

立法會
Legislative Council

LC Paper No. PWSC237/15-16
(These minutes have been seen
by the Administration)

Ref : CB1/F/2/1(23)B

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

**Minutes of the 23rd meeting
held in Conference Room 1 of the Legislative Council Complex
on Wednesday, 11 May 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 Albert HO Chun-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, 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 Cyd HO Sau-lan, 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
Hon CHAN Han-pan, JP
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 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

Members absent:

Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Dr Hon LEUNG Ka-lau
Hon Dennis KWOK
Hon Tony TSE Wai-chuen, BBS
Hon Alvin YEUNG Ngok-kiu

Public officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr Albert LAM Kai-chung, JP	Permanent Secretary for Development (Works) (Acting)
Mr Michael WONG Wai-lun, JP	Permanent Secretary for Development (Planning and Lands)
Ms Anissa WONG, JP	Permanent Secretary for the Environment

Ms Jasmine CHOI Suet-yung	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mr Laurie LO Chi-hong, JP	Deputy Secretary for Home Affairs (1)
Mr Vincent FUNG Hao-yin	Principal Assistant Secretary for Home Affairs (Civic Affairs)1
Mr Alan SIN Kwok-leung	Chief Technical Adviser (Subvented Projects) Architectural Services Department

Attendance by invitation:

Ms Amy FUNG	Deputy Executive Director The Hong Kong Federation of Youth Groups
Ms Phoenix NGAI	Supervisor The Hong Kong Federation of Youth Groups
Mr C H NG	Managing Director Handi Architects Limited

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 Christina SHIU	Legislative Assistant (1)2
Ms Clara LO	Legislative Assistant (1)8
Ms Haley CHEUNG	Legislative Assistant (1)9

Action

The Chairman advised that there were nine funding proposals on the agenda for the meeting. Five 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, 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. In addition, members' questions on a proposal should relate directly to the contents of the agenda item. On wider questions of policy, members should raise them at an appropriate Panel.

Head 708 – Capital Subventions and Major Systems and Equipment
PWSC(2016-17)10 41QJ Youth Hostel Scheme – Construction by
The Hong Kong Federation of Youth
Groups

2. The Chairman said that the proposal, i.e. PWSC(2016-17)10, was to upgrade 41QJ to Category A at an estimated cost of \$150.9 million in money-of-the-day prices to carry out the construction works for the proposed youth hostel project of the Hong Kong Federation of Youth Groups ("HKFYG") in Tai Po ("HKFYG Youth Hostel"). The Subcommittee had commenced deliberation on the proposal since the last meeting on 4 May 2016.

Use of surplus from youth hostel operation

3. Mr WU Chi-wai said that he had no objection in principle to the aforesaid project. Noting that non-governmental organizations ("NGOs") operating the youth hostels were required to transfer the surplus from youth hostel operation ("the operating surplus") to a "mandatory reserve" to cover the cost of maintenance, and could deploy the operating surplus arising from the "mandatory reserve" to support their other non-profitable work, Mr WU expressed reservations on the arrangement and considered that this might not be agreed on by members of the public because the youth hostels would be built with public money. The surplus should be used to provide rent concessions for hostel tenants in order to help them accumulate savings to purchase homes or start up their own business. Mr SIN Chung-kai was concerned whether such an arrangement would be tantamount to allocating extra funding to the NGOs.

4. Deputy Secretary for Home Affairs (1) ("DSHA(1)") responded that one of the policy objectives of the Youth Hostel Scheme ("YHS") was to unleash the potential of underutilized sites held by NGOs. Upon completion of the youth hostels, the maintenance cost would be borne by the NGOs, which would be required to transfer the operating surplus to a "mandatory reserve" to cover the relevant expenses. With the prior approval of the

Secretary for Home Affairs, NGOs might deploy the operating surplus arising from the "mandatory reserve" to support their other non-profitable work, including those other than youth services, or to provide rent concessions for hostel tenants. This arrangement would not only encourage NGOs' participation in YHS to benefit more young people, but also enable more effective operation of the youth hostels by the NGOs.

5. At the request of Mr WU Chi-wai, the Administration would provide supplementary information to elaborate on the use of operating surplus by NGOs.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

Rental levels of youth hostels

6. Noting that NGOs were required to set the rents of their hostels at a level which did not exceed 60% of the market rent for flats of similar size in the nearby areas, Mr CHAN Chi-chuen enquired about the purpose of such requirement and whether 60% of the market rent served as a reference for setting hostel rent or a level at which hostel rent was to be pegged. At the request of Mr CHAN, the Administration would provide supplementary information in response to the aforesaid enquiries.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

7. Mr James TO commented that if YHS was a youth development programme, there should not be great regional variations in hostel rent. He opined that in determining the rental levels, NGOs should consider young tenants' affordability apart from making reference to market rents. Mr CHAN Chi-chuen expressed similar views and suggested that the Administration should consider delinking hostel rent from market rent.

8. DSHA(1) advised that NGOs were required to set the hostel rent at a level which did not exceed 60% of the market rent for flats of similar size in the nearby areas, and such flats referred to private residential units with frugal designs. The purpose of this arrangement was to enable young people to live in youth hostels at a concessionary rent. In future, the NGOs would adjust the rental levels of youth hostels with reference to the prevailing market rent. The rental level of a hostel might be less than, but should not exceed, 60% of the market rent. The Administration understood that while

the rental levels of youth hostels in the urban areas would be higher than those in the New Territories, tenants of such hostels could save commuting expenses. He supplemented that the rental levels of HKFYG Youth Hostel and Po Leung Kuk's Yuen Long youth hostel were estimated to be \$2,300 and \$1,700 respectively, constituting about 19% and 14% of the median monthly earning of employed youth aged 18 to 30 (\$12,000 as at 2014), which should be affordable to the tenants.

9. At the request of Mr James TO, the Administration would provide information on the following regarding the five youth hostel projects currently planned to be implemented respectively:

- (a) the market rents for flats of similar size in the nearby areas;
- (b) the rental amounts at 60% of the market rent; and
- (c) the percentages of the amounts in (b) out of the median monthly earning of employed youth aged 18 to 30.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

10. Ms Cyd HO requested the Administration to provide supplementary information on:

- (a) whether the NGOs would commission a professional property valuer/surveyor to assess the market rent for "flats of similar size in the nearby areas" of the youth hostels operated by them; and
- (b) the respective annual rental incomes, management expenses and maintenance costs of the youth hostels.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

11. Mr CHAN Chi-chuen asked whether the market rent of "flats of similar size in the nearby areas" was assessed by the Administration or by the NGOs, and whether the rents for new tenants would be adjusted by the youth hostels each year.

12. DSHA(1) responded that the youth hostels would enter into a tenancy agreement with their tenants and the rent would remain unchanged

throughout the tenancy period. He confirmed that the Administration would be engaged in the determination of the rental levels of youth hostels. It would also consider members' suggestion of commissioning a professional property valuer to assess the market rent of "flats of similar size in the nearby areas".

Cost-effectiveness and monitoring of YHS

13. Mr Albert CHAN said that he had no objection in principle to YHS. However, he queried whether HKFYG could properly deploy resources, because there had all along been a lack of transparency in HKFYG's finances and the services it launched had failed to effectively respond to the aspirations of the youth. Mr CHAN also expressed concern that some NGOs might have earned revenue from the services they provided but such revenue was not necessarily reflected in their financial reports.

14. DSHA(1) responded that to ensure that the youth hostel was developed and operated in line with the policy objectives, HKFYG would be governed by a Grant and Operation Agreement ("GOA") and a land lease, and be required to submit to the Administration an audited financial statement. The relevant information would be made public.

15. Mr Albert CHAN was concerned whether the land lease signed between the Administration and HKFYG for the development of HKFYG Youth Hostel could ensure that the land owner would not conspire with developers to change the land use to residential development. DSHA(1) responded that HKFYG would be governed by a GOA and a land lease. It could not demolish HKFYG Youth Hostel within the 40-year service contract period, after which the land use would be governed by the land lease.

16. At the request of Mr Albert CHAN, the Administration would provide the following information:

- (a) contents of the GOA/preliminary GOA entered into between the Administration and HKFYG on the subvention and operation of HKFYG Youth Hostel; and
- (b) contents of the land lease entered into between the Administration and HKFYG for the development of HKFYG Youth Hostel.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

17. At the request of Ms Cyd HO, the Administration would provide a paper to explain whether there were different terms and conditions in the respective GOAs entered into between the Administration and five NGOs in relation to the five youth hostel projects.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

Eligibility for and restrictions on admission to youth hostels

18. At the request of Ms Cyd HO, the Administration would provide supplementary information on:

- (a) the criteria adopted by various NGOs for selecting hostel tenants, and whether such criteria included family status, place of work etc.;
- (b) whether the terms and conditions of the GOAs entered into between the Administration and the NGOs would cover the selection criteria for tenants; and
- (c) whether young couples would be required to move out of the youth hostels if they gave birth to children during their stay at the hostels.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

19. Mr Michael TIEN expressed reservation on the requirement for youth hostel tenants to withdraw their applications for public rental housing ("PRH") upon acceptance of tenancy offered by youth hostels. He considered that the Administration should allow the tenants to wait for PRH allocation while living in a youth hostel. Both Mr Albert CHAN and Mr CHAN Hak-kan agreed that youth hostel tenants should be allowed to wait for PRH allocation during their tenancy.

20. DSHA(1) remarked that the youth housing problem could not be solved by YHS alone. As both PRH and youth hostels were built with public money, if the youth hostel tenants were allowed to apply for PRH during their tenancy, they could score points under the Quota and Points System for PRH while living in the youth hostels. This would be unfair to non-youth hostel tenants.

21. Mr WU Chi-wai enquired about the measures that the Administration and HKFYG would take to arrange tenants to move out of HKFYG Youth Hostel upon expiry of their tenancy, including whether the NGO's operating surplus would be used to help these tenants start up their own business.

22. DSHA(1) responded that youth hostel tenants should have a clear understanding of the arrangements under the tenancy agreement before they moved in, including the arrangement upon expiry of the tenancy. The NGOs would maintain close contact with the tenants and provide them with relevant services in order to facilitate their personal development, such as in pursuing further education or starting up their own business. The concessionary rents of youth hostels could also help young tenants accumulate savings and put their ideas into practice.

23. At the request of Ms Cyd HO, the Administration would provide supplementary information on how NGOs would arrange tenants to move out of the hostels after five years of tenancy.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

Rents, construction cost and operational cost of HKFYG Youth Hostel

24. Dr KWOK Ka-ki said that, based on the project cost and the number of hostel units to be provided, the construction cost for each unit of HKFYG Youth Hostel was close to \$2 million. He expressed concern about the excessively high cost and queried if the hostel facilities were too luxurious. Mr Albert CHAN expressed similar concerns. Dr KWOK enquired about the per-square-foot management fee of HKFYG Youth Hostel in future, whether the management fee would include the staff cost of the youth hostel, and how the Administration would monitor the management of the youth hostel and the determination of the hostel's operational cost.

25. DSHA(1) responded that the estimated construction unit cost was about \$23,900 per square metre ("m²") of the construction floor area in September 2015 prices. Taking into account the site factor, the Director of Architectural Services considered the estimated construction unit cost reasonable as compared with that of similar projects, such as those of university and government staff quarters. DSHA(1) also advised that, apart from rental charge, hostel tenants were not required to pay any management fee. In addition, the NGO was required under the GOA to provide the financial plan of the youth hostel, which would be available to the public.

He stressed that the youth hostel would adopt a frugal design.

26. At the request of Dr KWOK Ka-ki, the Administration would provide information on the rent per unit, operating cost, maintenance and repair cost of HKFYG Youth Hostel, and the basis for calculating such amounts.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

Facilities and flat sizes of HKFYG Youth Hostel

27. Noting that one of the policy objectives of YHS was to foster self-reliance of the young tenants, Mr LEUNG Che-cheung enquired about the facilities and services that would be provided in HKFYG Youth Hostel to achieve such objective.

28. Miss CHAN Yuen-han supported the project. She asked whether common living rooms and kitchens would be available in HKFYG Youth Hostel and what measures would be in place to mitigate the noise generated by the MTR trains passing by near the hostel.

29. Ms Amy FUNG, Deputy Executive Director, The Hong Kong Federation of Youth Groups ("DED/HKFYG"), responded that the G/F beneath HKFYG Youth Hostel would be used to re-provision the Tai Po Lions Youth Space for Participation, Opportunities and Training ("Youth S.P.O.T.") to provide services to young people, including hostel tenants. The 2/F and 3/F of HKFYG Youth Hostel would provide communal facilities for tenants, including a laundry room and a common area for reading, social networking and internet access. She confirmed that the communal facilities in HKFYG Youth Hostel would include a living room and cooking facilities. Of the 78 hostel units, 76 were single-person units. The remaining two were units for people with special needs. They could serve as two-person units or be assigned for use by persons with disabilities. Mr C H NG, Managing Director, Handi Architects Limited ("MD/Handi"), advised that the works included the provision of suitable noise mitigation measures. It was expected that the night-time noise level at HKFYG Youth Hostel would be lower than the maximum statutory limit (i.e. 55dB(A)).

30. Mr CHAN Hak-kan supported the project and hoped that it could be implemented as soon as possible. He suggested that Youth S.P.O.T. should provide general services so as to avoid any labelling effect on the tenants of HKFYG Youth Hostel.

31. Dr CHIANG Lai-wan agreed that there was demand for youth hostel services in society. She enquired about the usable area per unit of HKFYG Youth Hostel and whether it could be reduced in order to increase the number of hostel places. Both Mr CHAN Hak-kan and Dr KWOK Ka-ki considered that more places should be provided by HKFYG Youth Hostel.

32. DSHA(1) replied that according to the Government's standard, the floor area of a single-person unit in a youth hostel was 10 m² to 15 m². DED/HKFYG advised that the floor area of single-person units and units for people with special needs in HKFYG Youth Hostel were about 15 m² and 25 m² respectively. She advised that the plot ratio of the site concerned had already been fully utilized for the development of HKFYG Youth Hostel. MD/Handi added that given the rather small site area, only 37.5% of the site area could be used for topside residential development in accordance with the requirements of the Buildings Department.

Motion on adjournment of discussion on PWSC(2016-17)10

33. At 9:35 am, Mr Albert CHAN proposed a motion to adjourn the discussion on PWSC(2016-17)10 pursuant to Paragraph 33 of the Public Works Subcommittee ("PWSC") Procedure.

34. The Chairman said that the Subcommittee would proceed to deal with Mr Albert CHAN's motion. Each member could speak once on the motion, and the speaking time should not be more than three minutes.

35. Mr Albert CHAN said that he supported in principle the development direction of YHS. However, as the project cost for HKFYG Youth Hostel exceeded \$100 million but only 78 hostel units would be provided, it was not only cost-ineffective, but also raised suspicion of transfer of benefits. It was also inappropriate to allow NGOs to engage in real estate development. Mr CHAN further said that HKFYG was an "organization for the rich and powerful" with a lack of transparency in its finances, and the financial reports it published had not been vetted by independent accountants. Moreover, HKFYG had been established for many years and was one of non-profit making youth servicing agencies of the largest scale in Hong Kong, but the services it provided failed to effectively address the aspirations of the youth. He considered that the Subcommittee should discuss the project only after the relevant information was available, including that on the GOA and the land lease entered into between the Administration and HKFYG.

36. Mr WU Chi-wai, Mr CHAN Chi-chuen and Dr KWOK Ka-ki spoke in support of Mr Albert CHAN's motion. Mr CHAN Hak-kan spoke against the motion.

37. DSHA(1) said that the implementation of YHS needed support from various stakeholders. It was necessary for the Administration to draw up measures to encourage NGOs' participation in the scheme. In addition, the operation of youth hostels by NGOs and the relevant financial arrangements were governed by GOAs, and the relevant documents such as the annual financial reports would be made public. He further said that there was demand for youth hostel services in society and called for Members' support for the project.

38. Mr Albert CHAN reiterated that the HKFYG Youth Hostel project could hardly gain support because it would only provide 78 hostel units at a cost of more than \$100 million, and the youth hostel would be operated by HKFYG, which was an "organization for the rich and powerful". He queried whether this project could help the youth and whether it was cost-effective.

39. The Chairman put to vote the question that the discussion on the item PWSC(2016-17)10 be then adjourned. At the request of Mr Albert CHAN, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman said that nine members voted for, 19 members voted against the motion and no one abstained. The votes of individual members were as follows –

For:

Ms Emily LAU
Mr Albert CHAN
Mr Charles Peter MOK
Dr Kenneth CHAN
Mr SIN Chung-kai
(9 members)

Mr Alan LEONG
Mr WU Chi-wai
Mr CHAN Chi-chuen
Dr KWOK Ka-ki

Against:

Mr CHAN Kam-lam
Mr WONG Kwok-hing
Ms Starry LEE
Mr WONG Kwok-kin
Mr Michael TIEN
Mr Frankie YICK
Miss CHAN Yuen-han
Miss Alice MAK
Dr Elizabeth QUAT
Dr CHIANG Lai-wan
(19 members)

Mr TAM Yiu-chung
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mr IP Kwok-him
Mr Steven HO
Mr CHAN Han-pan
Mr LEUNG Che-cheung
Mr Christopher CHEUNG
Mr TANG Ka-piu

Abstain:

(0 member)

40. The Chairman declared that the motion was negatived. The Subcommittee resumed the discussion on PWSC(2016-17)10.

Resumption of discussion on PWSC(2016-17)10

41. Mr Alan LEONG asked whether the GOAs would set out the criteria for NGOs to select youth hostel tenants. Noting that NGOs could deploy the operating surplus arising from the "mandatory reserve" to support their other non-profitable work, he enquired about the measures taken by the Administration for monitoring this arrangement. Mr LEONG also considered that the Administration should elaborate on the justifications for setting different levels of rental charges for youth hostels in different districts.

42. DSHA(1) reiterated that only with the prior approval of the Secretary for Home Affairs could NGOs deploy the operating surplus arising from the "mandatory reserve" to support their other non-profitable work.

43. Mr Michael TIEN reiterated that he did not agree to the requirement that youth hostel applicants should withdraw their PRH applications upon acceptance of the tenancy offered by youth hostels. He considered that the Administration should allow tenants to freeze, instead of withdrawing, their PRH applications throughout their tenancies in the youth hostels. Otherwise, he would not support the funding proposal for this project.

44. DSHA(1) explained that hostel tenants could still score points under the Quota and Points System for PRH throughout their tenancies in the youth hostels even if their PRH applications had been frozen.

45. Dr Fernando CHEUNG said that he had no objection to YHS and the HKFYG Youth Hostel project. However, given that only 78 units would be provided in the hostel, this would not help address the problems of youth housing and high property prices at all. He asked whether the Administration would conduct planning in a holistic manner to address the youth housing problem.

46. DSHA(1) said that the youth housing policy was a cross-departmental issue of the Special Administrative Region Government and reiterated that YHS, for which funding was now being sought, was a youth development programme.

47. Quoting Paragraph 37 of the PWSC Procedure, the Chairman pointed out that "Members' questions on a proposal must relate directly to the contents of the agenda item. On wider questions of policy, members should raise them either in the full Council or at an appropriate Legislative Council Panel. In determining whether questions are in order, the Chairman shall have regard to Rule 25 of the Rules of Procedure on contents of questions where appropriate." He reminded members that they should discuss wider questions of policy either in the full Council or at an appropriate Panel.

48. In response to Mr LEUNG Kwok-hung's enquiry, DSHA(1) confirmed that the construction cost of the youth hostel would not be linked to the rental charged by the youth hostel. Chief Technical Adviser (Subvented Projects), Architectural Services Department, added that Paragraph 12 of PWSC(2016-17)10 provided a breakdown of the project cost.

49. Mr WU Chi-wai commented that, on the one hand, the Administration did not allow youth hostel tenants to remain on the waiting list for PRH throughout their tenancies in order to prevent them from enjoying double benefits, but on the other hand, it used public money to build youth hostels and allowed NGOs to transfer the operating surplus arising from the "mandatory reserve" to support their other non-profitable work, bringing de facto double benefits to such organizations. He considered that the Administration should explain the justifications for doing so. Mr WU asked whether the Administration would consider building PRH on the site of the proposed youth hostel to more effectively address the housing problem and whether HKFYG could return the operating surplus generated from the youth hostel to its tenants.

50. DSHA(1) advised that as the sites for YHS were owned by NGOs, the Administration could not forcibly develop PRH on these sites. The NGOs could choose to return the operating surplus to the tenants but the Administration would not compel these organizations to deploy the operating surplus arising from the "mandatory reserve" for specific uses.

51. Noting that NGOs could deploy the operating surplus arising from the "mandatory reserve" to support their other non-profitable work only with the prior approval of the Secretary for Home Affairs, Dr KWOK Ka-ki was concerned whether the Administration would exercise its influential power to interfere with the operation of these organizations. He considered that the Administration should set clear guidelines on how NGOs could use such surplus.

52. At the request of Mr Albert CHAN, the Administration would provide the following information:

- (a) HKFYG's experience in the construction and operation of youth hostels;
- (b) how the Administration would deal with construction cost overruns, if any, of HKFYG Youth Hostel; and
- (c) the respective areas to be occupied by HKFYG Youth Hostel and Youth S.P.O.T. to be reprovisioned underneath it.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC217/15-16\(01\)](#) on 17 May 2016.)

53. The Chairman said that as several members were still waiting for their turns to speak and due to time constraints, the discussion on this item would be continued at the next meeting scheduled for 18 May 2016.

54. The meeting ended at 10:30 am.