

立法會
Legislative Council

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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 3rd meeting
held in Conference Room 1 of the Legislative Council Complex
on Wednesday, 11 November 2015, at 8:30 am**

Members present:

Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)
Hon Frankie YICK Chi-ming, JP (Deputy Chairman)
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 Abraham SHEK Lai-him, 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
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip

Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
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 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
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Albert HO Chun-yan
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Cyd HO Sau-lan, JP
Hon CHAN Han-pan, JP
Hon IP Kin-yuen

Public officers attending:

Mr YEUNG Tak-keung, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Mr Michael WONG Wai-lun, JP	Permanent Secretary for Development (Planning and Lands)

Mr TSE Chin-wan, JP	Deputy Director (1) Environmental Protection Department
Ms Jasmine CHOI Suet-yung	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mr José YAM Ho-san	Commissioner for Heritage Development Bureau
Mr Ricky WONG Chi-pan	Chief Assistant Secretary (Works)2 Development Bureau
Mr CHAN Ho-yin	Chief Property Services Manager(1) Architectural Services Department
Mr Kenneth TAM Si-wai	Chief Heritage Manager (Antiquities and Monuments) Leisure and Cultural Services Department

Attendance by invitation:

Mr Max WONG	Supervisor (Leadership) The Hong Kong Federation of Youth Groups
Mr C M LEE	Director LWK and Partners (Hong Kong) Limited

Clerk in attendance:

Ms Sharon CHUNG	Chief Council Secretary (1)2
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Staff in attendance:

Ms Anita SIT	Assistant Secretary General 1
Mr Raymond CHOW	Senior Council Secretary (1)6
Ms Christina SHIU	Legislative Assistant (1)2
Ms Christy YAU	Legislative Assistant (1)7
Ms Clara LO	Legislative Assistant (1)8

Action

The Chairman advised that there were three funding proposals on the agenda for the meeting. All of them were the agenda items carried over from the previous meeting of the Subcommittee on 28 October 2015. He reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the item. He also drew members' attention to Rule 84 of RoP on voting in case of direct pecuniary interest.

Head 708 – Capital Subventions and Major Systems and Equipment
PWSC(2015-16)45 19QW Revitalisation Scheme – Revitalisation of
the Former Fanling Magistracy into the
Hong Kong Federation of Youth Groups
(HKFYG) Institute for Leadership
Development

2. The Chairman said that the proposal, i.e. PWSC(2015-16)45, was to upgrade 19QW to Category A at an estimated cost of \$111.6 million in money-of-the-day prices for the selected non-profit-making organization ("NPO"), The Hong Kong Federation of Youth Groups ("HKFYG"), to carry out the works to convert the Former Fanling Magistracy ("FFM"), a Grade 3 historic building, into the HKFYG Institute for Leadership Development ("the Institute"). The Subcommittee had commenced deliberation on the proposal at the last meeting on 28 October 2015. The supplementary information provided by the Administration on the item had been issued to members vide LC Paper No. PWSC19/15-16(01) on 6 November 2015.

Opening hours of the historic building and facilities to be open to the public

3. Mr LEUNG Kwok-hung held the view that, since the proposal was a Government-funded project, it was important for the Administration to ensure that public access to the revitalized FFM must be free and open after the revitalization works had been completed. Mr CHAN Chi-chuen and Dr KWOK Ka-ki shared Mr LEUNG's view. Mr LEUNG enquired about the facilities in the revitalized FFM that would be open to the public free of charge and the proportion of the areas to be open to the public to the total floor area of the historic building. Mr CHAN asked whether the Administration had specified the facilities in the revitalized FFM that should be open to the public as well as the opening hours, and sought details about the proposed open days of the building. Dr KWOK enquired if the tenancy agreement signed between the Administration and the HKFYG Institute for

Leadership Development Limited ("the ILD Limited") had specified the opening hours of the revitalized FFM and requested the Administration to provide a copy of the tenancy agreement for members' information.

4. Commissioner for Heritage, Development Bureau ("C for H/DEVB") replied that the opening hours of the revitalized FFM were laid down in the tenancy agreement concerned, and a summary of the key terms and conditions of the tenancy agreement was given in the Administration's follow-up paper to the Subcommittee (LC Paper No. PWSC19/15-16(01)). C for H/DEVB added that similar to the arrangements for other projects under the Revitalizing Historic Buildings Through Partnership Scheme ("the Revitalization Scheme"), guided tours and open days would be organized for the public to visit the revitalized FFM free of charge.

5. Mr Max WONG, Supervisor (Leadership), HKFYG ("Supervisor/HKFYG") supplemented that the proposed training centre of the Institute (i.e. the revitalized FFM) would be open to the public free of charge from 10 am to 6 pm Monday to Friday, and 9 am to 1 pm on Saturday. As for the garden and the open space outside the training centre, they would be open to the public free of charge from 8 am to 9 pm, seven days a week. Moreover, at least five free guided tours would be arranged for the public every week, while schools and other organizations could visit the revitalized FFM by appointment. Depending on the actual demand, the operator of the Institute, namely the ILD Limited, would make appropriate adjustments to the opening hours of the FFM building. It was planned that on the proposed open days, apart from organizing a variety of programmes in the revitalized FFM, the ILD Limited would take the opportunity to promote the local tradition and culture of the North District to the public. Regarding the facilities in the revitalized FFM that would be open to the public, Supervisor/HKFYG explained that except the office, plant rooms and the facilities being used by programme participants, members of the public could access all other facilities in the historic building during the opening hours.

6. Dr KWOK Ka-ki expressed dissatisfaction on the plan to close the revitalized FFM on Saturday afternoon and Sunday, which would make many grassroot workers unable to visit the historic building. He also considered the provision of five guided tours every week insufficient. Dr KWOK urged the Administration/the ILD Limited to undertake that the revitalized FFM would be open to the public on Saturday afternoon and Sunday.

7. C for H/DEVB replied that the opening hours of a historic building depended on its location and how it would be used after revitalization. Fully aware of the public's aspiration for a highly accessible revitalized FFM,

the Administration would consider members' suggestion of extending the opening hours of the revitalized FFM with the ILD Limited.

8. Mr SIN Chung-kai suggested that to facilitate public visits, the ILD Limited should consider adjusting the duty shift arrangements for its staff so that the revitalized FFM would stay open on weekends and closed on one weekday (say, Monday or Tuesday). Mr IP Kwok-him made a similar suggestion. Ms Emily LAU urged the Administration to learn a lesson from the experience of the under-utilization of the Youth Square in Chai Wan and make the revitalized FFM more accessible to the public. C for H/DEVB took note of members' suggestions.

9. Having regard to the insufficient provision of self-study rooms in Fanling during the examination periods, Mr CHAN Hak-kan enquired if the lecture rooms in the Institute would be open to students free of charge for self-study when these rooms were not in use.

10. Supervisor/HKFYG replied that students could make use of the seating facilities in the public areas of the Institute as well as the garden and the open space outside the training centre for self-study and group discussion. He undertook to consider Mr CHAN's suggestion of opening up the lecture rooms for use as self-study rooms. Supervisor/HKFYG added that the facilities in the Institute would be open for hiring. Young people and other organizers of youth leadership training programmes would be given priority in hiring these facilities.

11. Indicating support for the proposed project, Mr TAM Yiu-chung enquired if the revitalized FFM would have any capacity to receive local weekend group tours which did not require guided tour services. Supervisor/HKFYG replied that the ILD Limited would make the revitalized FFM as accessible as possible for the enjoyment of the local community and young people.

12. Dr Kenneth CHAN suggested that the opening hours of the Institute should be flexible enough to accommodate the irregular rest pattern of young people. Instead of specifying the opening hours, the ILD Limited should consider allowing hostel guests to access the facilities in the Institute at any time. Supervisor/HKFYG replied that one of the purposes of developing the hostel block was to provide a place for young people to get together overnight and interact with each other. In view of the wide use of mobile communication devices among young people, the ILD Limited would develop a mobile application to facilitate self-guided tours around the Institute.

13. Mr SIN Chung-kai, Dr KWOK Ka-ki and Mr CHAN Chi-chuen requested the Administration to provide a revised plan for the opening hours and days of the week of various facilities in the revitalized FFM to make them easily accessible to the public. C for H/DEVB undertook to provide members with the revised plan before the relevant meeting of the Finance Committee.

(*Post-meeting note:* The Administration's supplementary information was circulated to members vide [LC Paper No. PWSC28/15-16\(01\)](#) on 23 November 2015.)

Hire charges for the facilities in the Institute and the hostel

14. Miss CHAN Yuen-han asked if the revitalized FFM would be available for hire for film shooting; and if so, how much the fee would be, and whether there would be any mechanism for the ILD Limited to review the applications rejected. She held the view that the hire charges should be kept at a low level to support the development of local film industry. Dr KWOK Ka-ki also enquired about the hire charges for the facilities in the Institute.

15. Supervisor/HKFYG advised that similar to the hiring arrangements of other HKFYG facilities, NPOs or companies would be welcome to hire the facilities in the revitalized FFM. The hire charges of most of the rooms would roughly range from \$100 to \$700 per hour, depending on the types of facilities to be hired. The fee levels would be similar to those of other public facilities.

16. Dr KWOK Ka-ki considered that the requirements of allowing only NPOs or companies to hire the facilities in the Institute would hinder individual youngsters or groups of youngsters from using such facilities. Supervisor/HKFYG advised that young people were welcome to use the free-of-charge facilities, including the meeting rooms on the ground floor, in the training centre. When formulating its hiring arrangements, the ILD Limited would make reference to the hiring policy of other NPOs. He added that the ILD Limited had no intention to reject any party from hiring the facilities in the Institute.

17. Mr CHAN Hak-kan enquired about the fee levels of the proposed hostel in the Institute and whether the hostel was an associated development for providing accommodation to the young people who took part in the leadership training programmes in the Institute.

18. Supervisor/HKFYG advised that the proposed hostel block to be provided as part of the revitalization project was an ancillary facility to support the training services of the Institute. The hostel fee would be about \$120 per head per night.

Finance of The Hong Kong Federation of Youth Groups and the Institute

19. Noting that the ILD Limited was operated on a self-financing basis, Mr LEUNG Kwok-hung expressed concern that the company would have to adhere to commercial principles and refrain from organizing free-of-charge activities. C for H/DEVB replied that the proposed project was operated in the form of social enterprise and any surplus generated would be ploughed back to the same project to support its operation.

20. Mr TAM Yiu-chung asked if the ILD Limited would receive any additional funding from the Government, apart from the capital project cost of \$111.6 million under discussion, to sustain its operation. Referring to paragraph 8 of the Administration's paper (PWSC(2015-16)45), Mr James TO enquired whether the Administration would bear the loss in case the ILD Limited ran a deficit.

21. C for H/DEVB explained that under the requirements of the Revitalization Scheme, the project should be self-sustainable after the first two years of operation and should not rely on the Government funds as its income source. Where justified, the Administration might provide a one-off grant, at a ceiling of \$5 million, to meet the starting cost and/or operating deficit of the project (if any) in the first two years of operation.

22. Mr Albert CHAN said that HKFYG had recorded a surplus as high as \$40 million in 2011 and accumulated a surplus of over \$100 million in recent years. He considered that the surplus level was too high for an NPO and it was unsuitable for HKFYG to operate the revitalization project, as he was worried that the Institute would become another money-making vehicle of HKFYG.

23. C for H/DEVB replied that a successful applicant under the Revitalization Scheme was required to set up a special-purpose company ("SPC") which possessed charitable status under Section 88 of the Inland Revenue Ordinance ("IRO") (Cap. 112), for the sole purpose of the project. Such requirement was to facilitate the Administration's monitoring of the financial performance of the successful applicants in implementing the projects. The SPC concerned was required to submit an audited financial report to the Administration every year. C for H/DEVB further advised that the Advisory Committee on Revitalization of Historic Buildings ("the

Advisory Committee"), comprising professionals with architectural and surveying background, and experts in the fields of historical research, social enterprises, finance, etc., had been set up to, among others, assess the applications received. The Advisory Committee had adopted the following five criteria, namely (a) reflection of historical value and significance, (b) technical aspects, (c) social value and social enterprise operation, (d) financial viability, and (e) management capability and other considerations, for assessing the applications.

24. Pointing out that the expense on maintaining FFM, a historic building, would be high, Mr James TO asked if the selection of HKFYG to operate the proposed project was to make use of its huge surplus for maintenance. C for H/DEVB reiterated that a successful applicant was required to set up a separate entity (in the form of SPC) for running the revitalization project and any surplus generated had to be ploughed back to the same project to support its operation. Under the Revitalization Scheme, the Administration would be responsible for the repair and maintenance of the structure of FFM. Other than that, the ILD Limited would be responsible for the repair and maintenance of all buildings and areas under the proposed project. The estimated average annual maintenance cost for FFM was about \$1,435,000 (at September 2014 price level).

25. Mr James TO expressed concern on the fee levels of the leadership training programmes to be offered by the Institute and enquired if the huge surplus of HKFYG in recent years was due to the high fees that it charged on its training programmes. Mr CHAN Chi-chuen expressed a similar concern about the fee levels of the training programmes and asked whether, in the tenancy agreement between the Administration and the ILD Limited, there were terms about the maximum levels of the programme fees.

26. C for H/DEVB replied that matters related to the financial viability of a proposal (e.g. the fee level of its proposed services) was one of the criteria considered by the Advisory Committee when assessing an application under the Revitalization Scheme. Supervisor/HKFYG added that HKFYG had 60 service units and the number of service attendances was about 5 million per year. The annual budget of HKFYG was about \$500 million, with half of it originated from Government subvention and the rest coming from private donations and the service fees collected. As the amount of donation and service fees collected fluctuated with the prevailing economic conditions, it was prudent for HKFYG to keep an annual surplus of about 5% (i.e. \$25 million) as a reserve to ensure financial viability of the organization and sustainability of the services. Supervisor/HKFYG further advised that HKFYG was an NPO possessing charitable status under Section 88 of IRO and any surplus generated would be ploughed back to the organization to

support its operation.

27. On the fee levels of its leadership training programmes, Supervisor/HKFGY explained that HKFGY offered a great variety of programmes, ranging from short courses, certificate courses to thematic school programmes, with different fee levels. For example, the course fee of its one-day programme was around \$90-\$100. Moreover, fee reduction would be offered to participants in need.

28. At the requests of Mr James TO and Mr Albert CHAN, HKFGY/the Administration would: (a) provide information on the latest financial position of the Federation; (b) explain the reasons for HKFGY (i) running a surplus for years, and (ii) not presenting its financial statements in the form of auditor's reports, but in the form of non-statutory accounts.

(Post-meeting note: The Administration's supplementary information was circulated to members vide [LC Paper No. PWSC28/15-16\(01\)](#) on 23 November 2015.)

The training programmes to be offered by the Institute

29. Mr Albert CHAN opined that HKFGY was not the suitable organization to provide youth leadership training programmes in the FFM as its executive director clung to the rich and powerful and had a political inclination. He asked how the Institute could ensure that its training programmes could meet the genuine need of local young people, instead of serving the second generation of the rich and powerful from the Mainland. Mr IP Kwok-him said it was inappropriate for Mr Albert CHAN to make such comments on the executive director of HKFGY. The Chairman reminded members that their questions on a proposal should relate directly to the agenda item.

30. Supervisor/HKFGY replied that he and his colleagues in HKFGY were committed to providing quality services to the young people and had been doing so in a professional manner.

31. Relaying the views that HKFGY was too pro-government, Ms Emily LAU asked how the training programmes to be offered by the Institute could address the needs of young people with diverse political views.

32. Supervisor/HKFGY explained that HKFGY's training programmes aimed at enhancing the leadership skills of the younger generation and developing their sense of responsibility towards the society. In view of the diversified needs and concerns of the younger generation as well as the

change of the academic structure to a six-year secondary education programme, HKFYG had adjusted its programme structure by promoting self-directed peer learning among young people and introducing shorter courses. To expose young people to different political views, HKFYG had invited LegCo Members of different political backgrounds to share their views with young people at HKFYG's activities. Supervisor/HKFYG said that the training programmes organized by HKFYG were in strong demand: about 85% out of some 480 secondary schools in Hong Kong had recommended their students to participate in these programmes in the past two years. However, due to limitation of resources, HKFYG had not been able to accept some 6 300 applications over the past three years.

33. Mr LEUNG Kwok-hung held the view that other organizations should be given the opportunity to organize the leadership training programmes for those who had been declined by HKFYG.

Arrangements for inviting applications for undertaking projects under the Revitalizing Historic Buildings Through Partnership Scheme

34. Mr CHAN Chi-chuen enquired how the invitations for application for undertaking projects under the Revitalization Scheme were made known to interested parties. C for H/DEVB advised that since the launch of the Revitalization Scheme in 2008, the Administration had been following the established practice in inviting and selecting applications. Similar to the arrangements for the first two batches, invitations for application for undertaking the projects under Batch III of the Revitalization Scheme were made known to the public through issuing press releases, holding press conferences, posting notices on the Government's heritage website, etc. Moreover, open days and workshops had been arranged for interested parties to learn more about the concerned historic buildings and the application procedure. The applicants had been duly informed of the application arrangements and selection criteria.

Revitalization works

35. Mr TANG Ka-piu asked whether any asbestos-containing materials had been found in FFM; and if so, how such materials would be removed during the revitalization process. Mr C M LEE, Director, LWK and Partners (Hong Kong) Limited ("Director/LWK") advised that a small amount of asbestos had been found in the old electricity switch boxes of FFM, which had been constructed in 1960, and in the roof of the associated buildings built during the 1980s and 1990s. Asbestos-containing materials would be handled and disposed of in accordance with the statutory requirements, and replaced by asbestos-free materials.

36. Mr IP Kwok-him asked about the estimated expenditure, out of the \$39.4 million for building works, for the conservation works of FFM. Noting that the estimated construction unit cost of the proposed project amounted to \$22,150 per square metre, Mr IP asked if it was comparable to similar works projects.

37. Director/LWK advised that the proposed project comprised the restoration and revitalization of FFM as well as the demolition of the existing annex court building and duty lawyers' office for the construction a new hostel block. The estimated construction unit cost of \$22,150 per square metre covered the restoration and revitalization works of FFM, construction works of the new hostel block, landscaping works, as well as electrical and mechanical works. The construction unit cost of the proposed project was reasonable and comparable to that of other projects under the Revitalization Scheme. Mr IP Kwok-him requested the Administration to provide the estimated expenditure for the conservation works of FFM after the meeting.

(Post-meeting note: The Administration's supplementary information was circulated to members vide [LC Paper No. PWSC28/15-16\(01\)](#) on 23 November 2015.)

Heritage conservation

38. Mr WONG Kwok-hing expressed support for the proposed project. Noting that one of the two court rooms in FFM would be converted into a mock LegCo Chamber, he sought information about the adaptive use of other court facilities. C for H/DEVB replied that under the Revitalization Scheme, facilities which had been the features of historic buildings would be retained and restored for public display and enjoyment. Supervisor/HKFYG advised that HKFYG had been working with the heritage conservation experts of the University of Hong Kong to preserve the court rooms, defendants' cells, etc. The former court facilities would be open to the public and guided tours would be arranged to enhance the public's understanding of the historical significance of the building.

Motion on adjournment of discussion on PWSC(2015-16)45

39. Mr LEUNG Kwok-hung moved a motion to adjourn the discussion on PWSC(2015-16)45 pursuant to Paragraph 33 of the Public Works Subcommittee Procedure.

40. The Chairman said that the Subcommittee would proceed to deal with Mr LEUNG's motion. Each member could speak once on the motion, and

the speaking time should not be more than three minutes.

41. Mr LEUNG Kwok-hung said he found it unacceptable for the Administration to have selected HKFYG to run the proposed revitalization project as the organization had accumulated huge fiscal surplus by charging the clients of its training programmes with high fees. Moreover, its fiscal transparency lagged behind that of some other NPOs. In this connection, he opined that adjourning the discussion on the funding proposal would allow more time for the Administration to look into the issues.

42. The Chairman advised that the Subcommittee would continue to debate on the motion proposed by Mr LEUNG Kwok-hung at the next meeting. There being no other business, the meeting ended at 10:28 am.