

立法會
Legislative Council

LC Paper No. ESC63/16-17
(These minutes have been
seen by the Administration)

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Establishment Subcommittee of the Finance Committee

Minutes of the 4th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 18 January 2017, at 8:30 am

Members present:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)
Hon Alvin YEUNG (Deputy Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH

Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon KWONG Chun-yu

Public Officers attending:

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| Ms Carol YUEN Siu-wai, JP | Deputy Secretary for Financial Services and the Treasury (Treasury) 1 |
| Mr Eddie MAK Tak-wai, JP | Deputy Secretary for the Civil Service 1 |
| Mr HON Chi-keung, JP | Permanent Secretary for Development (Works) |
| Ms Brenda AU | Head of Energizing Kowloon East Office, Development Bureau |
| Mr Frank WONG | Deputy Head of Energizing Kowloon East Office, Development Bureau |
| Ms YING Fun-fong, JP | Head (Kai Tak Office), Civil Engineering and Development Department |

Clerk in attendance:

Ms Connie SZETO Chief Council Secretary (1)4

Staff in attendance:

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| Mr Keith WONG | Council Secretary (1)4 |
| Ms Alice CHEUNG | Senior Legislative Assistant (1)1 |
| Miss Yannes HO | Legislative Assistant (1)6 |
| Ms Haley CHEUNG | Legislative Assistant (1)9 |

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The Chairman drew members' attention to the information paper ECI(2016-17)12, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the five items on the agenda. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the funding proposal under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2016-17)21 Proposed retention of two supernumerary posts of one Principal Government Town Planner (D3) and one Government Architect (D2) in the Works Branch of Development Bureau for four years and nine months with effect from 1 July 2017 to 31 March 2022 to continue taking forward the policy initiative of Energizing Kowloon East

2. The Chairman remarked that the staffing proposal was to retain two supernumerary posts of one Principal Government Town Planner (D3) and one Government Architect (D2) in the Works Branch of Development Bureau for four years and nine months with effect from 1 July 2017 to 31 March 2022 to continue taking forward the policy initiative of Energizing Kowloon East ("EKE").

3. The Chairman remarked that the Administration had consulted the Panel on Development on the staffing proposal on 22 November 2016. Panel members raised questions and concerns on various fronts, including the rising rentals of industrial building units within the area arising from

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the implementation of EKE, thus greatly affecting the arts practitioners and small business operating in the area. In addition, the gradual transformation of Kwan Tong Industrial Area into a business area would also aggravate traffic congestion there. Members had divergent views as to whether the proposal to extend the operation of the Energizing Kowloon East Office ("EKEO") should be submitted to the Establishment Subcommittee for consideration. Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong and the Business and Professionals Alliance for Hong Kong as well as Hon Jimmy NG indicated their support. Mr LEUNG Kwok-hung, Dr Fernando CHEUNG, Mr SHIU Ka-chun and Dr LAU Siu-lai said that they did not support the submission. Members belonging to the Democratic Party, Mr LEUNG Yiu-chung, Dr KWOK Ka-ki, Mr CHU Hoi-dick and Dr YIU Chung-yim expressed reservation about the proposal.

4. The Chairman pointed out that the Secretariat had received before the meeting Mr CHU Hoi-dick's paper requesting the Administration to provide supplementary information on the staffing proposal. The paper was distributed to members at the meeting.

[*Post-meeting note*: by Mr CHU Hoi-dick's paper was circulated to members on 18 January 2017 vide LC Paper No. ESC40/16-17(01).]

Benefits of Energizing Kowloon East initiative

5. Dr YIU Chung-yim pointed out that the Administration had provided a list of items of work completed by EKEO since June 2012 at Annex B of Enclosure 5 to the paper, but no comparison was made between the situations before and after completion of the projects. Hence, it was difficult for the public to understand the benefits brought by EKE and the effectiveness of EKEO's work. He commented that the Administration should consider setting up a baseline for every project in order to quantify the work progress and facilitate comparison of the outcomes. He also urged the Administration to set up a platform for the public to monitor the effectiveness of every project under EKE.

6. Permanent Secretary for Development (Works) ("PS(Works)") advised that the benefits of some projects under EKE were measurable, such as improvement to traffic, which the Government would record and quantify in detail. As for projects where there were difficulties in quantifying the benefits, such as projects to improve the pedestrian environment and those for place-making, the Government would keep a photo record showing the differences between the situations before and

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after the projects. Head of Energizing Kowloon East Office, Development Bureau ("Head/EKEO") added that EKEO had held over 500 public engagement activities over the past few years, and it would consult the public in stages on the implementation of individual projects. She stressed that the Government all along attached importance to the views raised by the public and District Councils ("DCs") on the projects, and would report their progress to DCs regularly.

Rising rentals of industrial and commercial buildings in Kowloon East

7. Mr SHIU Ka-chun declared his current directorship of a drama group operating in Kowloon East ("KE").

8. Mr CHU Hoi-dick, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr SHIU Ka-chun were concerned that following the Government's commitment to developing KE into a new core business district ("CBD2"), rentals of industrial and commercial building units within the area had risen persistently in recent years, and a number of cultural and arts groups, small and medium-sized enterprises ("SMEs") and start-ups which had been operating in the area were forced to move out as they found the exorbitant rentals unaffordable. They criticized EKE for throttling for survival of cultural and arts groups as well as SMEs, and demanded the Government's explanation on how to ensure the continuous operation of those groups and enterprises in parallel with KE development.

9. Mr Wilson OR enquired whether the Government had plans to reserve space in KE exclusively for the development of arts and culture.

10. PS(Works) replied that diversity in development was one of the major strategies of EKE. The Government would reserve space within the area for cultural and arts uses. Apart from the three venues beneath the Kwun Tong Bypass for the implementation of the "Fly the Flyover Operation", the Development Bureau was also engaged in studies with other bureaux on whether terms and conditions could be added to the sale of sites in the Kowloon Bay and Kwun Tong Action Areas requiring relevant developers to reserve space for cultural and arts uses and SME operation. He added that according to the Planning Department's statistics, the presence of arts, cultural and creative groups operating in KE remained at rather similar levels over time with an estimated number of over 400.

11. Dr Fernando CHEUNG questioned that the statistics quoted by the Government on the number of arts and cultural groups operating in KE failed to reflect the actual situation. He requested the Administration to

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provide information comparing the changes over the past few years in respect of the number of cultural and arts groups operating in the area as well as the rentals paid and rental space.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 25 January 2017 vide LC Paper No. ESC43/16-17(01).]

12. Mr Nathan LAW pointed out that the Government's initiative to develop KE into CBD2 had spurred the conversion of many industrial buildings in the area into commercial ones, thus in a way reducing the supply of industrial building units and increasing their rentals. He commented that the Government had overlooked the importance of industrial buildings to Hong Kong's development, and enquired how the Government would devise the policy on the supply of industrial buildings to ensure the availability of space appropriate for the operation of cultural and arts groups as well as SMEs.

13. PS(Works) explained that the Government did not collate statistics on the impact on rental levels of industrial buildings in the area since the commencement of EKE. The Government took the initiative to develop KE into CBD2 having regard to the saturation of supply of commercial buildings in traditional business districts and the need to develop new business districts. On the other hand, the Government understood the demand for industrial building units in the community. The Development Bureau would continue to engage other relevant bureaux in studies on how to address such demand.

14. Mr CHU Hoi-dick enquired about the amount of non-commercial or non-office floor space in the area left for the continuous operation of disadvantaged industries, such as cultural and arts groups and SMEs since commencement of EKE.

15. Head/EKEO replied that given the fragmented ownership of many of the industrial buildings in KE, it would be difficult to gather sufficient amount of ownership for the application of wholesale conversion or redevelopment of the buildings. It was forecasted that such industrial buildings would remain as they were to provide the market with industrial units with an estimated total area of about 2 million square metres. The Government would later provide the details to the Subcommittee.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 25 January 2017 vide LC Paper No. ESC43/16-17(01).]

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16. The Chairman commented that EKE merely focused on KE developing into CBD2. There was no vision to devise plans for the diversified development of the entire area nor solid plans to assist the cultural and arts groups as well as SMEs encountering the rising rentals. She suggested that the Administration should consider converting the West Wing of the former Central Government Offices into an iconic building for the exclusive operation of cultural and arts groups. PS(Works) noted the Chairman's view.

Traffic issues in Kowloon East

17. Mr LEUNG Kwok-hung and Mr Wilson OR requested the Administration to give an account of the progress of studies on the development of an environmentally friendly transport system in KE.

18. PS (Works) replied that the Government was conducting a feasibility study on the development of the Environmentally Friendly Linkage System within the area, and would carry out the first-stage public consultation later. He stressed that EKEO had accorded high priority to the improvement of traffic in KE.

19. Mr YIU Si-wing expressed support for the staffing proposal and commented that the Government should continue to promote the development in KE. He advised that traffic planning in the vicinity of the Kai Tak Cruise Terminal was unsatisfactory, and there was traffic congestion whenever major events were held there. He enquired how EKEO would solve the traffic planning problem in the vicinity of the Cruise Terminal.

20. The Head (Kai Tak Office), Civil Engineering and Development Department said that the Government had introduced short-term measures to improve the traffic at the Cruise Terminal, including renovation of the disused pier of the Fire Services Department at the runway tip to provide ferry services. On the other hand, the bus service between the Cruise Terminal and Kwun Tong was also enhanced to run every day, and the ongoing expansion of the roads nearby by the Government was projected to complete by 2019. In the long run, the Government would look into ways to enhance the ancillary transport facilities linking KE and the Cruise Terminal, including conducting a feasibility study on whether a transportation link leading to the Kwun Tong District would be built at the runway tip.

21. Mr HO Kai-ming said that EKE had brought about an increase in the flow of people within the area, thus worsening traffic congestion there.

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He enquired how the Administration would improve traffic congestion within the area and whether it would in the long run consider constructing a new railway line to connect KE so as to cope with the increasing flow of people.

22. PS (Works) advised that the Government understood members' concerns over traffic congestion within the area. The Government's planned traffic infrastructure, including the construction of Lam Tin-Tseung Kwan O Tunnel and Central Kowloon Route, would be able to improve traffic congestion within the area. On the other hand, the future Shatin to Central Link would pass through the Kai Tak Development (KTD) area, and that would help divert the flow of people to and from KE and ease the pressure of passenger traffic on Kwun Tong Line.

Roles and future work of the Energizing Kowloon East Office

23. Mr Wilson OR said that since its establishment in 2012, EKEO had been coordinating government departments to take forward various projects and deal with problems within the area in remarkable effectiveness. He enquired how EKE would be affected should the two supernumerary posts be not extended, especially for projects that had commenced.

24. Mr Martin LIAO was concerned that it would take a very long time to achieve the Government's planned target of providing additional 4.7 million square metres of commercial or office floor space in KE. He was worried that retaining the two posts for just four years and nine months would be inadequate to handle the future work.

25. Mr CHAN Chi-chuen enquired how the Administration would follow up the various initiatives under EKE after the completion of EKEO's work.

26. PS (Works) advised that contracts for the consultancy studies on various development projects, including the two Action Areas. The Government estimated that it would take about three years to complete the relevant projects pending completion of the consultancy studies, and estimated at this stage that all the development projects under EKE would generally complete by 2022. Therefore, it was appropriate to retain the two supernumerary posts for four years and nine months to continue monitoring the implementation of the projects. The Government would then review the staffing arrangement of EKEO. PS (Works) reiterated that EKEO's main responsibility was to take the lead in implementing the various development projects under EKE. If the two directorate supernumerary posts were not extended, EKEO would lose the high-level

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personnel at the helm, thus affecting the implementation of various projects. Should EKEO be dissolved at present, the various projects would have to be followed up by different government departments, and there would be implications on the effectiveness of EKE without the coordination and collaboration of EKEO . Upon completion of EKEO's work, the ongoing implementation of various initiatives would be taken over by the responsible departments.

27. Mr Jeremy TAM was of the view that EKEO's role was confined to coordinating various government departments when handling the development projects, and its power in leading various government departments to deal with problems was inadequate. He enquired about the roles EKEO would play in the Government's plans to change the land uses within the area.

28. PS (Works) advised that land planning and the policy on land development for Hong Kong as a whole was under the purview of Development Bureau. As a department under the Development Bureau, EKEO would work in line with the implementation of the Development Bureau's policies.

Additional commercial floor space in Kowloon East

29. Mr Holden CHOW supported the staffing proposal, commenting that there was a need to retain EKEO so as to achieve the target of adding more commercial floor space in Hong Kong as soon as possible. He requested the Administration to provide the timetable for delivering the new commercial floor space in KE.

30. Mr LEUNG Kwok-hung requested the Government to explain the basis of calculation for the forecast of an additional 4.7 million square metres of commercial or office floor space. He queried if the supply of new commercial floor space in KE would exceed demand given the large-scale developments in various areas such as North East New Territories and the Loop in the future.

31. PS (Works) pointed out that according to the findings from the Planning Department's study "Review of Land Requirement for Grade A Offices, Business and Industrial Uses", even after provision of 4.7 million square metres of new commercial or office floor space in KE, there would still be an overall shortage of commercial floor space in Hong Kong. The relevant study findings had been presented in the Hong Kong 2030+ Topical Paper and uploaded to a relevant website. Head/EKEO supplemented that of the 4.7 million square metres of new commercial or

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office floor space, 1.8 million square metres would come from commercial development projects at Kai Tak Development ("KTD") area, while another 0.67 million square metres would come from a commercial site at King Yip Street (Kwun Tong) as well as developments at the Kowloon Bay and Kwun Tong Action Areas. The remaining floor space of approximately 2.23 million square metres would be provided through the redevelopment and conversion of industrial buildings within the area, of which the specific timetable would be determined by the private market. On the whole, it was projected that 1.5 million square metres of new commercial or office floor space would be provided in KE in the coming four years.

Other community facilities in Kowloon East

32. Dr Helena WONG said that the Government had planned to increase housing development in the KTD area, but there had been shortage of child care services and whole-day kindergartens within the area, making it difficult for women living in public housing there to join the labour market. She enquired about EKEO's work with regard to planning for elderly care services, child care services and whole-day kindergartens within the KTD area. She also requested the Administration to give an account of the future ratio of public and private housing to be built in the KTD area and an update of the Avenue Park project.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 25 January 2017 vide LC Paper No. ESC43/16-17(01).]

33. PS (Works) advised that the Government would seek funding from the Legislative Council ("LegCo") in this legislative session for commencing the construction of the Avenue Park, and would then submit the information to LegCo.

Relocation of government departments to Kowloon East

34. The Chairman and Mr Jeremy TAM opined that in developing KE into CBD2, the Government should consider relocating government departments and offices to KE so as to promote the development of the area. They enquired about the Government's specific plans for relocating government departments to KE.

35. PS (Works) replied that the Trade and Industry Tower had been relocated to the KTD area, and the Hong Kong Police Force and other departments would also set up their offices in the area. In addition, the Government also planned to relocate most of the offices at the Revenue

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Tower in Wan Chai to KE. The overall land use and relocation plans for government departments and offices were coordinated by the Government Property Agency.

36. Mr Jeremy TAM requested the Government to provide a list of government departments and offices to be relocated to KE. The Chairman also demanded the Government's explanation on the principles to be considered in relocating government departments and offices to KE.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 25 January 2017, vide LC Paper No. ESC43/16-17(01).]

Meeting arrangement

37. At 10:23 am, the Chairman enquired if members agreed to extend the meeting to conclude the discussion of this agenda item and put it to vote. As Mr CHU Hoi-dick and Dr Fernando CHEUNG indicated that they planned to propose motions in accordance with paragraph 31A of the Establishment Subcommittee Procedure, the Chairman decided not to extend the meeting. The Chairman said that the Subcommittee would continue to discuss this item at the meeting on 26 January 2017.

38. The meeting ended at 10:26 am.