinating and oversight role in the project. Whilst delay in the creation of the three proposed posts might not have a direct impact on the progress of the 3RS project in the short term in the sense that the project was carried out by AAHK, failure in the timely creation of the posts would adversely affect the effective operation of AEPCO and undermine the Government's monitoring work over the project.

9. As regards the monitoring work of AEPCO, PSTH(T) said that it would include overseeing, assisting and supporting AAHK in, among others, conducting detailed designs, delivery of the commitments made in the Environmental Impact Assessment ("EIA") report and the conditions contained in the 3RS Environmental Permit ("EP"), engaging the public and reporting to LegCo on the project progress, and assisting to resolve issues concerning labour supply. According to AAHK's latest projection, there would be more than 10 000 workers working at the 3RS construction sites when the project was in full swing. The working conditions and occupational safety at the construction sites would constitute an important aspect of AEPCO's monitoring work. AEPCO would work closely with the Labour Department to ensure that AAHK would comply with the relevant legal requirements on worker-related issues.

10. Mr NG Leung-sing enquired whether holders of the three posts would need to make decisions that were politically sensitive. PSTH(T) responded that AEPCO was led by the three proposed posts and supported by a team of eight non-directorate staff. Given the complexity of the 3RS project, staff members of AEPCO were expected to possess strong administrative, public relations and technical skills as well as political acumen. For major decisions relating to the project, senior members of the Transport and Housing ("THB"), including the Secretary for Transport and Housing ("STH"), Under Secretary for Transport and Housing and PSTH(T) himself would also be involved.

11. Mr CHAN Chi-chuen did not support the staffing proposal. Noting the Administration's response that the timing for creating the three proposed posts might not have a direct impact on the progress of the 3RS project, and that commencement of the relevant works might be delayed by the

Action

judicial reviews against the approval of the 3RS EIA report and grant of EP, he considered that there was no strong justification to create the posts at this stage. Mr WU Chi-wai shared the same concern. Mr CHAN opined that the Administration should explain why the existing arrangement for Division 4 of THB(TB) to provide the necessary directorate support to AEPCO was considered not sustainable. He also enquired about the recruitment of the PGE and CE posts.

12. PSTH(T) explained that the creation of the three posts would address the existing problem of skills mismatch in THB(TB). The various tasks of AEPCO required expertise and inputs from officers in the engineering discipline. However, Division 4 of THB(TB), which was responsible for overseeing policies and issues relating to aviation, was staffed by Administrative Officers instead of Engineer Grade officers. While three of the non-directorate staff members in AEPCO belonged to the Engineer Grade, they did not possess the required expertise and experience for taking up the responsibilities of the proposed PGE and CE posts. Notwithstanding the ongoing judicial review cases relating to the relevant EIA report and EP, AAHK had already commenced preparatory work for the project, such as carrying out the relevant statutory gazettal processes, formulating the detailed project designs and fine-tuning the financial arrangement proposal. There was urgency to create the three proposed posts to provide the necessary dedicated guidance and steer for the effective operation of APECO. As regards the PGE and CE posts, PSTH(T) explained that the posts would be filled by Engineer Grade officers within the Government according to established practices.

13. Ir Dr LO Wai-kwok expressed support for the staffing proposal. He pointed out that the 3RS project involved voluminous and complex tasks which required collaboration between various bureaux/departments and AAHK. AEPCO would take up the necessary coordinating role among the parties, and the three proposed posts would ensure effective monitoring over the work of AAHK. In particular, the proposed PGE and CE posts would provide essential technical support for the effective operation of AEPCO.

14, Mr CHAN Kam-lam declared that he was a member of the Board of AAHK and its 3RS and Works Committee, and conveyed the support of the Democratic Alliance for the Betterment and Progress of Hong Kong for the staffing proposal. He called for members' support for the staffing proposal. Pointing out that AAHK had commenced preparatory work for the 3RS project, he was concerned that the Government's monitoring work would lag behind if the three proposed posts were not created timely. In ensuring smooth and effective implementation of the project, he believed that AAHK would pay heed to views and inputs from stakeholders, including the Government and environmental organizations.

15. Mr YIU Si-wing asked if the three proposed posts would be responsible for coordinating with AAHK on the implementation of measures to mitigate existing problems at HKIA, such as insufficient parking stands, before the commissioning of 3RS. PSTH(T) replied that AEPCO would collaborate with THB, the Civil Aviation Department and AAHK in devising appropriate measures to enhance the handling capacity of HKIA before the commissioning of 3RS. While such measures might marginally relieve the pressure at HKIA in the interim, they could not increase the capacity of the two-runway system ("2RS") which had almost reached its maximum capacity.

Role of the Airport Expansion Project Coordination Office and its working relationship with AAHK

16. Mr Albert CHAN expressed disappointment over the unsatisfactory performance of civil servants in monitoring the implementation of major infrastructure projects, such as the HKS of XRL project which had experienced serious problems of delay and cost overrun, and the Hong Kong-Zhuhai-Macao Bridge project in which problems of movement in the reclamation works and use of substandard construction materials were identified. He queried how the Government would improve its monitoring mechanism in overseeing the 3RS project in order to protect the public interest.

17. Dr Kenneth CHAN expressed concern that the functions of AEPCO which included overseeing and supporting AAHK's work in implementing the 3RS project might give rise to a role conflict. For instance, STH was a member of the Board and committees of AAHK and he had already indicated support for the 3RS project. Dr CHAN questioned how AEPCO could maintain an impartial role in exercising its monitoring work. He remarked that the failure of the Government in monitoring the work of MTR Corporation Limited ("MTRCL") in the HKS of XRL project had cast doubt on the Government's ability in overseeing AAHK's work in the 3RS project.

18. Mr TANG Ka-piu expressed support for the staffing proposal. However, he pointed out that notwithstanding that the Highways Department had created a dedicated division to oversee the HKS of XRL project, MTRCL had not fully cooperated in providing project-related information to the Government. He asked how the Government would maintain an effective working relationship with AAHK and strengthen the monitoring of AAHK's work.

19. PSTH(T) explained that AAHK and the Government had distinct roles in respect of the 3RS project. In light of its statutory obligation under the Airport Authority Ordinance (Cap. 483) to develop HKIA, AAHK was the

Action

proponent and owner of the 3RS project. Given that 3RS was a major infrastructure project and the immense investment involved, it was in the public interest for the Government to ensure the smooth implementation and timely completion of the project. It would be vital for AEPCO to assume the monitoring role over AAHK's work. He stressed that both the Government and AAHK would be subject to LegCo's monitoring in their respective work. PSTH(T) reiterated that the Government would make its best endeavours in monitoring AAHK in the implementation of the 3RS project. The Government and AAHK had been maintaining a positive working relationship, and AAHK had been responsive to the requests of the Government, LegCo and the general public. This was demonstrated in its readiness to reduce the charging level of ACF and accept Government's suggestions in respect of the designs for the 3RS project including the relevant reclamation works.

20. Dr Kenneth CHAN noticed from media reports that some environmental groups had boycotted the Professional Liaison Group established by AAHK for communicating with the public on 3RS-related environmental issues. He queried how the Government could ensure that AAHK would maintain effective dialogue with stakeholders.

21. PSTH(T) responded that AAHK had consulted the Advisory Council on the Environment on the 3RS EIA report and had been following up the recommendations and conditions in the EIA report and EP. AAHK had also been maintaining constant dialogue with stakeholders, including environmental groups. Although some environmental groups had refused to join the Professional Liaison Group, AAHK would continue to engage their views through other channels.

22. Mr WU Chi-wai noted that Government departments, such as the Environmental Protection Department ("EPD"), had their respective statutory duties in monitoring AAHK's compliance with the relevant legal requirements in implementing the 3RS project. He was concerned whether AEPCO would be redundant or its work might hinder other departments in discharging their respective duties relating to the project. He enquired if AEPCO would require AAHK to submit comprehensive reports on the project to facilitate ongoing monitoring by the Government.

23. PSTH(T) responded that AEPCO would not interfere with other departments in performing their statutory duties in the 3RS project. As far as EPD's work was concerned, it had the obligation to monitor AAHK in fulfilling the commitments made in the EIA report and the conditions in EP. AEPCO, which would assist in coordination work between various Government bureaux/departments and AAHK to facilitate the delivery of the project, had reminded AAHK of the need to fully address concerns raised by stakeholders during the statutory EIA procedure. He reiterated that both the

Action

Government and AAHK were prepared to report the project progress to the 3RS Subcommittee and the relevant Panel(s) of LegCo on a regular basis.

24. Mr James TO queried if there would be duplication of work between AEPCO and AAHK, as AEPCO was tasked to assist AAHK in the implementation of the 3RS project but AAHK had already engaged experts and external consultants for discharging the various tasks. He requested the Government to explain how AEPCO, in particular the holders of the three proposed posts, could assist AAHK in the tasks mentioned in paragraph 5 of EC(2015-16)8, including the relevant statutory gazettal processes, delivery of the commitments made in the EIA report, conducting detailed project designs, and refining the financial arrangement proposal. He also requested the Government to provide examples on the advice given by AEPCO to AAHK on the various tasks.

25. PSTH(T) clarified that the above-mentioned tasks would be carried out by AAHK. AEPCO would provide timely advice and inputs to AAHK on the tasks and coordinate interfacing issues between various Government bureaux/departments and AAHK. For example, with the coordination of AEPCO, AAHK had taken into account views from the Government and the public regarding ACF and had agreed to lower and differentiate the charging level. PSTH(T) undertook to provide supplementary information as requested by Mr TO.

[Post-meeting note: The supplementary information submitted by the Administration was circulated to members on 17 November 2015, vide LC Paper No. ESC16/15-16(01).]

26. Mr Alan LEONG noted from Enclosure 3 to EC(2015-16)8 that one of the major responsibilities of the proposed PGE post was to "provide policy and technical steer". He asked if AEPCO could "rule over" (駕馭) AAHK in case there was disagreement between the two parties on matters relating to the 3RS project. Mr WU Chi-wai expressed the same concern.

27. PSTH(T) clarified that the proposed PGE post would assume leadership of and provide policy and technical steer to AEPCO instead of AAHK. He reiterated that AEPCO would work in partnership with AAHK in the implementation of the 3RS project and there would be no question that AEPCO had to "rule over" AAHK. Any divergent views relating to the project between AEPCO and AAHK would be resolved through discussions. Should a matter remain unresolved, it would be escalated to a higher level involving PSTH(T) and the Chief Executive Officer ("CEO") of AAHK, or ultimately the Board of AAHK where the Government was represented. After all, AAHK, being a public organization had to be accountable to the public. PSTH(T) stressed that AAHK had all along been cooperative and

responsive as indicated in its readiness to reduce the charging level of ACF.

Manpower resources of the Airport Expansion Project Coordination Office

28. Mr POON Siu-ping enquired about the reasons for creating the three supernumerary posts for a duration of two years and four months instead of a longer period in order to tie in with the commissioning of 3RS, which was targeted at 2023. He also enquired if the Administration would consider strengthening the non-directorate support in AEPCO when the construction works for the project commenced. Ir Dr LO Wai-kwok and Mr TANG Ka-piu were of the view that the Administration should ensure that AEPCO would be provided with adequate manpower resources for discharging the voluminous and complex tasks. They urged the Administration to consider strengthening the manpower of AEPCO where necessary.

29. PSTH(T) and Assistant Secretary for Transport and Housing (Transport) (Airport Expansion Project Coordination Office)A responded that AAHK would be carrying out preparatory work for the 3RS project until 2018. Construction works associated with the project was expected to surge from 2018 onwards after the completion of the relevant reclamation works. Major construction works included, among others, building the third runway concourse, modification of the existing Terminal 2, and provision of an Automated People Mover System and a high-speed Baggage Handling System. The Government considered it more prudent to review the overall manpower requirement of AEPCO, including directorate and non-directorate staff, closer to 2018 taking into account the project progress and the then operational needs of AEPCO. The Government would submit necessary staffing proposals to LegCo following the established procedures.

Need for the Three-Runway System project

30. Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung queried if the third runway at HKIA would serve any practical purpose or only function as a backup runway in case of emergencies. Mr LEUNG expressed concern that the proposed modification of Terminal 2 under the 3RS project would lead to an enormous waste of resources. He also questioned the projection on the handling capacity of 3RS as he considered that air traffic movements at HKIA would be constrained without resolving the problem of airspace congestion in the Pearl River Delta region.

31. PSTH(T) responded that due to the imminent saturation of the existing 2RS, HKIA needed expansion urgently to cater for the long-term growth in air traffic demand. He emphasized that the 3RS project comprised not only the third runway but also other related facilities.

Action

32. Mr CHAN Kam-lam, Mr YIU Si-wing and Mr NG Leung-sing concurred with the need to expand HKIA into 3RS, which could create jobs and generate economic benefits for Hong Kong, especially the tourism and logistics sectors. They pointed out that the handling capacity of HKIA was close to saturation. As a result, some airline operators had been taking up less favourable time slots for their new routes or shifting flights to neighbouring airports. Limitations in HKIA's handling capacity had also constrained the development of low-cost carriers in Hong Kong. In view of the intense competition from neighbouring airports, marginal benefits of measures in relieving the pressure of the existing 2RS, and rising borrowing costs for infrastructure projects, they stressed the need to implement the 3RS project as early as possible. Mr NG added that the delay in the delivery of the HKS of XRL project should not be the reason for objecting the 3RS project as the delay was caused by unexpected factors.

33. Dr Fernando CHEUNG remarked that the vast majority of respondents to the first-phase consultation of the draft Chek Lap Kok Outline Zoning Plan (which was to cater for the development of 3RS) raised objection to the 3RS project. The consultation responses and boycott by environmental organizations of the Professional Liaison Group had demonstrated the great public controversies surrounding the project. He expressed serious concern that problems encountered in the HKS of XRL project would recur in the 3RS project and the project would eventually result in a huge waste of public money. He urged that the public resources deployed for the project should be better utilized for enhancing the facilities and services relating to livelihood of the general public.

34. PSTH(T) reiterated that AAHK was the project proponent and owner of the 3RS project. That being said, it was in the public interest that the Government monitor the project progress and ensure its timely completion. Indeed, the public would expect the Government to monitor the work of AAHK. He remarked that the 3RS project was also closely related to people's livelihood in view of HKIA's huge contribution to the Hong Kong economy over the years and the job opportunities that the project was expected to create.

35. Mr LEUNG Kwok-hung requested the Administration to provide supplementary information on the exact date of the Executive Council meeting at which in-principle approval was given to AAHK to adopt for planning purpose the option of expanding HKIA into 3RS. He was concerned if the meeting took place before or after the 2012 Chief Executive Election. PSTH(T) said that the Government had reported the development and progress of planning 3RS to the Panel on Economic Development. He would provide the information as requested by Mr LEUNG.

[*Post-meeting note*: The supplementary information submitted by the Administration was circulated to members on 17 November 2015, vide LC Paper No. ESC16/15-16(01).]

Financial arrangement proposal

36. Dr Fernando CHEUNG relayed the public concern that the current financial arrangement proposal for the 3RS project was impractical as AAHK's projected incomes (including ACF) might be insufficient to cover its debts arising from the project. He expressed concern that AAHK would impose additional levies on air passengers upon commissioning of 3RS.

37. Deputy Secretary for Transport and Housing (Transport)⁴ said that AAHK's financial arrangement proposal consisted of three components, namely retention of all distributable profits until the full commissioning of 3RS, introduction of ACF, and raising funds from the market through borrowing. He stressed that the proposal had been scrutinized by the financial advisors appointed by the Government and AAHK respectively. He also pointed out that at the meeting of the 3RS Subcommittee on 3 November 2015, CEO of AAHK had undertaken that there would be no upward adjustment in the charging level of ACF. PSTH(T) supplemented that the 3RS project aimed to meet the long-term air traffic demand of HKIA up to 2030. Issues on the handling capacity of HKIA beyond 2030 and the financial implications of future expansion projects, if any, would be examined under AAHK's ongoing strategic planning and review for HKIA.

(At 10:27 am, the Chairman suggested that the meeting be extended for 15 minutes up to 10:45 am. Mr CHAN Kam-lam and Mr Martin LIAO agreed. Mr Albert CHAN and Mr CHAN Chi-chuen raised objection. The Chairman then suggested that the meeting be extended until the public officers finished responding to Mr Albert CHAN's question. Members agreed.)

38. Before adjourning the meeting, the Chairman advised that discussion on this item would continue at the next meeting.

39. There being no other business, the meeting ended at 10:30 am.