

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 74th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 17 June 2016, at 3:15 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Vincent FANG Kang, SBS, JP
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
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
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 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
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
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
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon LEE Cheuk-yan
Hon James TO Kun-sun
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, SBS
Hon Alan LEONG Kah-kit, SC
Hon Frankie YICK Chi-ming, JP
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, BBS, JP

Hon KWOK Wai-keung
Hon Dennis KWOK
Hon TANG Ka-piu, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Alvin YEUNG Ngok-kiu

Public officers attending:

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 YAU Shing-mu, JP	Under Secretary for Transport and Housing
Ms Judy CHUNG Sui-kei	Principal Assistant Secretary for Transport and Housing (Transport) 5
Mr Daniel CHUNG Kum-wah, JP	Director of Civil Engineering and Development
Mr WONG Wai-man, JP	Project Manager (New Territories East), Civil Engineering and Development Department
Mr Eric CHIANG Nin-tat	Chief Engineer (New Territories East) 1, Civil Engineering and Development Department
Mr MAK Chi-kwong	Chief Engineer (Strategic Roads), Transport Department

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1) ⁵
Mr Keith WONG	Council Secretary (1) ⁵
Mr Frankie WOO	Senior Legislative Assistant (1) ³
Miss Yannes HO	Legislative Assistant (1) ⁶

Action

Item No. 1 – FCR(2016-17)44

**RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 31 MAY 2016**

EC(2016-17)2

HEAD 151 – GOVERNMENT SECRETARIAT: SECURITY BUREAU

Subhead 000 – Operational expenses

HEAD 70 – IMMIGRATION DEPARTMENT

Subhead 000 – Operational expenses

The Chairman advised that the Administration sought the approval of the Finance Committee ("FC") for the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 31 May 2016, i.e. the proposed creation in EC(2016-17)2 of three supernumerary directorate posts within the Security Bureau and the Immigration Department to steer and review the Administration's policy on dealing with non-refoulement claims; to strengthen law enforcement and expedite screening of non-refoulement claims in the meantime; and to provide steer for launching the replacement exercise for the Next Generation Smart Identity Card. No member requested for separate voting on the recommendations at the FC meeting.

2. There being no questions from members, the Chairman put the item FCR(2016-17)44 to vote. The Chairman said that FC approved the item.

Item No. 2 – FCR(2016-17)42

**RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 21 MAY 2016**

PWSC(2016-17)14

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT

Transport – Roads

823TH – Tseung Kwan O – Lam Tin Tunnel

3. The Chairman advised that the item sought the approval of FC for upgrading of part of 823TH of Tseung Kwan O – Lam Tin Tunnel, entitled "Tseung Kwan O – Lam Tin Tunnel – main tunnel and associated works", to Category A at an estimate cost of \$15,093.5 million in money-of-the-day prices; and the retention of the remainder of 823TH in Category B. The Administration had consulted the Public Works Subcommittee ("PWSC") on the funding proposal at its meetings on 18 and 21 May 2016. PWSC agreed in its meeting on 21 May 2016 to submit the funding proposal to FC for

consideration. Some PWSC members requested for separate voting on the funding proposal at the FC meeting.

Project cost

4. Mr Albert CHAN considered that the construction cost of the connecting roads and viaducts under the proposed project was quite expensive as it had accounted for a relatively high proportion of the total project cost. He enquired whether the Administration had considered other design or construction methods to reduce costs.

5. Director of Civil Engineering and Development ("DCED") responded that, as he had explained in PWSC meetings, the proposed Tseung Kwan O – Lam Tin Tunnel ("TKO-LTT") was located at a densely populated urban area and there were many restrictions on both its alignment design or construction method, which would greatly increase the complexity of the project as well as the project cost.

6. Mr Gary FAN, Ms Claudia MO, Dr KWOK Ka-ki and Mr Tony TSE expressed concern about the causes for project cost escalation.

7. Ms Claudia MO noted that the project cost had increased by as much as \$8 billion. She enquired about the increased cost due to revised design as a percentage of the original project cost estimation.

8. Project Manager (New Territories East), Civil Engineering and Development Department ("PM(NTE),CEDD") responded that the actual increase in project cost was less than \$8 billion. He explained that the original project cost of \$8.2 billion as referred by members was the estimated cost calculated by the Administration based on the preliminary design in 2013 prices, while the latest estimated project cost of \$15,093.5 million was calculated based on the detailed design in money-of-the-day prices. As the two figures were calculated on different bases, it would not be appropriate to draw a direct comparison between the two project cost estimates which were made on prices in different years.

9. Mr Tony TSE expressed support for the item. He enquired about the number of works for which tenders had been invited by the Administration as a percentage of the total estimated project cost. Mr TSE noted that one of the factors leading to soaring project cost was that the Administration had to revise the design in accordance with the latest results of site investigation. He was concerned whether the investigation works was comprehensive and whether the project cost would increase further due to investigation results.

10. DCED remarked that the two work contracts which had been tendered covered the major components of the proposed project and accounted for a very large proportion of the total estimated project cost. The tender prices returned from contractors were also comparable to those estimated by the Administration. He said that the Administration had obtained the relevant site investigation information and considered the data compatible with the revised detailed design. There would be a low chance of cost overruns.

Changes due to enhanced design standards

11. Mr Gary FAN declared that he was a member of the Sai Kung District Council ("SKDC"). He expressed support for the funding proposal and urged the Administration to take forward the project as soon as possible. Noting that one of the factors leading to soaring project cost was that the Administration had revised the design of TKO-LTT in 2015 according to the latest standards set out in the Structures Design Manual for Highways and Railways ("Design Manual") published by the Highways Department ("HyD"), Mr FAN enquired about the time when the latest standards specified in the Design Manual became effective and the reasons why the Administration did not timely announce the sharp rise in project costs.

12. PM(NTE),CEDD responded that HyD updated the relevant standards in the Design Manual in 2013, including the enhanced standards in respect of both the seismic-resisting capability and the allowance in the design of concrete joint widths. As such, the Administration revised the design of TKO-LTT, and the revised design required the use of more steel bars and concrete, thus increasing the project cost. He said that the original project cost was estimated by the Administration based on the preliminary design completed in 2013. The Administration had indicated clearly to SKDC in 2014 that an update of the project cost estimate was not available because the detailed design had not yet completed.

13. Ms Claudia MO enquired about the merits of using concrete of higher design standards. PM(NTE),CEDD explained that the use of concrete of enhanced design standards could slow down corrosion of steel bars, making the concrete more durable. However, raw material cost would increase by 10% to 20% as a result.

Change to alignment design of elevated slip roads

14. Mr Gary FAN enquired about the details of the additional cost of \$932 million incurred for making change to the alignment of the elevated slip roads in Lam Tin. He also queried whether the change was related to the results of the public consultation conducted by the Administration on the original proposed TKO-LTT alignment from Lei Yue Mun ("LYM") to Tseung Kwan O ("TKO") in 2013.

15. PM(NTE),CEDD remarked that in the light of the site investigation results, the Administration had to realign some of the viaducts at Lam Tin Interchange and enhance the structural design of these viaducts, thus increasing the project cost. He said that the design change was not related to the public consultation activities conducted by the Administration on the original proposed TKO-LTT alignment from LYM to TKO in 2013.

Water quality in nearby waters

16. Mr CHAN Chi-chuen noted that the Environmental Protection Department ("EPD") had approved the environmental impact assessment ("EIA") report for the proposed project with conditions and issued an environmental permit ("EP"). Those conditions included setting up community liaison groups ("CLGs"), setting up complaint hotlines, following up on the implementation of mitigation measures and conducting a marine water quality monitoring in the embayment area fronting Ocean Shores for one year. Mr CHAN enquired about the details of the reclamation works under the proposed project and the time for setting up CLGs by the Administration, as well as the details of the mitigation measures. Moreover, he enquired about the remedial measures to be taken by the Administration should water quality in nearby waters deteriorate in the course of construction.

17. PM(NTE),CEDD replied that, after making consultation and taking into account the construction techniques and the alignment design, the Administration had revised the original design by deleting the construction of the toll plaza and reducing the scope of reclamation in Junk Bay from the original 12 hectares to 3 hectares, etc., so as to minimize the impact on the environment. He said that the Administration would only grant works contracts to contractors after FC had approved the funding proposal. The contractors would then be responsible for setting up CLGs comprising representatives of Civil Engineering and Development Department ("CEDD"), resident site staff, representatives of the contractors and the local community. EPD would monitor the operations of CLGs in accordance with the EIA

Ordinance (Cap. 499) to ensure that the construction sequence met the requirements prescribed in the EP. The contractors should also take appropriate measures to respond to views relayed by residents, so as to minimize the nuisances brought about to residents by the project. The Administration had included in the EIA report the assessed impact of the reclamation works under the proposed project on marine water quality in the embayment area fronting Ocean Shores. The purpose of monitoring marine water quality was to confirm whether the changes in water quality were in line with the Administration's assessment as set out in the EIA report. Should there be any deviations, the contractors would need to make adjustment to the construction sequence, such as intensifying water exchange to remedy the situation. DCED added that after commencement of project works, if the contractors concerned failed to comply with the requirements prescribed in the EP issued by EPD, they would be legally obliged to adjust their construction methods and enhance the mitigation measures, so as to comply with the requirements of the EP.

Operation safety of fishing vessels

18. Mr Steven HO pointed out that even though the Administration had stipulated in marine works contracts that contractors should use lighted buoys to enclose marine worksites, it was often found that the lighted buoys were not working and no repair or replacement had been carried out. As such, fishing vessels might crash into the buoys at night with fishermen injured as a result. He enquired how the Administration would monitor the contractors to ensure effective implementation of measures to maintain operation safety of fishing vessels.

19. DCED advised that the Administration stipulated in the proposed work contracts safety measures required to be taken by contractors during the construction period, including setting up CLGs, maintaining communication with stakeholders in the community (including representatives of the fisheries industry), providing timely explanation to stakeholders on the construction arrangements and taking measures to ensure maritime safety for the fisheries industry. He said that the Administration would urge the contractors to comply with the relevant safety measures.

Transport of construction wastes

20. Dr Elizabeth QUAT expressed support for the item. She said that TKO residents hoped that the Administration would commence the project works as soon as possible. Dr QUAT requested the Administration to assure that the contractors would transport all the construction wastes generated during construction by sea, so as to minimize the pollution caused by the project in TKO, as well as to prevent the problem of traffic congestion in TKO from worsening.

21. DCED responded that the Administration would transport the construction wastes generated under the project by sea as far as practicable.

Tunnel toll policy

22. Dr KWOK Ka-ki, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr Gary FAN, Mr CHAN Chi-chuen and Ms Claudia MO were concerned about the toll policy in respect of the TKO-LTT and the TKO Tunnel upon commissioning of the TKO-LTT. They enquired about the tolls to be charged, the payback period and the annual rate of return if the proposed TKO-LTT was to be operated on the "cost-recovery" principle, whether the Administration had set a timetable for formulating the tunnel toll policy and whether it had reviewed the tunnel management policy based on the "cost-recovery" principle.

23. Mr CHAN Chi-chuen opined that if the Administration wanted to achieve the objectives of cost recovery and traffic diversion at the same time, then toll increase for TKO Tunnel would be inevitable although that was not what the general public would like to see. Dr KWOK Ka-ki and Mr CHAN Chi-chuen requested the Administration to make a clear undertaking that it would not increase the toll of TKO Tunnel upon the commissioning of TKO-LTT. Mr LEUNG Kwok-hung, Mr Gary FAN and Dr KWOK Ka-ki considered that if the Administration wanted to solve the problem of congestion at TKO Tunnel, TKO-LTT should be free of charge.

24. Mr LEUNG Kwok-hung opined that, in determining the policy on the management of TKO-LTT, the Administration should take into account the social benefits derived from the proposed project, including savings of time for people travelling to and from TKO district, and the stimulation of economic activities in TKO district. He suggested that the Administration should comprehensively plan and manage all the tunnels of which it owned the operating rights, so as to improve overall efficiency. Mr Albert CHAN requested the Administration to spell out the decision (if any) of the Executive Council on the toll policy of the proposed project.

25. Under Secretary for Transport and Housing ("USTH") responded that while the Administration had yet to set the toll level for TKO-LTT, it would consult the relevant Panels of the Legislative Council on the toll level prior to the commissioning of TKO-LTT, i.e. 2021 or earlier. He remarked that as far as tunnel management and setting toll level were concerned, the Administration would take into consideration a number of principles, including cost-recovery, user-pays, achieving traffic management and diversion effect, toll rates of alternative routes, public affordability, etc. Cost-recovery was not the only factor to be taken into account when setting the toll level.

26. Permanent Secretary for Financial Services and the Treasury (Treasury) added that the implementation of certain infrastructure projects (such as tunnel projects) involved enormous Government investment, and a "target rate of return" would be set for such projects as a matter of policy. Meanwhile, the Administration would normally collect public opinions and consult the Legislative Council on the relevant fee proposals, and it might not be able to set the final fee levels in accordance with the "target rate of return".

27. Mr WU Chi-wai noted that the Administration planned to connect the proposed TKO-LTT with the proposed Central Kowloon Route ("CKR") and the latter would have a tunnel section longer than TKO-LTT. He enquired whether the Administration would charge tolls for CKR users. Mr WU considered that the adoption of different toll policies for different tunnels by the Administration would result in unfairness and he urged the Administration to review the situation.

28. USTH remarked that, generally speaking, the Administration would not charge tolls for users of highways or trunk roads, and the proposed CKR was not a tunnel.

29. Ir Dr LO Wai-kwok supported the item and urged the Administration to commence the project works as soon as possible. Ir Dr LO expressed that if the technology of electronic toll collection was feasible, the Administration might consider adopting the technology in the management of other tolled tunnels. In response, USTH said that the Administration was studying issues relating to the tolls of TKO-LTT from the perspective of electronic payment methods. DCED advised that while it was technically feasible to use electronic payment methods for collection of tunnel tolls, the Administration had yet to determine the specific toll collection system to be adopted.

Effectiveness of traffic diversion

30. Mr WU Chi-wai noted the Administration's analysis of the effect of toll levels of the proposed TKO-LTT and the existing TKO Tunnel on the distribution of vehicular traffic flow. He enquired about the target distribution ratio of vehicular traffic flow between TKO-LTT and TKO Tunnel as set by the Administration.

31. Chief Engineer (Strategic Roads), Transport Department said that it was projected that upon commissioning of the proposed TKO-LTT, the traffic volume of both TKO-LTT and TKO Tunnel would be lower than their respective capacities, i.e. traffic congestion would not occur at both tunnels. As such, the Administration considered that the objective of reducing traffic congestion and diversion of traffic at TKO Tunnel would have been achieved, and thus had no intention at present to set the target distribution of vehicular traffic flow for the two tunnels.

32. At 4:20 pm, when Mr Albert CHAN was speaking, he alleged that the Chairman had related interests in the public works by virtue of his capacity as a consultant of Munich Reinsurance Company. The Chairman criticized Mr Albert CHAN for "making things up and playing the trick of a thief calling on people to catch a thief". Mr Albert CHAN instead criticized the Chairman for misquoting the expression of "a thief calling on people to catch a thief." The Chairman said that his criticism about Mr CHAN was based on facts but he would not waste the meeting time to argue with Mr CHAN. He instructed Mr CHAN to discontinue making such remarks at the meeting which were unrelated to the agenda item and hindered deliberations of the Committee.

33. At 5:13 pm, the Chairman intended to put the item FCR(2016-17)42 to vote. Some members claimed a division, the Chairman declared that the meeting be adjourned and the division on the item be postponed to the next meeting to be held in the same day.

34. The meeting was adjourned at 5:15 pm.

Legislative Council Secretariat

19 September 2016