

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 63rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 20 May 2016, at 5:10 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon TAM Yiu-chung, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
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
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
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 CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS
Hon Alvin YEUNG Ngok-kiu

Members absent:

Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Cyd HO Sau-lan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon WONG Yuk-man
Hon Claudia MO
Hon CHAN Han-pan, JP

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Hon Dennis KWOK
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen

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) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Raymond CHENG Nim-tai	Principal Assistant Secretary for Transport and Housing (Transport) 7
Mr LAU Ka-keung, JP	Director of Highways
Mr Jonathan LEUNG Man-ho	Government Engineer (Railway Development) 1, Highways Department
Ms Winnie HO Wing-yin	Deputy Head of Energizing Kowloon East Office, Development Bureau
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Ms Doreen KWAN Wing-kau	Departmental Secretary, Architectural Services Department
Mr Thomas CHAN Chung-ching, JP	Deputy Secretary for Development (Planning and Lands) 1
Mr Daniel CHUNG Kum-wah, JP	Director of Civil Engineering and Development
Mr LAM Sai-hung, JP	Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department
Mr David LO Kwok-chung	Chief Engineer (Islands), Civil Engineering and Development Department
Ms Jacinta WOO Kit-ching	Assistant Director of Planning (New Territories)
Ms Donna TAM Yin-ping	District Planning Officer (Sai Kung and Islands), Planning Department

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Chief Council Secretary (1)5

Mr Raymond SZETO

Council Secretary (1)6

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Michelle NIEN

Legislative Assistant (1)5

Action

**Item No. 3 – FCR(2016-17)23
RECOMMENDATIONS OF THE
ESTABLISHMENT SUBCOMMITTEE MADE
ON 2 MARCH 2016**

**EC(2015-16)15
HEAD 60 – HIGHWAYS DEPARTMENT
SUBHEAD 000 – OPERATIONAL EXPENSES**

The Committee continued deliberation on item FCR(2016-17)23. As indicated by the Chairman at the beginning of the meeting at 3:00 pm on the same day, he was unable to chair the meeting due to his engagement in important business; the meeting would be chaired by the Deputy Chairman.

Monitoring of railway projects

2. Mr Michael TIEN sought information about the latest cost overrun figures of the Shatin to Central Link ("SCL") project, and enquired whether, in addition to the current staffing proposal, there would be a need for future manpower increase to cope with the related work.

3. Under Secretary for Housing and Transport ("USTH") replied that the latest information on the additional construction cost submitted by the MTR Corporation Limited ("MTRCL") was subject to verification by the Chief Engineer of the Highways Department, who would also scrutinize the validity of the justifications given therein. However, at past meetings of the Subcommittee on Matters Relating to Railways, the Transport and Housing Bureau ("THB") had reported a delay in construction caused by archeological and conservation works arising from the discovery of archeological features in

To Kwa Wan, which would incur an additional cost of at least \$4,100 million. Moreover, according to the information provided by MTRCL, the expansion works at Admiralty Station, which would serve passengers of the future SCL and the South Island Line (East), would incur an additional cost of around \$1,300 million which would be borne under the SCL project. Subject to the scrutiny of the information on the aforementioned additional construction costs and the relevant justifications by the Highways Department, THB would apply to the Legislative Council for additional funding as and when appropriate. Director of Highways ("DHy") added that should the need arise, extra manpower would be deployed to dedicated division headed by the Chief Engineer to share the work.

4. Mr Albert CHAN and Mr LEUNG Kwok-hung criticized the Administration for failing to enhance MTRCL's board and its executive structure, resulting in the need to increase manpower continuously for monitoring the projects undertaken by MTRCL. The Deputy Chairman reminded Mr CHAN and Mr LEUNG that the agenda item currently under discussion in the Committee was an establishment proposal. USTH replied that under current arrangement, it was MTRCL's duty to monitor the contractors while THB would ensure that the projects would be implemented by MTRCL in accordance with the entrustment agreements.

5. Mr LEUNG Kwok-hung was not convinced of USTH's response that the current system could achieve monitoring and checks and balances. He pointed out that it was unreasonable for the Government, as an MTRCL shareholder, to monitor MTRCL's execution of the entrustment agreements through the Chief Engineer. Moreover, as an MTRCL shareholder, the Government's presence in discussions on projects between MTRCL and project contractors had made it difficult to perform its monitoring function effectively. Permanent Secretary for Financial Services and the Treasury (Treasury) added that although the Government had representatives in MTRCL board, whenever disputes arose between the Government and MTRCL concerning project claims, the Government would not attend MTRCL meetings for the discussion of the relevant matters.

Project claims

6. Mr LEUNG Kwok-hung noted that the SCL contractors had submitted claims totalling about \$1,400 million as at September 2015. Mr LEUNG sought information on the latest amount of claims as at May 2016. DHy replied that as at March 2016, 359 claims had been received, 26 of which had been settled and 333 cases remained outstanding. The total amount of claims stood at \$2,169 million and the interim award amount was about \$221 million.

7. Mr LEUNG Kwok-hung further enquired if the Chief Engineer proposed to be retained would submit regular written reports to the Highways Department ("HyD") regarding such scrutiny; if so, the rank of officials at HyD who would vet the written reports. DHy replied that the Chief Engineer would scrutinize written reports on claims submitted by MTRCL on a regular basis. The reports would be vetted by officials at different ranks within HyD depending on the amounts of claims. If the amount of claim involved significant changes, the report would be submitted to DHy. But generally speaking, it would be vetted by an official at the next higher rank above the Chief Engineer, that was Assistant Director of Railway Development who would make changes when necessary.

8. Mr CHAN Chi-chuen expressed concern about the rising amount of claims and enquired whether there were deficiencies in the monitoring of the projects by THB. USTH replied that in case of additional expenses arising from unforeseeable situations in the course of works, the contractors would submit claims in accordance with the contract terms and the Chief Engineer would then scrutinize the justifications of such claims and determine which party would bear the additional expenses on the basis of such information as relevant contract terms and claim justifications. DHy added that as the Government had entrusted the design and construction of SCL to MTRCL, the Chief Engineer would scrutinize the vetting report by MTRCL on each claim which involved public money and determine whether the claim had arisen from the fault of MTRCL. The Government would recover compensation from MTRCL when necessary to ensure proper use of public funds.

Job description and performance appraisal of the post of Chief Engineer proposed to be retained

9. Mr CHAN Chi-chuen noted from the Administration papers that the target commissioning dates of the Kwun Tong Line Extension ("KTE") and the East West Corridor ("EWC") of SCL would be 2016 and 2019 respectively and he enquired the reasons for HyD to propose the retention of the post of Chief Engineer until 2022. Dr Helena WONG shared the same concern. Mr CHAN also enquired if HyD had assessed or evaluated the Chief Engineer's performance in claim scrutiny.

10. DHy replied that upon the completion of the above two projects the Chief Engineer would still be required to handle other duties, including scrutiny of claims made by contractors. Based on experience, it would take around two years to process all claims, the post of Chief Engineer was therefore proposed to be retained until 2022. DHy pointed out that the duty of the Chief Engineer was to monitor the implementation of the SCL project by MTRCL from design to construction in accordance with the contract. If claims in connection with the project were received, the Chief Engineer would request MTRCL to provide justifications for scrutiny purpose.

11. Mr James TO enquired about the handling mechanism in case the Chief Engineer found the report on contractual claims submitted by MTRCL unjustifiable. Moreover, Mr TO enquired if the Chief Engineer had the discretion to determine whether or not to pursue the responsibility for any delay in the SCL project or make compromises. Dr Helena WONG requested the Government to explain why the scrutiny of claims needed to be handled by the Chief Engineer.

12. DHy replied that as all the claims involved public money, it would be appropriate for a high-ranking official, that was the Chief Engineer, to scrutinize whether the claims were justifiable. However, the Chief Engineer did not have discretion in the pursuit of responsibility for project delays, nor would he make compromises in this respect. As far as the monitoring of the SCL project was concerned, DHy explained that the monitoring mechanism included the three-tier monitoring meetings to supervise and monitor the SCL project. Should the Chief Engineer have any queries about the progress report submitted by MTRCL, he could pursue the matter with MTRCL through the three-tier monitoring meetings. In addition, according to the entrustment agreements of the SCL project, MTRCL was obliged to adhere to the project completion timetable to the best of its ability. In case of project delays, the Administration could request MTRCL to introduce measures to make up for the delays.

The relevant works and commissioning arrangements for SCL and KTE

13. Ms Starry LEE requested the Administration and the Kowloon City District Council to follow up on the relevant facilities of SCL and KTE in Kowloon City District. DHy responded that the Administration would regularly report the relevant progress of the project to the relevant District Councils and consult them.

14. Ms Starry LEE and Dr Helena WONG were equally concerned about the progress and commissioning date of the SCL project. Ms LEE enquired how the Administration could ensure the commissioning of EWC of SCL in 2019. DHy pointed out that so far, the progress of EWC of SCL was satisfactory, with 90% of the tunnel excavation works already completed. The Administration would continue to monitor the project risk so that EWC of SCL would be commissioned in 2019 as scheduled.

Voting on FCR(2016-17)23

15. The Deputy Chairman put the item to vote. As requested by members, the Deputy Chairman ordered a division and the division bell was rung for five minutes. The Deputy Chairman said that 24 members voted in favour of and three members voted against the item.

16. The votes of individual members were as follows –

For:

Mr TAM Yiu-chung
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mrs Regina IP LAU Suk-yee
Mr NG Leung-sing
Mr WU Chi-wai
Mr MA Fung-kwok
Mr LEUNG Che-cheung
Mr SIN Chung-kai
Dr Elizabeth QUAT
Mr TANG Ka-piu
Mr CHUNG Kwok-pan
(24 members)

Prof Joseph LEE Kok-long
Ms Starry LEE Wai-king
Mr WONG Kwok-kin
Mr Michael TIEN Puk-sun
Mr Frankie YICK Chi-ming
Mr YIU Si-wing
Miss CHAN Yuen-han
Mr KWOK Wai-keung
Dr Helena WONG Pik-wan
Mr POON Siu-ping
Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun

Against:

Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen
(3 members)

Mr Albert CHAN Wai-yip

17. The Deputy Chairman declared that the Committee approved the item.

**Item No. 4 – FCR(2016-17)24
RECOMMENDATION OF THE
ESTABLISHMENT SUBCOMMITTEE MADE
ON 3 FEBRUARY 2016**

**EC(2015-16)10
HEAD 25 - ARCHITECTURAL SERVICES DEPARTMENT
Subhead 000 - Operational expenses**

18. The Deputy Chairman advised that this item sought FC's approval of the recommendation of the Establishment Subcommittee made at its meeting held on 3 February 2016 (the recommendations set out in Paper No. EC(2015-2016)10) for the rationalization of the following permanent posts in the Architectural Services Department ("ArchSD"): three Chief Architect posts, one Chief Building Services Engineer post, one Chief Maintenance Surveyor post, one Chief Quantity Surveyor post and one Chief Structural Engineer post, to be offset by the deletion of seven permanent multi-disciplinary ("MD") Chief Architect posts. The purpose of the recommendation is to facilitate better utilization of human resources and more effective staff planning in meeting operational needs. Members requested that the relevant recommendation be voted on separately.

19. Mr Albert CHAN pointed out that the rationalization of the seven aforesaid MD posts to single disciplinary posts would affect the promotion prospects of certain posts and result in the monopolization of senior posts by a certain discipline. Mr CHAN pointed out that the emphasis of the duties of senior posts in the promotion ladder, such as Director and Deputy Director, was more on administrative work, while specific professional expertise was less important. The recommendation made by ArchSD to rationalize seven MD posts as single disciplinary posts would affect the promotion prospects of landscaping architects in the long run. Mr CHAN pointed out that similar phenomena were observed in other government departments and he enquired if the Administration would expeditiously designate a post as a single disciplinary

or MD post in the structure concerned, in order to avoid future disputes and changes.

20. In response, Director of Architectural Services ("D Arch S") said that in formulating the proposal, the Government had taken into account such factors as the operation of ArchSD, the roles performed by various ranks in ArchSD, and past practice to fill these ranks. The posts affected were mostly project management posts responsible for integrated management, which could be filled by various professionals. In response to Mr CHAN's concern about the promotion prospects of landscaping architects, D Arch S said that as the staff of this grade accounted for only 4% of the total number of professional grades staff in the department, the proposed rationalization of posts was appropriate.

21. Deputy Head of Energizing Kowloon East Office, Development Bureau added that works departments had made similar rationalization of posts before in the light of departmental operational needs.

22. There being no further questions from members, the Deputy Chairman put the item to vote. The Deputy Chairman considered that the majority of members who had voted were in favour of the proposal and he declared that the proposal be approved.

**Item No. 5 – FCR(2016-17)25
RECOMMENDATION OF THE
PUBLIC WORKS SUBCOMMITTEE
MADE AT ITS MEETING HELD ON 29 FEBRUARY 2016**

**PWSC(2015-16)55
HEAD 707 - NEW TOWNS AND URBAN AREA DEVELOPMENT
Civil Engineering – Land development
786CL – Tung Chung New Town Extension**

23. The Deputy Chairman advised that this item sought FC's approval of the recommendation of the Public Works Subcommittee made at its meeting held on 29 February 2016 (the recommendations set out in Paper No. PWSC(2015-2016)55) regarding the upgrading of part of 786CL, entitled "Tung Chung New Town Extension — detailed design and site investigation" as 799CL, to Category A at an estimated cost of \$729.5 million in money-of-the-day prices; and the retention of the remainder of 786CL in Category B. Some members had requested that the relevant recommendation be voted on separately.

24. Mr Albert CHAN expressed concern about the possible impact of noise and air pollution caused by aircraft operation on the health of residents in the Tung Chung New Town Extension ("TCNTE"). Mr CHAN requested the Administration to provide a table setting out the respective numbers of aircraft movements that would generate noise exceeding (i) 75 decibels ("dB"), (ii) 80 dB and (iii) 90 dB between 11:00 pm and 7:00 am in the residential areas in Tung Chung East. Director of Civil Engineering and Development ("DCED") undertook to provide supplementary information after the meeting.

[*Post-meeting note:* The Administration's supplementary information was circulated to members vide LC Paper No. FC229/15-16(01) on 27 May 2016.]

25. Dr KWOK Ka-ki, Mr CHAN Chi-chuen, Mr LEUNG Kwok-hung and Mr Michael TIEN expressed concern about how the Administration would alleviate the increasing traffic flows brought about by TCNTE. Mr CHAN noted that the commissioning of the new railway station at Tung Chung West was initially proposed to be in 2024 but later changed to between 2020 and 2024. He enquired if it could cater for the first population intake scheduled for 2023 at the earliest. Mr LEUNG enquired how the Administration would alleviate the current difficulties in connection with feeder transport services in Tung Chung. Mr TIEN enquired if the works project set out in the discussion paper included a study on the construction of a light rail transit system to link up Tung Chung, the Hong Kong International Airport and the Hong Kong-Zhuhai-Macau Bridge. DCED said that railway would be the transport backbone in TCNTE. MTRCL would increase the maximum carrying capacity of its Tung Chung Line by upgrading the signalling system. DCED added that according to the Railway Development Strategy 2014, the implementation timetable for the new railway station at Tung Chung West would be 2020 to 2024 and its specific details would be subject to further discussion between the Administration and MTRCL.

26. Mr CHAN Chi-chuen noted that the Administration would engage consultancy services under two consultancy agreements for TCNTE. He enquired if two consultants would be engaged for the provision of such services. DCED replied that consultancy services would be provided for the proposed works in Tung Chung East and Tung Chung West respectively under the two consultancy agreements. The engagement of one or two consultants to provide the relevant services would depend on the tender results.

27. Mr Steven HO noted that the Administration would provide more than 90 berthing spaces in the proposed marina in Tung Chung East. Mr HO urged the Administration to consider providing additional ancillary facilities for the fishing industry in TCNTE and providing facilities suitable for fishing vessels in the proposed marina. Deputy Secretary for Development (Planning and Lands) advised that he would maintain communication with the relevant organizations, including fisheries organizations, in the detailed design stage.

28. Ir Dr LO Wai-kwok expressed support for TCNTE.

29. The Deputy Chairman declared that the meeting be adjourned at 7:10 pm.

30. The meeting ended at 7:10 pm.

Legislative Council Secretariat
30 September 2016