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

**Minutes of the 19th meeting
held in Conference Room 1 of the Legislative Council Complex
on Wednesday, 13 April 2016, 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 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 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 Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
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 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
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
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
Hon LEE Cheuk-yan
Hon Cyd HO Sau-lan, JP
Dr Hon LEUNG Ka-lau
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Hon Alvin YEUNG Ngok-kiu

Public officers attending:

Mr Raistlin LAU Chun, 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 of Environmental Protection (1)

Ms Jasmine CHOI Suet-yung	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Professor Sophia CHAN Siu-chee, JP	Under Secretary for Food and Health
Miss Linda LEUNG Ka-ying	Principal Assistant Secretary for Food and Health (Health) ²
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Ms Sylvia LAM YU Ka-wai	Project Director (2) Architectural Services Department
Mr Alan SIN Kwok-leung	Chief Technical Adviser (Subvented Projects) Architectural Services Department
Mr Daniel CHUNG Kum-wah, JP	Director of Civil Engineering and Development
Ms YING Fun-fong	Head (Kai Tak Office) Civil Engineering and Development Department
Mr Harry MA Hon-ngai	Chief Engineer (Kowloon) ³ Civil Engineering and Development Department
Mrs Dorothy MA CHOW Pui-fun	Principal Assistant Secretary for the Environment (Energy)
Mr Alfred SIT Wing-hang, JP	Deputy Director of Electrical and Mechanical Services (Regulatory Services)
Mr CHEUNG Yuen-fong	Chief Engineer (Energy Efficiency B) Electrical and Mechanical Services Department

Attendance by invitation:

Dr T L LO	Hospital Chief Executive Kwai Chung Hospital Hospital Authority
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Dr Nelson WAT	Hospital Chief Executive Kwong Wah Hospital Hospital Authority
Dr T Y CHUI	Cluster Chief Executive (Kowloon East Cluster) Hospital Authority
Dr K T TOM	Hospital Chief Executive Haven of Hope Hospital Hospital Authority'
Mr Donald LI	Chief Manager (Capital Planning) Hospital Authority

Clerk in attendance:

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

Mr Raymond CHOW	Senior Council Secretary (1)6
Ms Ada LAU	Senior Council Secretary (1)7
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Clara LO	Legislative Assistant (1)8
Ms Haley CHEUNG	Legislative Assistant (1)9

Action

The Chairman advised that there were six funding proposals on the agenda for the meeting. Two of them were items carried over from the previous meeting of the Subcommittee. 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 proposals. He also drew members' attention to Rule 84 of RoP on voting in case of direct pecuniary interest.

Head 703 – Buildings

PWSC(2016-17)1 81MM Redevelopment of Kwai Chung Hospital

Head 708 – Capital Subventions and Major Systems and Equipment

13MD Redevelopment of Kwong Wah Hospital

3ML Expansion of Haven of Hope Hospital

2. The Chairman said that the proposal, i.e. PWSC(2016-17)1, was to upgrade part of 81MM, part of 13MD and 3ML to Category A at estimated costs of \$750.8 million, \$654.8 million and \$2,073.0 million in money-of-the-day ("MOD") prices respectively. These three projects aimed at implementing phase 1 of the redevelopment of Kwai Chung Hospital ("KCH"), carrying out the proposed demolition and substructure works for phase 1 of the redevelopment of Kwong Wah Hospital ("KWH") and expanding Haven of Hope Hospital ("HHH") respectively. The Panel on Health Services ("the Panel") had been consulted on the three proposed projects on 21 July 2014, 15 February 2016 and 21 March 2016 respectively. The Panel supported the proposal. A report on the gist of the Panel's discussion had been tabled at the meeting.

3. The Chairman declared that he was a member of the Hospital Authority ("HA"), but he did not have any direct or indirect pecuniary interests in the matter to be discussed.

4. Mr CHAN Chi-chuen asked the Chairman whether the Subcommittee would put all the three hospital projects under the funding proposal to vote together or put the three projects to vote one by one. The Chairman responded that he considered both acceptable. In taking the vote, he would listen to the views of members and the Administration and the Subcommittee would have combined discussion on the three projects. Mr CHAN Chi-chuen considered that the arrangement of combined discussion would result in an unsatisfactory allocation of members' question time.

Validity periods of tenders for the three projects

5. Noting that tenders had been invited for the three projects, Mr CHAN Chi-chuen enquired about the validity periods of the tenders. Director of Architectural Services ("DArchS") replied that the validity period of the tender for the redevelopment of KCH was up to August 2016. Chief Manager (Capital Planning), HA ("CM(CP)/HA") advised that the validity period of the tender for the KWH redevelopment project was up to October 2016. The HHH project was still within the tender invitation period and the tender validity period would expire in late 2016.

6. Mr WONG Kwok-hing expressed concern on the impact of the funding proposal not being approved by the Finance Committee ("FC") before the end of the current legislative session. Under Secretary for Food and Health ("USFH") responded that if the funding proposal was not approved by FC by mid-July, the Administration might have to go through the relevant procedures all over again after the commencement of the next legislative term. As the validity periods of the tenders for the three projects would expire one after another, the commencement of the projects would be delayed if the funding proposal was not approved within the current LegCo term. She urged the Subcommittee to support the funding proposal.

Plot ratios of the three hospital sites

7. Mr WU Chi-wai asked whether the Administration would fully utilize the plot ratios of the aforesaid three existing hospital sites and the allowable building heights in compliance with the height restrictions. Noting from the paper on the expansion of HHH that part of the project cost was to cater for future "vertical extension", Mr WU requested the Administration to provide an explanation on this.

8. DArchS responded that the proposed decantation building for KCH occupied an area of 11,600 square metres ("m²"), and the total area within the boundary of the hospital was 110,000 m². He explained that since the funding was mainly sought for the construction of the decantation building to cater for the temporary reprovisioning of certain equipment and services during the redevelopment, the plot ratio of the project was low.

9. CM(CP)/HA advised that the available space for development would be used up for the redevelopment of KWH. The current plot ratio of HHH, which was less than 2, allowed room for future expansion of the hospital. HA had planned to make provision in the foundation of the new HHH complex to accommodate future expansion needs. Thus, the cost of the foundation work included the additional expenses to be incurred for the future expansion of the new complex, i.e. the cost required for the future "vertical extension" referred to by Mr WU. He added that any expansion of the new HHH complex in future would be funded by the minor works vote of HA.

81MM – Redevelopment of Kwai Chung Hospital

10. Mr CHAN Chi-chuen and Dr KWOK Ka-ki expressed concern that the number of beds of KCH after redevelopment had only increased by 80, in spite of the ever-increasing population of the district. Mr CHAN enquired about the factors which the Administration had taken into consideration in

determining the number of additional beds. Dr KWOK pointed out that the number of beds had been declining since the commissioning of KCH. He was of the view that there were inadequate complementary community care services, residential care home services and rehabilitation services for psychiatric patients. The patients were often forced to leave the hospital too early due to shortage of beds and their health had therefore deteriorated. He was also concerned that with the ageing of the population, the increasing number of dementia cases would stimulate the demand for day inpatient services. He asked whether HA had taken the opportunity of redeveloping KCH to request the Administration to increase the number of beds, and whether the current redevelopment plan had already taken into account the public need for psychogeriatric services in the next few years. Dr KWOK also commented that the deficiencies of the cluster structure of HA in providing care for psychiatric patients were that while patients could not obtain the necessary multi-disciplinary services under the existing structure, individual hospitals were unable to fully develop those areas in which they had competitive strength. He enquired whether HA would take the opportunity of redeveloping KCH to fill the service gaps and conduct a review on the effectiveness of service provision for psychiatric patients under the cluster structure. The Chairman said that the Panel on Health Services might be a more suitable forum for Members to discuss the pros and cons of the cluster structure.

11. USFH responded that the estimation of the number of beds required was based on the service needs and delivery modes of services. Upon completion of the redevelopment of KCH, apart from the 80 additional beds, the capacities of other ancillary services as well as the service delivery environment would be enhanced in order to achieve world-class standards. The area of the ambulatory care centre at the redeveloped KCH would increase from 5 000 m² to 7 000 m² while that of the child psychiatric service centre would increase from 1 900 m² to 3 000 m²; and the number of consultation rooms in the specialist outpatient clinic would increase from 38 to 66. While agreeing that the number of beds was one of the important indicators of service performance, she stressed that providing comprehensive treatment and rehabilitation services and helping patients reintegrate into the society were also important under the current international protocols for treating psychiatric disorders.

12. Hospital Chief Executive of Kwai Chung Hospital, HA advised that KCH had 1 622 beds upon its commissioning. The number was adjusted to 920 to date as a result of the development of HA's psychiatric service network. Besides, the bed occupancy rate of KCH had been maintained in the range of 75% to 80% since KCH launched its outreach support services. As such, the number of beds was sufficient. He added that the provision of

1 000 beds after the redevelopment for coping with the needs of a population of two million people was in line with the standards of advanced countries. KCH had plans to increase the number of psychogeriatric beds in the funding applications for phases 2 or 3 of its redevelopment in the future.

13. Mr WU Chi-wai questioned why the redevelopment of KCH did not follow the same approach as that employed for the expansion of HHH to conduct an assessment on the capacity of the proposed foundation to accommodate a potential future need of expansion of the building concerned.

14. DArchS responded that the decantation building to be constructed under KCH's present funding application was intended for decanting purpose only and would not be used as hospital block after the redevelopment. He opined that during the redevelopment of the hospital complex in the future, KCH might explore with HA the possibility of making provision in the foundation of the building to be redeveloped to accommodate a potential future need of expansion during the redevelopment.

3ML – Expansion of Haven of Hope Hospital

15. Mr WU Chi-wai sought clarification from the Administration on the "vertical greening" measures under the expansion project of HHH, including the considerations it had taken into account in terms of construction, expected results and future maintenance, as well as the planning on other energy efficient features. He was concerned whether the Administration had put in place standards and specifications for application of renewable energies.

16. DArchS said that the Architectural Services Department (ArchSD) would implement "vertical greening" measures at a suitable location of the building façade of the proposed decantation building of KCH and choose the appropriate species of plants for planting, having regard to the heights of surrounding blocks and areas exposed to sunlight so as to achieve the desired results.

17. In the light of the Administration's response on the cost of provision for "vertical extension" earmarked for the foundation works of HHH, Mr WU Chi-wai asked whether the expected extension works of the new complex could also be carried out under the current expansion project so as to minimize any inconveniences that might be caused to patients by the further expansion in the future. He also enquired about the possibility of make provision in the foundation of the block to cater for the need of future extension of the superstructure in other hospital redevelopment projects, and the resultant additional cost involved in the foundation works.

18. USFH responded that HA determined the scale of a redevelopment

project by taking into account the assessment of service needs and the data obtained. She noted members' concerns about the expansion of hospitals and would consider members' suggestions jointly with HA and ArchSD. Cluster Chief Executive (Kowloon East Cluster), HA supplemented that should there be further expansion of HHH in the future, it would only be possible to add two storeys to one of the buildings and the hospital would minimize the inconveniences that would be caused to its patients as far as possible.

19. CM(CP)/HA advised that the cost required for constructing a foundation that was able to accommodate future expansion of the building concerned was 2% to 3% higher than that for general foundation works. However, whether it was appropriate to build such a foundation would depend on the circumstances of individual hospitals. He pointed out that expansion of hospitals was subject to restrictions on land use planning, such as height restrictions.

20. At the request of Mr WU Chi-wai, the Administration would provide a paper elucidating whether there would be an assessment before commencement of any hospital redevelopment project to see if the proposed foundation could accommodate a potential future need of expansion of the building concerned and whether this practice would be included in the basic planning for future hospital redevelopment projects; if no, the reasons for that.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC189/15-16\(01\)](#) on 25 April 2016.)

13MD – Redevelopment of Kwong Wah Hospital

21. Mr Albert CHAN declared that he was an advisor to the Tung Wah Group of Hospitals. Noting that the tenders were invited for the foundation works of the KWH redevelopment project and construction works of the complex in two phases, he considered this approach undesirable. He was particularly concerned that the proposed foundation might not dovetail the design of the final building plans and the construction needs. Moreover, in the absence of information on the building design and estimated costs, the public would not be able to know whether the funding sought for the foundation works was reasonable.

22. CM(CP)/HA responded that if HA prepared tender documents for the foundation works and the construction works of the complex and then conducted tender exercises and submitted funding applications for these

works only after the completion of the building design, the entire process might have to take two more years to complete. Under the current practice of inviting tenders separately for the foundation works and the construction works of the complex, HA could proceed with the detailed design of the building concurrently upon obtaining funding so that the completion of the works could be expedited. USFH said that HA had put in place a monitoring mechanism to ensure that the foundation works and the building design could dovetail with each other.

23. At the request of Mr Albert CHAN, the Administration would provide the outline design and preliminary blueprint for the complex proposed to be constructed under the KWH redevelopment project, and the current estimated construction cost.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC189/15-16\(01\)](#) on 25 April 2016.)

24. Mr CHAN Chi-chuen sought explanation from the Administration on the reasons for extending the construction period of KWH from 80 months to 107 months. He was concerned about the impact of the redevelopment project on the existing services of KWH and whether the supply of beds in wards would become tight during the construction period.

25. CM(CP)/HA responded that there were two reasons for extending the construction period. First, the original 80-month construction period was projected by HA based on a plot ratio of 8.9 during the project feasibility study stage. At the detailed design stage of the redevelopment project, the Planning Department approved an increase in the plot ratio of KWH from 8.9 to 12, and the height restrictions on hospital buildings were also relaxed. As a result, the total construction floor area of the new hospital complex had increased from 200 000 m² under the preliminary design to 270 000 m² under the revised design, thus making it necessary to extend the construction period to another 17 months. Second, the Tung Wah Museum adjacent to the project site is a Declared Monument. The hospital was required to take measures to protect the monument during the construction process. As such, the project completion date was pushed back a few months.

26. Hospital Chief Executive of Kwong Wah Hospital, HA said that accident and emergency services as well as other ancillary services would continue to be provided in-situ at KWH during its redevelopment. A series of measures would be taken to increase usable space in anticipation of the limited space at the original site of KWH during redevelopment. For example, non-emergency and logistical support service facilities would be

relocated to the temporary buildings within the confines of Kowloon Hospital; and some non-emergency admissions will temporarily be transferred to facilities under the purview of HA (including Wong Tai Sin Hospital and Our Lady of Maryknoll Hospital). Furthermore, if no additional space was available for relocation of facilities required for the in-situ provision of services, there would be fewer facilities such as operation theatres for use temporarily. The resultant shortfall in the number of operation sessions each week would be met by extending the service hours of operation theatres. He emphasized that the number of medical and healthcare staff of KWH would not be reduced during the redevelopment. If the hospital introduced any changes and measures, it would maintain close communication and liaison with its frontline medical and healthcare staff so as to minimize the impact on the provision of services to the public.

27. Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Mr WU Chi-wai, Mr WONG Kwok-hing and Mr Albert CHAN expressed support for the redevelopment/expansion of the aforesaid three hospitals.

28. There being no further questions from members on this agenda item, the Chairman put the funding proposal PWSC(2016-17)1 to vote. Mr Albert CHAN requested that the names of members who voted for and those who voted against the proposal be recorded. The Chairman told the Clerk to read out the names of members who voted for and against the proposal. The Clerk informed members that those who voted for were Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Ting-kwong, Mr Albert CHAN, Mr Frankie YICK, Mr WU Chi-wai, Mr KWOK Wai-keung and Mr Christopher CHEUNG. None of the members voted against the proposal.

29. The Chairman declared that the proposal was endorsed by the Subcommittee.

30. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. Mr Albert CHAN said that, depending on whether the supplementary information provided by the Administration could address his concerns, he might request separate voting on this item at the FC meeting.

Head 707 – New Towns and Urban Area Development
PWSC(2015-16)61 469CL Kai Tak development - infrastructure at
north apron area of Kai Tak Airport

31. The Chairman said that the proposal, i.e. PWSC(2015-16)61, was to upgrade part of 469CL to Category A at an estimated cost of \$2,152.8 million in money-of-the-day prices for the construction of stages 3B and 5A infrastructure works at the former north apron area of Kai Tak development ("KTD"). The Panel on Development had been consulted on the proposed project on 23 February 2016 and Panel members supported the submission of the funding proposal to the Subcommittee for consideration. A report on the gist of the discussion of the Panel on Development was tabled at the meeting.

32. Mr Albert CHAN enquired about the progress of the infrastructure works at KTD, as well as the number of outstanding infrastructure projects and their expected completion dates.

33. Head (Kai Tak Office), Civil Engineering and Development Department ("Head(KTO)/CEDD") responded that except for Trunk Road T2, the substantial part of the KTD infrastructure projects implemented by the Civil Engineering and Development Department ("CEDD") including the stages 3B and 5A infrastructures proposed to be constructed at the former north apron area had been completed or was in the process of construction. The remaining planned infrastructure works, which were mainly located at the former south apron, the north apron near Sung Wong Toi Park and the area near the runways, were targeted for completion in 2021. Besides, the two stations of the Shatin to Central Link at the former north apron were currently under construction.

34. In response to Mr Albert CHAN's enquiry about the implementation of works at the south apron, Head(KTO)/CEDD said that the road infrastructure works at the south apron had commenced. The construction of Hong Kong Children's Hospital was in progress, and part of the land at the south apron would be used for constructing a new acute general hospital. Moreover, it was suggested in 2014 that part of the land be rezoned from "Government, Institution or Community" to commercial use.

35. Dr Helena WONG pointed out that the works of some of the public facilities proposed to be constructed at KTD could not commence as scheduled. As a result, housing developments which had been occupied were not provided with complementary public facilities, causing inconvenience to the residents. She highlighted that delays in the implementation of the Avenue Park project had a great impact on the living environment of residents in Kai Ching Estate and Tak Long Estate. She

urged the Administration to co-ordinate the work of relevant departments to expedite the commencement of the project, and suggested that a timetable be set for implementing the works of public facilities at KTD.

36. Head(KTO)/CEDD responded that KTD, which covered an area of about 300 hectares, required the collaboration of a number of government bureaux and departments; CEDD spearheaded the infrastructure projects in the district while the Home Affairs Bureau and the Leisure and Cultural Services Department ("LCSD") were responsible for the construction of the Park. The Kai Tak Office had been following up on the Park project with LCSD, and had advised LCSD to accord priority to this project.

37. The Chairman suggested that the Kai Tak Office should coordinate with the relevant departments to follow up on the implementation of the Avenue Park project. Director of Civil Engineering and Development replied that, as far as he knew, the relevant departments had completed the works design of phase 1 of the Kai Tak Avenue Park. He would convey Dr WONG's concerns about the progress of the project to the relevant departments.

38. At the request of Dr Helena WONG, the Administration would provide a paper setting out the time for implementing the Avenue Park project.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC194/15-16\(01\)](#) on 28 April 2016.)

39. There being no further questions from members on the item, the Chairman put the item to vote. The item was endorsed.

40. Mr LEUNG Kwok-hung requested that this item, i.e. PWSC(2015-16)61, be voted on separately at the relevant FC meeting.

**Head 705 – Civil Engineering
PWSC(2016-17)62 45CG District Cooling System at the Kai Tak
development**

41. The Chairman said that the proposal was to increase the approved project estimate of 45CG by \$153.7 million from \$3,752 million to \$3,905.7 million for implementing Phase III (Package C) of the District Cooling System ("DCS") at KTD.

42. The Panel on Development had been consulted on the proposal on 23 February 2016 and Panel members supported the submission of the proposal to the Subcommittee for consideration. A report on the gist of the discussion of the Panel on Development was tabled at the meeting.

43. The Chairman informed members that he had served as the Chairman of the Bills Committee on District Cooling Services Bill.

The construction progress of the District Cooling System

44. Mr Albert CHAN expressed support for the project. He asked whether this was the last funding application for the provision of DCS at KTD. He also expressed concern about the progress of the project.

45. Deputy Director of Electrical and Mechanical Services (Regulatory Services) ("DD(RS)/EMSD") responded that DCS could provide cooling services for the entire KTD. The project would be implemented in phases, and pipes and cooling units necessary for the system would be laid and installed for the facilities in different areas of KTD at different stages of the site formation of KTD. The Administration estimated that the total project cost for DCS would be \$4.945 billion, of which about \$3.7 billion had already been allocated in phases for the laying of pipes and installation of cooling units for the KTD infrastructure project. With the gradual progress of the infrastructure works at KTD, funding applications would still be submitted to FC in the future to complete the remaining part of the DCS project.

Policies and measures for promoting the use of district cooling services

46. Mr Albert CHAN sought confirmation from the Administration on whether it had requested developers of commercial properties to subscribe to district cooling services when selling the land at the KTD site to them.

47. Principal Assistant Secretary for the Environment (Energy) ("PAS(EG)") said that all the non-domestic buildings at KTD (including buildings of the Government and public organizations and private non-domestic properties) were required to connect to DCS. Private non-domestic properties were required to connect to DCS under the land sale conditions instead of legislation. Theoretically, occupiers of these properties might cease subscribing to district cooling services after using it for a period of time. But in reality, it was neither practicable nor economical to install other central cooling systems for such buildings.

48. Mr CHAN Kam-lam recalled that when the Environment Bureau ("ENB") consulted the relevant LegCo panel on the provision of DCS at KTD, members strongly suggested that the Administration should specify in the land sale conditions a requirement that occupiers of commercial buildings should subscribe to district cooling services. It was on this premise that LegCo supported the construction of DCS and the adoption of an instalment funding approach. He opined that the purpose of the project would be defeated if occupiers of commercial buildings might cease subscribing to the district cooling services after a period of time.

49. DD(RS)/EMSD said that under the District Cooling Services Ordinance, an occupier of a commercial building was required to pay a capacity charge plus an additional charge calculated based on the cooling energy consumption of the building. Under Hong Kong's weather conditions, it was not possible for occupiers of commercial buildings not to use cooling services in summer. Moreover, in view of financial commitment and building spaces, it was unrealistic for developers to provide a separate cooling system. In his view, prescribing in the conditions of land sale a requirement for such buildings to connect to DCS would suffice.

50. PAS(EG) added that in terms of the cooling cost (including capacity charge and consumption charge) which was estimated to be \$2 per square foot, the charges for the use of district cooling services were cheaper than those for other cooling services. For those properties which were connected to DCS, occupiers would prefer using district cooling services for economic reasons.

51. Mr Albert CHAN commented that while the district cooling services was implemented by ENB with a view to achieving the objective of promoting energy efficiency and energy saving, other policy bureaux and relevant government departments (such as the Lands Department ("LandsD") which was responsible for drawing up land sale conditions) should play a collaborative role. He asked whether the Administration would extend the requirement for connection to DCS to service apartment development projects at KTD.

52. PAS(EG) said that LandsD had agreed to include the requirement for connection to DCS in the land sale conditions for private non-domestic project sites. LandsD would check compliance with the positive obligations in the conditions of sale on completion of the new development on the sale site before the issuance of Certificate of Compliance, which would only be issued to the purchaser of the site by LandsD upon satisfactory compliance with the positive obligations. Insofar as the DCS requirement was concerned, LandsD would consult EMSD to ensure that the requirement for

connection to DCS has been complied with to the satisfaction of EMSD. DD(RS)/EMSD said that there was currently no service apartment development project at KTD.

53. Mr LEUNG Kwok-hung disagreed to the imposition of legislation to require occupiers of certain properties to subscribe to district cooling services. He expressed concern on the cost-effectiveness of constructing DCS at KTD using a huge amount of public money, and the consequences if occupiers of private commercial buildings did not subscribe to the district cooling services. DD(RS)/EMSD stressed that in the light of the requirements in land sale conditions and the practical considerations, it was unlikely that occupiers of private commercial buildings at KTD would decline to use district cooling services.

54. Mr WU Chi-wai commented that the failure of the Administration to explain clearly to the Bills Committee on District Cooling Services Bill the modus operandi employed for implementing the district cooling services (including prescribing the requirements in the land sale conditions) had affected his assessment of the proposed tariff structure and the payback period of the system. He expressed strong dissatisfaction about this. The Chairman remarked that the Bills Committee had already discussed the issues that Mr WU referred to.

Cost-effectiveness of the District Cooling System

55. Dr CHIANG Lai-wan expressed support for the funding proposal. She was concerned about whether the Administration's target of making an annual saving in electricity consumption of 85 million kilowatt-hour ("kWh") for occupiers of non-domestic buildings at KTD upon commissioning of the system could be achieved. She enquired about whether the proposed Kai Tak Sports City would be required to connect to DCS, as well as the prerequisites for achieving the Administration's target of recovering the cost in 30 years and the gross floor area ("GFA") to be served by DCS.

56. DD(RS)/EMSD responded that all government facilities using central air-conditioning systems at KTD must connect to DCS. The estimated annual saving in electricity consumption of 85 million kWh upon commissioning of the system was still an achievable target. DCS could serve about 1.7 million m² of GFA of non-domestic projects at KTD. The Administration estimated that the cost could be recovered in 30 years by levying from property users a capacity charge plus an additional charge calculated based on cooling energy consumption. The Administration would conduct a review of efficacy of the system every five years.

Pilot scheme for the provision of district cooling services for two primary schools at KTD

57. Mr Alan LEONG pointed out that Cognitio College which would soon be relocated to KTD had indicated that it would not connect to DCS due to funding constraints. He was concerned about whether more non-domestic projects would decline connection to DCS, thus leading to an oversupply of district cooling services. He queried whether the Administration had overestimated the utilization rate of DCS. He requested the Administration to explain how the case of Cognitio College would be dealt with. DD(RS)/EMSD responded that the Administration had implemented a pilot scheme at KTD under which two completed primary schools (not including Cognitio College) were connected to DCS.

58. PAS(EG) advised that in terms of energy saving performance, DCS was most suitable for buildings using central cooling systems. However, given that schools did not necessarily use central cooling systems and their operation were different from that of commercial buildings, it might not be appropriate to connect schools to DCS. In estimating the floor area to be served and the efficacy of DCS, the Administration had included the commercial buildings of non-domestic projects at KTD (including offices, cruise terminals, commercial buildings, shopping arcades, hospitals, facilities of the Government and public organizations). School facilities fell outside the scope of its assessment of system efficacy.

59. Mr Albert CHAN opined that Government policy bureaux had not maintained good coordination, nor had they proactively encouraged different types of buildings in the district to connect to DCS so as to increase the utilization rate of the system. He requested ENB to strengthen communication with the Education Bureau ("EDB") and improve the design of schools at KTD to maximize the benefits of the policies advocated by the Government.

60. Dr Kenneth CHAN commented that the actions taken by the Government were self-contradictory. On one hand, the Government requested all the non-domestic properties at KTD to connect to DCS and, on the other hand, it said that not all non-domestic projects were suitable for connection to DCS. While EDB refused to subsidize a school which would soon move to KTD for connection to DCS, ENB connected two schools to DCS under a pilot scheme. He opined that the Administration should review relevant records to ascertain the principles and basis for implementing the pilot scheme and the justifications for excluding Cognitio College from the pilot scheme, so as to facilitate the consideration of the relocation plan of Cognitio College by the Subcommittee in future. Dr CHAN enquired about

how the specific works would be undertaken if the Administration deemed Cognitio College suitable for the connection in future.

61. PAS(EG) supplemented that buildings using central cooling systems could optimize the energy saving performance of DCS. However, as schools did not fall within this category, the Administration considered it necessary to launch a pilot scheme. After discussion with EDB, ENB selected two schools which were first completed in the district for participation in the scheme. The Administration could only decide on whether the pilot scheme should be extended to other schools after the results of the scheme were available.

62. DD(RS)/EMSD added that if a school had first opted out for using central air-conditioning, it would not be able to connect to the system after it had commenced operation.

63. At the request of Dr Kenneth CHAN, the Administration would provide supplementary information on the objectives of the pilot scheme to provide district cooling services to two primary schools in KTD and the methods for evaluating its effectiveness.

(Post-meeting note: The Administration's written response was circulated to members vide [LC Paper No. PWSC190/15-16\(01\)](#) on 25 April 2016.)

64. There being no further questions from members on the item, the Chairman put the item to vote. The item was endorsed.

65. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. No member made such a request.

[At 10:26 am, the Chairman proposed that the meeting be extended for 15 minutes to 10:45 am. No member raised any objection.]

66. There being no other business, the meeting ended at 10:45 am.