

立法會
Legislative Council

LC Paper No. FC140/17-18
(These minutes have been
seen by the Administration)

Ref : FC/1/1(12)

Finance Committee of the Legislative Council

Minutes of the 23rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Saturday, 25 March 2017, at 8:30 am

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
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 CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang

Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon CHU Hoi-dick
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 CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim

Members absent:

Hon James TO Kun-sun
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Claudia MO
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Andrew WAN Siu-kin
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Dr Hon Pierre CHAN

Hon HUI Chi-fung
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Dr Hon LAU Siu-lai

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

Public officers attending:

Ms Elizabeth TSE Man-ye, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Ms Brenda AU Kit-ying	Head of Energizing Kowloon East Office, Development Bureau
Mr Frank WONG Tak-choi	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 Anita SIT	Assistant Secretary General 1
--------------	-------------------------------

Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Ms Ada LAU	Senior Council Secretary(1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5

Item No. 3 — FCR(2016-17)84

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 26 JANUARY 2017**

EC(2016-17)21

**HEAD 159 —GOVERNMENT SECRETARIAT:DEVELOPMENT
BUREAU (WORKS BRANCH)**

Subhead 000 —Operational expenses

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

2. The Chairman said that the item invited the Finance Committee ("FC") to approve the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 26 January 2017, i.e. the recommendation contained in EC(2016-17)21 concerning the retention of two supernumerary posts of one Principal Government Town Planner and one Government Architect in the Works Branch of the Development Bureau ("DEVB") 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").

Demand for commercial floor space

3. The Consultancy Report of the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" under the Planning Department's "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" plan, as quoted by Mr CHU Hoi-dick, estimated the future overall demand for commercial floor space in Hong Kong based on a forecast of the future economic development of Hong Kong and Guangdong. In addition, the report also estimated a continual decrease in the floor space for general business use in Hong Kong. He requested the Administration to explain in detail the basis for making these estimates and how the additional supply of 4.7 million square metres ("m²") commercial floor space under the EKE initiative would be allocated among various types of business activities.

[*Post-meeting note:* The supplementary information provided by the Administration on members' enquiries was circulated to members on 10 May 2017 vide LC Paper No. FC133/16-17(02).]

4. Permanent Secretary for Development (Works)("PS/DEV(Works)") said that DEVB could make arrangements so that officials of the Planning Department ("PlanD") might meet with Mr CHU and answer his questions. Head of Energizing Kowloon East Office, Development Bureau ("Head/EKEO") added that the additional 4.7 million m² commercial floor space would cater for different commercial uses, such as office, retail and hotel. As plans for conversion of industrial buildings or development of commercial buildings in Kowloon Bay and Kwun Tong were market-driven, the Government found it difficult to predict the ultimate distribution of use in respect of the commercial floor space. As regards the new commercial land in the Kai Tak Development ("KTD"), the Government would set out terms and conditions concerning the commercial use of space in the sale of sites.

5. Mr CHAN Chi-chuen pointed out that as the implementation of the EKE initiative had resulted in rising rentals of industrial building units within the area, small and medium enterprises ("SMEs") in the industrial buildings in Kowloon East ("KE") might find it difficult to continue with their operations. He asked the Administration whether it would require the owners of a number of commercial sites in KE to reserve some space on the sites concerned and lease them to SMEs at reasonable rents for their continuous operations.

6. Mr YIU Si-wing pointed out that due to the exorbitant rentals in traditional business districts, many SMEs involved in tourism had moved their operations to industrial buildings with lower rents in KE. He asked the Administration whether it would retain the industrial building units for the continuous operations of SMEs within the area when developing KE into a new core business district ("CBD2").

7. Mr LEUNG Kwok-hung criticized the Administration for wrongly estimating Hong Kong's future economic situation and overestimating the market demand for commercial floor space. The Government's current commitment to developing KE would be a waste of public money and land resources.

8. In response, PS/DEV(Works) pointed out that:
- (a) according to the information from the Rating and Valuation Department, the rental increase for Grade A Offices in KE between 2013 and 2016 was similar to the overall rental increase for the territory. The Government expected to maintain a stable rental development by increasing the supply of commercial land; and
 - (b) the development of KE was diversified and non-uniform. The Government undertook that when the staffing proposal was passed, the Energizing Kowloon East Office ("EKEO") would carry out a survey with PlanD on the current operation of SMEs in KE, so as to plan for the next stage of work.
9. The Chairman remarked that under Paragraph 43 of the Finance Committee Procedure ("FCP"), 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. He reminded members that their questions must relate directly to the contents of the agenda item.

Planning for construction of various facilities and public space

10. Dr YIU Chung-yim considered that the Government's plan to change the use of one hectare of waterfront open space off Laguna City for the construction of a new campus for the Vocational Training Council ("VTC") had run contrary to EKEO's working direction of endeavouring to increase green and open space within the area. Dr YIU and Mr Jeremy TAM enquired whether EKEO had coordinated with PlanD in the development of the open space and how to prevent conflicts among government departments regarding their work in KE. Besides, Dr YIU Chung-yim requested the Administration to provide the planning blueprint of the waterfront sites in the entire KE, and to confirm whether all relevant government departments had noted and agreed to such planning as well as their responses.

[Post-meeting note: The supplementary information provided by the Administration on members' enquiries was circulated to members on 10 May 2017 vide LC Paper No. FC133/16-17(02).]

11. Mr WU Chi-wai enquired about the distribution of work between EKEO and PlanD in the planning of KE.

12. In response, PS/DEV(Works) and Head/EKEO pointed out that:
- (a) the Town Planning Board ("TPB") had commenced the statutory planning process for the application for rezoning the waterfront land off Laguna City and members of the public could, in accordance with the established procedures, make submissions to TPB in respect of the rezoning application;
 - (b) such rezoning was supported by the Education Bureau ("EDB"), which was followed by PlanD's identification of land and circulation of land use proposals to relevant departments for views. EKEO had given views on the overall planning layout;
 - (c) EKEO had been committed to maintaining the connectivity of the waterfront environment, such as the realization of harbourfront planning visions through the Hoi Bun Road and Tsui Ping River projects. VTC's development plan would not affect the connectivity of the waterfront there;
 - (d) in developing KE, the Government had to strike a balance between the construction of various public facilities and the provision of open spaces. In general, there were already sufficient open spaces in KE and with the successive completion of other works in the area, the sitting-out facilities in the district would be further improved and increased; and
 - (e) in the planning of KE, the role played by EKEO was predominant and involved the liaison with various government departments, including such tasks as strengthening pedestrian and traffic links as well as improving the environment by increasing harbourfront and open areas within the area, so as to create incentives for developing KE into CBD2.
13. Mr Holden CHOW enquired how EKEO would plan for green facilities in the district. He further suggested that the Administration should construct green facilities with special characteristics by making reference to outstanding building examples overseas.

14. PS/DEV(Works) said that while developing KE into CBD2, the Government attached great importance to improving the surrounding environment, including an increase of a total of four hectares of public open space, such as parks and waterfront promenades, and improvement to existing parks and public spaces which covered a total of 3 400 m². Head/EKEO added that the anticipated 100 hectares of open space being planned for KTD should be sufficient to address the needs of the local community.

15. Dr Fernando CHEUNG suggested that EKEO should identify suitable sites for holding bazaars within the area, allowing people from all walks of life to set up hawker stalls there to make a living. In addition, he urged the Administration to provide barrier-free facilities in government buildings in the district.

16. Mr Jeremy TAM suggested that holiday bazaars should be established in Kai Tak Station Square ("KTSS"). He also suggested that EKEO should promote pet-friendly policies and require car parks in new buildings to provide charging facilities for electric vehicles in the district.

17. In response, PS/DEV(Works) and Head/EKEO pointed out that:

- (a) it was difficult to identify land to hold bazaars in Kwun Tong District which, being an old area, was relatively crowded. As regards new land, EKEO would consider the suggestion of holding bazaars with the Food and Health Bureau and other relevant government departments;
- (b) the works programmes implemented by EKEO within the area all laid emphasis on barrier-free design and newly-constructed government buildings would now be installed with barrier-free facilities; and
- (c) there were already two dog parks or pet gardens in KE at present for use by members of the public with their pets, and dog parks would also be provided in KTSS which would be completed later. Besides, according to the current management policy of the Leisure and Cultural Services Department ("LCSD"), as long as other pets were properly controlled, members of the public were allowed to bring them into LCSD's parks.

18. Mr WU Chi-wai, Dr KWOK Ka-ki and Mr LEUNG Kwok-hung considered that the Government's plan to build a monorail system in KE would be a drain on public finance and was not cost effective. Mr WU also pointed out that since the Government had not yet put the construction of the monorail system into implementation, it might have misled the public by including train images and alignments in the illustrative design concept available to the public.

19. PS/DEV(Works) remarked that the Government was currently conducting the first stage of the study on ways to construct the Environmentally Friendly Linkage System and might not necessarily build the monorail system in KE. Upon the completion of the study, the Government would further elaborate to the public and the Legislative Council on various feasible options for the environmentally-friendly train system.

20. Dr Elizabeth QUAT expressed support for the staffing proposal. She enquired how EKEO would provide convenience to members of the public and promote the development of a Smart City through trial use of new technologies in the district. Mr YIU Si-wing also asked how the Innovation and Technology Bureau ("ITB") would assist in promoting the construction of a Smart City in KE.

21. PS/DEV(Works) said that EKEO was currently conducting a public consultation and a consultancy study on the development of a Smart City in KE in the form of a pilot scheme and a number of proof-of-concept trials of new technologies, as well as launching the relevant mobile applications in KE. In addition, EKEO had also been liaising with ITB to jointly examine how to promote the construction of a Smart City in KE.

22. Mr LEUNG Yiu-chung, Dr Fernando CHEUNG and Mr SHIU Ka-chun considered that while developing KE into CBD2, the Government should also earmark sites for social welfare facilities ("SWFs"), such as the establishment of child care centres to provide child care services for people working in the district, which might encourage women to take up employment. Mr LEUNG Yiu-chung called on the Administration to provide details of the establishment of SWFs for CBD2 in KE, including the floor area earmarked for SWFs and its percentage in the total area of CBD2.

[Post-meeting note: The supplementary information provided by the Administration on members' enquiries was circulated to members on 10 May 2017 vide LC Paper No. FC133/16-17(02).]

23. Head/EKEO said that SWFs would not be especially provided in industrial and commercial buildings in the Kowloon Bay and Kwun Tong Business Areas, but as private residential housing and public housing would be constructed in KTD, supporting SWFs would have to be provided in accordance with the Hong Kong Planning Standards and Guidelines for planning purposes. In the process, EKEO would contact the Labour and Welfare Bureau or the Social Welfare Department, and if it was considered practically necessary to provide more SWFs in the district, EKEO could also plan for such facilities or include such requirements in land sale conditions. In addition, it was mentioned in the supplementary information provided to ESC in response to questions raised by its members on 18 January 2017 that it was the long term goal of EDB to raise the ratio of half-day places to whole-day places to 1:1, thereby enhancing the provision of child care services.

Arts, cultural and creative groups operating in Kowloon East

24. Mr WU Chi-wai, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHAN Chi-chuen and Mr Nathan LAW were concerned that the development of KE into CBD2 by the Government had led to rising rentals of the industrial building units within the area, forcing the arts, cultural and creative groups operating in such units to move out as they could not afford the high rentals. They enquired about the measures or policies that were conducive to their continuous operations, including whether restriction on the performances of arts, cultural and creative groups in industrial buildings would be relaxed.

25. Mr SHIU Ka-chun opined that in implementing the Back Alley Project ("BAP") in KE, the Government should reserve more room for the participation of local artists as well as arts and cultural groups operating in KE.

26. In response, PS/DEV(Works) and Head/EKEO pointed out that:

- (a) as at December 2016, the Government had approved 42 applications for wholesale conversion of industrial buildings in KE, of which 15 included the use for "Place of Recreation, Sports or Culture". Moreover, some of the applications for conversion of industrial buildings under consideration also suggested that such use should be included;
- (b) diversity in development was a major strategy of the EKE initiative. While developing KE into CBD2, the

Government would also devise measures to assist the arts, cultural and creative groups within the area, including the provision of three venues within the area for use by cultural, creative and non-profit-making organizations through the "Fly the Flyover Operation" programme. Moreover, EKEO would also engage in studies with the Home Affairs Bureau on whether terms and conditions could be added to the sale of sites in the Kowloon Bay and Kwun Tong Action Areas to the effect of requiring relevant developers to reserve space for the operations of or performances by arts and cultural groups;

- (c) according to PlanD's relevant survey, the number of arts, cultural and creative groups operating in KE between 2011 and 2014 remained at 400 without notable changes. The Government undertook that if the staffing proposal was passed, EKEO would conduct a study on the operation of arts, cultural and creative groups in KE and would plan for the next stage of work based on the findings of the study; and
- (d) when cooperating with social enterprise "RunOurCity" to implement the Stage 1 BAP earlier, EKEO had already requested the social enterprise to, as far as possible, invite local artists to take part in the project and would also make it a target to invite local artists when implementing Stage 2 of the project later, rather than focusing only on overseas renowned artists.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

27. At 10:29 am, FC started to vote on whether the motions proposed by members under paragraph 37A of FCP would be proceeded forthwith.

28. The Chairman put to vote the question that the motion numbered 0001 proposed by Dr Fernando CHEUNG be proceeded forthwith. As members claimed a division and there was only one minute left before the end of the meeting, the Chairman declared that the question should stand over until the next meeting.

29. The meeting ended at 10:30 am.