

**立法會**  
***Legislative Council***

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**Finance Committee of the Legislative Council**

**Minutes of the 40<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Saturday, 27 February 2016, at 11:16 am**

**Members present:**

Hon CHAN Kin-por, BBS, JP (Chairman)  
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Emily LAU Wai-hing, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Hon CHAN Hak-kan, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
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 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 James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, SBS, 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 Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS

**Members absent:**

Hon Albert HO Chun-yan  
Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Dr Hon LEUNG Ka-lau  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHUNG Kwok-pan

**Public officers attending:**

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>1</sup>
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Rebecca PUN Ting-ting, JP	Deputy Secretary for Transport and Housing (Transport) 1
Mr Peter LAU Ka-keung, JP	Director of Highways
Mr Jimmy CHAN Pai-ming, JP	Principal Government Engineer (Railway Development), Highways Department
Mr TAM Hon-choi	Government Engineer (Railway Development) 2, Highways Department
Dr Philco WONG	Projects Director, MTR Corporation Limited
Ms Linda SO	Corporate Affairs Director, MTR Corporation Limited
Mr LEUNG Chi-lap	General Manager (XRL E&M), MTR Corporation Limited

**Clerk in attendance:**

Ms Anita SIT

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO

Chief Council Secretary (1)5

Mr Ken WOO

Senior Council Secretary (1)5

Mr Raymond SZETO

Senior Council Secretary (1)7

Mr Keith WONG

Council Secretary (1)5

Miss Queenie LAM

Senior Legislative Assistant (1)2

Mr Frankie WOO

Senior Legislative Assistant (1)3

Miss Yannes HO

Legislative Assistant (1)6

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Action

**Item No. 1 – FCR(2015-16)46**

**CAPITAL WORKS RESERVE FUND**

**HEAD 706 – HIGHWAYS**

**Transport – Railways**

**53TR – Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of railway works**

**Item No. 2 – FCR(2015-16)47**

**CAPITAL WORKS RESERVE FUND**

**HEAD 706 – HIGHWAYS**

**Transport – Railways**

**57TR – Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link – construction of non-railway works**

The meeting continued with the deliberation of the agenda items FCR(2015-16)46 and 47 on requests of additional funding for the project to construct the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("the XRL project").

2. Mr IP Kin-yuen pointed out that the Executive Council had endorsed the plan of the Airport Authority Hong Kong ("AA") to build a third runway for the Hong Kong International Airport ("HKIA"). He was worried that upon commissioning of the new runway, Mainland travellers would find it appealing to travel between Hong Kong and the Mainland by air, thus affecting future patronage of the XRL after its completion.

3. The Secretary for Transport and Housing ("STH") replied that Mainland travellers were not major users of HKIA at present and the construction of the third runway by AA was not aimed at serving mainland travellers either. He added that many regions in Asia were actively developing their high-speed railways ("HSR"), and some of those regions would also have their railways linked to the HSR network in the Mainland. By that time, it would be possible for people to travel between Hong Kong and other regions in Asia by the XRL. Therefore, it was estimated that local people would make up a substantial portion of the target passenger groups of the XRL. When the Administration updated its patronage projection at the end of 2015, it had already taken into account the impact of the commissioning of new XRL routes in the Mainland on the XRL in Hong Kong.

4. Citing media reports which alleged that the Administration's patronage projection made in 2009 was a bit on the high side, Prof Joseph LEE doubted if the XRL could cope with the projected patronage and whether the safety of railway operations would be undermined. The Deputy Chairman pointed out that the questions raised by Prof Joseph LEE were not directly related to the two funding proposals under consideration. Prof Joseph LEE was dissatisfied with the Deputy Chairman's ruling. He argued that his questions were related to the patronage of the XRL and that the Deputy Chairman should not interrupt his questioning.

5. Dr Fernando CHEUNG pointed out that the XRL project was plagued by cost overrun and delays, yet the direct economic benefits as calculated by the Administration at the end of 2015 were adjusted upwards from \$87 billion to \$90 billion. He expressed doubt on the Administration's projection and asked the Administration to make public the formula used for the calculation. STH advised that the projection model used in 2015 was the same as the one used in the 2009 projection. Details of the projection were already set out in the discussion paper issued to members by the Administration.

#### Co-location arrangements

6. Dr Priscilla LEUNG said that there had always been voices in the community that if co-location arrangements were to be implemented for the XRL, it would be tantamount to a "cession" of Hong Kong territory. Moreover, recent years also saw the emergence of views in the community calling for "independence of Hong Kong". She was worried that such views would make it more difficult for the Administration to strive for co-location arrangements that could meet the expectations of Hong Kong people. STH replied that the Administration had looked into the community's concern over

the issue when discussing the options of co-location arrangements with relevant ministries of the Central Government. The Administration would tackle the issue with great care. He added that the Administration would not sacrifice "one country, two systems" for the sake of implementing the co-location arrangements. The option for implementing the co-location arrangements in future would be in line with the principle of "one country, two systems".

7. The Deputy Chairman pointed out that many members had repeatedly asked questions about the co-location arrangements and the Administration had explained time and again on the issue. He would not allow members to raise similar questions again.

#### MTRCL as operator of the XRL

8. Mr CHEUNG Kwok-che pointed out that by raising loans to finance the payment of special dividends, the MTR Corporation Limited ("MTRCL") would increase its interest expense burden. He was worried that this would have impact on the rating and stock performance of MTRCL, and would affect its ability to bid for other railway projects. He asked whether the Administration would consider buying back MTRCL to eliminate the negative impact brought about by fluctuation in its share price.

9. STH replied that the XRL project was a public works project, the construction of which required funding approval of the Finance Committee ("FC") and was not necessarily related to MTRCL's decision on whether or not to borrow money to pay the special dividends. MTRCL had already explained that it hoped to improve its capital efficiency by adopting the current option. He added that MTRCL's plan to pay dividends by raising loans had been approved by its general meeting. Overall, MTRCL share prices in recent months had performed in a healthy way.

10. Mr IP Kin-yuen pointed out that MTRCL had adopted the full ownership approach when it constructed local rail lines in the past. The majority of those construction projects had experienced no cost overrun, which showed that the approach was effective. He queried why the Administration adopted the concession approach to build the XRL. Given that the XRL would be jointly operated with Mainland companies upon commissioning, he requested the Administration to also explain how it could ensure that the Government would have decision-making power in the operation of the XRL, so as to safeguard the interests of the Hong Kong community.

11. STH said that there had been cost overrun on the railway projects constructed by MTRCL under the full ownership approach, such as the South Island Line (East) and the Kwun Tong Line Extension. Moreover, when rail lines were built under this approach in the past, MTRCL often faced with funding gaps which needed to be filled up by the Government through cash payment or granting of above-station property development rights. He pointed out that the Report of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Independent Expert Panel had already expressed its views on operating the railway with the concession approach. The Administration would take into full account the views contained in the Report when planning future railway projects. As regard the operation of the XRL in the Mainland, he said that there was no plan for the time being to set up a joint venture with Mainland companies to operate the XRL. MTRCL would make reference to the current income-sharing model adopted for the Guangzhou-Kowloon Through Train when it examined how to share the XRL fare revenue with its Mainland counterparts in the future.

Motion to adjourn the discussion on FCR(2015-16)47

12. At 11:43 am, Dr Fernando CHEUNG moved a motion under paragraph 39 of FCP that the discussion on item FCR(2015-16)47 be adjourned. The Deputy Chairman thereupon proposed the question on the motion that the discussion on item FCR(2015-16)47 be adjourned. The Deputy Chairman directed that each member could speak once on the motion for not more than three minutes.

13. Dr Fernando CHEUNG introduced his motion. He was dissatisfied that the Administration had failed to truthfully reveal the causes for cost overrun and delays of the XRL project, and expressed doubt on the integrity of the Government and MTRCL in their handling of problems. Moreover, as the Administration failed to dispel members' doubts about the projected benefits of the XRL, the Committee should not continue discussion on the item at the present stage.

14. Dr KWOK Ka-ki, Mr Gary FAN, Mr Kenneth LEUNG, Mr LEUNG Kwok-hung, Ms Cyd HO, Mr IP Kin-yuen, Ms Emily LAU, Mr Alan LEONG, Ms Claudia MO, Mr James TO, Mr LEUNG Yiu-chung, Mr Charles Peter MOK, Mr CHAN Chi-chuen, Mr Albert CHAN, Mr CHEUNG Kwok-che, Mr Dennis KWOK, Dr Helena WONG, Mr LEE Cheuk-yan and Mr WU Chi-wai spoke in support of the motion that the discussion on the item FCR(2015-16)47 be adjourned. These members opined that the Administration had failed to provide proper explanation to members' questions on issues involving different areas, including the liability for delays and cost overrun of the XRL project, the co-location arrangements, projections of the XRL project's patronage and economic benefits etc. If the Committee decided that the discussion on this item be adjourned, the Administration should provide proper replies to the questions raised by members before it submitted the funding proposal to the Committee again.

15. Mr WONG Kwok-hing, Mr POON Siu-ping, Mr YIU Si-wing and Ms Starry LEE spoke in opposition to the motion that the discussion be adjourned. These members criticized that the pan-democratic members moved the motion solely for the sake of "filibustering" and the purposes of which were to force the XRL project to suspend operation, jeopardize the interests of workers involved therein and hinder Hong Kong's economic development.

16. In response to the motion moved by Dr Fernando CHEUNG, STH said that the Administration would address members' questions with continuous efforts. Should the request for additional funding be rejected, the Administration would immediately discuss with MTRCL on the arrangements for suspension of works. He disagreed with some members who were of the view that the XRL project should be left "unfinished" or those who supported the idea of turning the XRL infrastructure into a shopping mall project. Regarding some members' concerns about the issue of co-location arrangements, he said that the Administration had already assured the Committee that the option for implementing co-location arrangements would be submitted to the Legislative Council for consideration and approval. He added that it was the view of the Administration that in the long run, the XRL project would not be a "white elephant" project.



17. Dr Fernando CHEUNG spoke in reply on his motion. The Deputy Chairman then put Dr CHEUNG's motion to vote. At the request of members, the Deputy Chairman ordered a division and the division bell was rung for five minutes. The Deputy Chairman announced that 22 members voted in favour of and 29 members voted against the motion. The votes of individual members were as follows –

*For:*

Mr LEE Cheuk-yan  
Mr LEUNG Yiu-chung  
Prof Joseph LEE Kok-long  
Mr CHEUNG Kwok-che  
Mr LEUNG Kwok-hung  
Mr WONG Yuk-man  
Mr WU Chi-wai  
Mr Charles Peter MOK  
Mr Kenneth LEUNG  
Dr Fernando CHEUNG Chiu-hung  
Dr Helena WONG Pik-wan  
(22 members)

Mr James TO Kun-sun  
Ms Emily LAU Wai-hing  
Ms Cyd HO Sau-lan  
Mr Alan LEONG  
Mr Albert CHAN Wai-yip  
Ms Claudia MO  
Mr Gary FAN Kwok-wai  
Mr CHAN Chi-chuen  
Mr Dennis KWOK  
Mr SIN Chung-kai  
Mr IP Kin-yuen

*Against:*

Mr TAM Yiu-chung  
Mr WONG Kwok-hing  
Mr Andrew LEUNG Kwan-yuen  
Ms Starry LEE Wai-king  
Mr WONG Kwok-kin  
Mrs Regina IP LAU Suk-yee  
Mr Steven HO Chun-yin  
Mr YIU Si-wing  
Miss CHAN Yuen-han  
Miss Alice MAK Mei-kuen  
Mr Christopher CHEUNG Wah-fung  
Mr Martin LIAO Cheung-kong  
Mr TANG Ka-piu  
Mr Dr LO Wai-kwok  
Mr Tony TSE Wai-chuen  
(29 members)

Mr Vincent FANG Kang  
Mr Jeffrey LAM Kin-fung  
Mr WONG Ting-kwong  
Mr CHAN Hak-kan  
Mr IP Kwok-him  
Mr Michael TIEN Puk-sun  
Mr Frankie YICK Chi-ming  
Mr MA Fung-kwok  
Mr LEUNG Che-cheung  
Mr KWOK Wai-keung  
Dr Elizabeth QUAT  
Mr POON Siu-ping  
Dr CHIANG Lai-wan  
Mr Christopher CHUNG Shu-kun

18. The Deputy Chairman declared that the motion was negatived.

19. At 1:09 pm, the Deputy Chairman remarked that the Committee had conducted 20 hours of meeting on these two items and members had spoken 111 times in total. Many members asked the same questions repeatedly and the Administration already gave its replies to them. While members should have had enough time in those meetings to raise their questions, they instead moved numerous motions under FCP to adjourn the meeting and discussion on the item, and repeatedly challenged the legitimacy of the Deputy Chairman's power to chair the meeting. Moreover, the Administration had already pointed out that if the request for additional funding was rejected, the project would be left unfinished and huge losses to the public coffers would be incurred as a result. The Deputy Chairman said that he had to strike a balance between respecting the right of members to raise questions and ensuring that the Committee could effectively perform its functions in order to safeguard the interests of the public. Given the above considerations, he was of the view that it was necessary for the Committee to start dealing with the proposed motions submitted by members under paragraph 37A of FCP. However, as many members indicated that they still had questions that required explanation from the Administration, he would allow members to ask the last round of questions for which each member could speak no more than two minutes. The Committee would then proceed to deal with the proposed motions submitted by members after they finished asking questions.

20. While the Deputy Chairman was speaking, Mr CHAN Chi-chuen and Mr Albert CHAN walked to the front of the Chairman's podium in protest and expressed dissatisfaction with the Deputy Chairman's decision. The Deputy Chairman asked them to return to their seats.

21. At 1:12 pm, the Chairman declared that the meeting be adjourned.

22. The meeting was adjourned at 1:12 pm.