

立法會
Legislative Council

LC Paper No. FC327/17-18

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seen by the Administration)

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Finance Committee of the Legislative Council

**Minutes of the 7th meeting
held at Conference Room 1 of the Legislative Council Complex
on Saturday, 18 November 2017, at 9:00 am**

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
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, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, 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, SBS, MH, JP

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon HO Kai-ming
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Members absent:

Hon CHAN Hak-kan, BBS, JP
Hon IP Kin-yuen
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon SHIU Ka-chun

Public officers attending:

Ms Alice LAU Yim, 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 Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Mr Vincent MAK Shing-cheung, JP	Deputy Secretary for Development (Works) 2
Mr LAM Sai-hung, JP	Director of Civil Engineering and Development
Mr Robin LEE Kui-biu, JP	Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department
Mr Jack CHAN Jick-chi, JP	Under Secretary for Home Affairs
Miss Vega WONG Sau-wai, JP	Assistant Director of Home Affairs

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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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

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

Item 1 — FCR(2017-18)32
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 6 JUNE 2017

EC(2016-17)29
HEAD 33 — CIVIL ENGINEERING AND DEVELOPMENT
DEPARTMENT
Subhead 000 — Operational expenses

2. The Chairman advised that this item sought the approval of the Finance Committee ("FC") for the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 6 June 2017, i.e. the recommendation set out in EC(2016-17)29 to create with immediate effect upon approval by FC one supernumerary post of Principal Government Engineer, one supernumerary post of Government Town Planner and two supernumerary posts of Chief Engineer in the new Sustainable Lantau Office ("SLO") in the Civil Engineering and Development Department ("CEDD") up to 31 March 2021 to lead the new SLO; and to re-deploy 3 D3, 5 D2 and 13 D1 directorate posts within CEDD arising from the establishment of SLO and re-organization of the existing Development Offices ("DevOs") in CEDD. ESC had discussed the recommendation at three meetings for about six hours and three minutes. The Administration had also submitted a number of information papers to ESC. FC had already spent about 25 minutes on the discussion of this item at its meeting held on 3 November 2017.

Role and work of the Sustainable Lantau Office

3. Referring to paragraph 12 of Enclosure 2 to FCR(2017-18)32 which set out various initiatives to be taken forward or coordinated by SLO, Mr CHUNG Kwok-pan enquired about the relative priorities for implementing those initiatives.

4. In response, Permanent Secretary for Development (Works) ("PSDEV(W)") said that:

- (a) under the Sustainable Lantau Blueprint ("the Blueprint"), development in Lantau would be undertaken in short, medium and the longer terms;

- (b) on the conservation front, top priorities of the Administration's work in the short and medium terms would be to conduct baseline surveys for sites of conservation interest in Lantau and prevent damage to the environment;
- (c) in terms of development, the Administration's work in the short and medium terms would be to take forward the Tung Chung New Town Extension, strategic studies for artificial islands in the central waters, topside development at the Hong Kong boundary crossing facilities island of the Hong Kong-Zhuhai-Macao Bridge, studies to enhance the operation of the transportation system, as well as a series of improvement works in the district;
- (d) reclamation for individual projects would be undertaken in the medium term, while planning for East Lantau Metropolis ("ELM") would be taken forward as a long-term development initiative; and
- (e) the staff to be deployed to SLO had been undertaking preparatory work for the above initiatives. Upon the establishment of SLO, the relevant work would be taken forward in phases.

Promoting tourism development

5. Mr YIU Si-wing expressed support for the item. Mr YIU enquired about the coordination between SLO and the Commerce and Economic Development Bureau in taking forward the initiatives proposed under items (h) to (m) of paragraph 12 which were related to tourism development. Mr YIU was worried that different policy bureaux had different focus areas regarding the policy for promoting eco-tourism, including promoting tourism, promoting conservation and concerns about protecting the environment, thereby resulting in uncoordinated plurality of initiatives. He asked whether SLO could take up a coordinating role in this regard. Mr YIU also suggested that in order to enhance the attractiveness of Lantau among tourists, the Administration should draw up unique tourist routes on the island by making reference to the successful example of "Old Town Central".

6. PSDEV(W) advised that:

- (a) SLO would be a one-stop office to implement various development and conservation policies and initiatives in Lantau in an integrated manner. Such policies and initiatives included projects for promoting tourism development;
- (b) on eco-tourism, the Administration was exploring the introduction of environmentally friendly modes of transportation in Lantau; and
- (c) the staff to be deployed to SLO were already making preparations to design unique tourist routes on Lantau, for example, those between Tung Chung and Tai O.

Conservation

7. Mr LEUNG Yiu-chung said that enforcement actions were taken from time to time by officers of the District Lands Office/Islands against stilt houses in Tai O. He sought information about SLO's policy on the conservation of stilt houses, and asked whether measures were in place to preserve stilt houses vacated by the residents, so as to prevent the houses from destruction.

8. PSDEV(W) and Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department ("PM(HKI&I)/CEDD") advised that:

- (a) the Administration acknowledged the considerable historical and cultural values of stilt houses;
- (b) Tai O was one of the major conservation areas designated under the Blueprint published by the Administration in June 2017. While stilt houses could be an item for conservation from the perspective of preserving cultural heritage, the Administration was still considering the policy direction for conserving stilt houses. Instead of discussing the matter at an FC meeting, the Administration considered it more appropriate to hold discussions with members after the meeting; and
- (c) it was envisaged that after the establishment of SLO, the work of different departments in undertaking various development and conservation projects in Lantau could become more coordinated.

9. Mr HUI Chi-fung pointed out that of the projects to be taken forward by SLO as set out in paragraph 12 of Enclosure 2 to the paper, only a handful were related to conservation. He was concerned whether such a distribution of SLO's duties was conducive to achieving the objective of "Development in the North; Conservation for the South" for Lantau. Notwithstanding the premise of conservation, Mr HUI queried whether the Administration would also strive to develop eco-tourism in the conservation areas, resulting in a substantial increase of traffic flow and hence, ruining the natural landscape of South Lantau. Mr HUI also enquired about SLO's work in the protection of trees.

10. PSDEV(W) responded that:

- (a) about 70% of land on Lantau was within the precincts of country parks. If such land and other sites of scientific interest or with conservation value on Lantau were put together, 86% of Lantau land was subject to statutory restrictions in respect of its use and development;
- (b) regarding the protection of trees in the remaining some 14% of land, SLO would coordinate the necessary tree conservation work among various departments that were in charge of forestry conservation; and
- (c) the Administration would conduct studies on Lantau's traffic, transport and visitor-receiving capacity before mapping out further tourism development in Lantau.

11. Ms Tanya CHAN asked about the number of studies to be undertaken by SLO in relation to the policy of conserving South Lantau; whether the proposed ecological study for sites with conservation value would cover researches on the history, archaeology and landscape of the sites; the breadth of the studies, and the time when the studies would be completed.

12. Director of Civil Engineering and Development ("DCED") replied that:

- (a) the holders of the proposed posts would be tasked to undertake an ecology study for rural conservation pilot projects in Tai O, Pui O and Shui Hau, as well as the neighbouring areas. The study would cover background researches on the species found in the areas, their landscape and history. If necessary, archaeological researches might also be included to yield more productive results;

- (b) the Administration had already invited tenders for the study in September 2017. The study, which was expected to commence in the first quarter of 2018 and last about 21 months, would be completed between 2019 and 2020; and
- (c) a sum of \$30 million had been earmarked under the Environment and Conservation Fund for supporting the relevant conservation and education initiatives.

13. Ms Tanya CHAN and Mr LEUNG Yiu-chung asked whether actions would be taken by SLO in respect of damages caused to the land in country park enclave areas, and about the Government's policy on these enclave areas. Noting members' concerns about the enclave areas, PM(HKI&I)/CEDD said that regarding land in Lantau currently outside the scope of the Country Parks Ordinance (Cap. 208) and other relevant legislation, which amounted to some 15% of the land area of Lantau, joint efforts would be taken together with the Planning Department ("PlanD") to actively explore ways to bring such land under statutory protection, so that it would not suffer from any further damages.

14. Ms Tanya CHAN and Mr CHAN Chi-chuen enquired how SLO would handle the issue of community cattle. Mr CHU Hoi-dick asked whether the Administration could confirm that community cattle currently found in Mui Wo would not be relocated to Tai A Chau and Siu A Chau. He said that as a veterinary officer from the Agriculture, Fisheries and Conservation Department ("AFCD") had relayed to him and other members earlier, AFCD would not relocate the community cattle to Tai A Chau and Siu A Chau because they would have to be monitored on a daily basis.

[Post-meeting note: Supplementary information provided by the Administration was issued to members vide LC Paper No. FC247/17-18(01) on 30 April 2018.]

15. PM(HKI&I)/CEDD advised that the department had all along been maintaining communication and discussion with AFCD, members of the local communities and conservation groups on how the issue of community cattle should be handled. AFCD would consider and decide whether the cattle should be relocated to other places.

16. Mr Andrew WAN expressed concern that the environment of some areas in Lantau not covered by Development Permission Area Plans had been destroyed. For instance, some sites had become black spots of soil dumping. Mr WAN asked how SLO could handle or curb such incidents.

17. PSDEV(W) stated that:

- (a) a dedicated task force responsible for conservation matters had been set up under the Lantau Development Advisory Committee ("LanDAC"), comprising members of local communities and representatives of conservation groups. These members would advise the task force on relevant matters;
- (b) separately, a cross-departmental expert group would be set up by CEDD, with its members drawn from the Lands Department, PlanD, AFCD, the Environmental Protection Department, the local communities and environmental protection groups, to formulate measures on preventing and curbing acts of environmental damage; and
- (c) while the Administration had yet to draw up concrete plans for taking forward the relevant measures, due regard must be given to protecting personal privacy in taking law enforcement actions.

Improving the community and people's livelihood

18. Noting that the proposed SLO would be responsible for taking forward and/or coordinating various projects and initiatives, Ms Alice MAK enquired about the scope of works thereunder for improving the local communities. Ms MAK said that at present, in order to get a particular local issue resolved, local residents and District Council members had to pursue the issue with many different departments. She asked about the role to be played by SLO in this regard.

19. PSDEV(W) and DCED advised that with its establishment, SLO would provide one-stop services to local residents and assist in the implementation of various improvement works in Mui Wo, Tai O and Ma Wan Chung. If, in this process, local residents had any suggestions on improving the community, they could approach SLO which would then liaise with other departments.

Duration of the proposed supernumerary posts

20. Ir Dr LO Wai-kwok supported this item. Ir Dr LO held that in consideration of the workload, nature of work and continuity of SLO, the duration of the proposed supernumerary posts was too short. Expressing the same concern, Mr Jeffrey LAM asked how the Administration could ensure a steady supply of manpower for SLO, so that its work would not be affected by filibustering at FC meetings. Ms Tanya CHAN expressed dissatisfaction about Mr LAM's remarks on filibustering.

21. In response, PSDEV(W) said that:

- (a) when the relevant staffing proposal was first submitted to the Legislative Council ("LegCo") in early 2016, the public consultation exercise on the Blueprint was underway;
- (b) as the said staffing proposal could not be considered and approved by FC before the end of the previous LegCo term, the relevant office could not be set up. As a result, the publication of the Blueprint was delayed;
- (c) under the original proposal, the office to be set up was intended to tie in with the soon-to-be announced Blueprint to take forward the planning of future sustainable development in Lantau in a forward-looking manner, as well as the implementation of various community initiatives and district improvement projects in short and medium terms, and to carry out various proposals under the Blueprint. The relevant staffing complement was drawn up on such a basis;
- (d) it was anticipated that after the office had been up and running for some time with the proposed establishment, the Administration would come up with a more accurate projection of the office's long-term manpower requirement. Thus, the relevant supernumerary posts were proposed to be created for a fixed duration;
- (e) certain initiatives to be taken forward or coordinated by SLO, such as the strategic studies for artificial islands in the central waters (including ELM), would span a long period of time. Before there was a clear way forward for the initiatives which might take years to complete, the Administration could not project the long-term manpower requirement accurately; and

- (f) subject to FC's approval for this item, SLO would embark on a review of its establishment as soon as possible, taking into account the development and conservation needs of Lantau. Staffing proposals would be presented to LegCo in a timely manner.

Functions of the supernumerary posts

22. Dr KWOK Ka-ki queried that given the Administration's reluctance to have SLO led by officers with conservation engineering background, its real intention was to embark on large scale development in Lantau under the pretext of conservation, including the development of ELM through extensive reclamation. He also questioned the qualifications of SLO staff in conservation and asked if additional manpower with related experience would be deployed to SLO. Mr LEUNG Yiu-chung enquired about the Administration's requirements for the holders of the proposed supernumerary posts in respect of their qualifications in conservation. Dr Fernando CHEUNG opined that the staffing proposal had failed to underline the Administration's determination to conserve Lantau. Moreover, the Administration had yet to respond to the concerns previously raised by members of the Panel on Development .

23. PSDEV(W) said that he had already explained the reasons for SLO to be led by officers of the Government Engineer grade at ESC meetings. He stated that as ELM was an important long-term project, the Administration would conduct studies first to ascertain its feasibility. At this stage, no concrete plan had yet been made. He emphasized that as SLO was a multi-disciplinary office, its work towards the objective of "Development at the North; Conservation for the South" would be supported by officers with different professional backgrounds. Officers working in SLO must give equal emphasis to development and conservation when carrying out their duties. Under SLO, there would be a team dedicated to conservation comprising three Forestry Officers deployed from AFCD. If necessary, additional staff would be deployed in a timely manner. To address members' concerns, the Administration had revised the duties of those supernumerary posts in order to give emphasis on conservation elements. PSDEV(W) said that he hoped the above response could answer Mr LEUNG Yiu-chung's question about the qualifications required to undertake duties relating to conserving the environment.

24. Ms Tanya CHAN enquired about the respective ratios of various duties and responsibilities of the proposed supernumerary posts. In reply, PSDEV(W) stressed that instead of relying on officers from specific teams to take forward conservation-related initiatives, all officers working in SLO must share the same vision of laying equal emphasis on development and conservation.

25. Mr Michael TIEN noted that the proposed post of Chief Engineer/Lantau 3 was responsible for, among others, overseeing strategic traffic and transport infrastructure development for the sustainable development of Lantau. Mr TIEN considered that a rail link would be a more viable option in serving the transport needs between Tung Chung and the Airport Island. Mr TIEN asked whether the Administration would, in the selection process, make it a categorical requirement that the post must be filled by a person with experience in the planning of railway systems, or even consider engaging an expert in this area.

26. DCED responded that as a result of job rotation, engineers in works departments would invariably gain experience in different areas including capital works projects relating to railway development. He supplemented that consideration had also been given to constructing a light rail system in the ongoing Kai Tak Development.

27. Mr WU Chi-wai enquired about the following:

- (a) whether the proposed Deputy Head (Planning & Conservation) ("DH(P&C)") of SLO would be responsible for conducting a baseline survey for various Lantau conservation initiatives, and if so, how such a survey would be conducted, and whether the relevant findings would be published; and
- (b) whether the findings of the baseline survey could be used to monitor or bind SLO regarding its work progress to achieve the objective of "Conservation for the South".

28. PSDEV(W) responded that:

- (a) although SLO had yet to be established, the staff responsible for the relevant work had already started collecting snapshots of current data in various aspects, including land use, demographics, economic activities, infrastructure, culture, history, environment and ecology, supply of recreational facilities, etc.;

- (b) the Administration had already invited tenders for the environmental and ecological study, which was expected to be completed between 2019 and 2020. The relevant study findings would be made available to the public; and
- (c) with data on the current status, SLO's work on conservation could be taken forward in a more comprehensive manner. He stressed that the Administration had no intention of undertaking large-scale development in South Lantau.

29. Mr CHAN Chi-chuen opined that as the proposed Deputy Head (Works) ("DH(W)") of SLO would be responsible for overseeing and directing development and conservation work, while maintaining project momentum and supervising cost control, the post holder might be caught in a dilemma when discharging his duties. He was concerned whether DH(W) could strike a balance between taking forward development projects and promoting conservation. Separately, Mr CHAN referred to LC Paper No. ESC151/16-17(02) which stated that upon SLO's establishment, the Administration would continue to liaise with green groups, conservationists and local stakeholders in handling the problem of fly-tipping. In this regard, he enquired about the following:

- (a) whether the above liaison work would be undertaken by DH(P&C) or DH(W); and
- (b) whether DH(W) would set up a dedicated team to handle the impact of works projects on the environment and maintain regular exchanges with environmental protection groups.

30. PSDEV(W) and DCED responded that:

- (a) all along, project proponents must strive to achieve the objectives of project completion and cost control. Hence, he did not envisage any problems with DH(W) in giving equal and adequate attention to both aspects when discharging the proposed duties;
- (b) a task force on conservation had already been established with members drawn from green groups, conservationists, local stakeholders and those who were concerned about Lantau development;

- (c) DH(W) would be responsible for conducting consultation regarding the impact of works projects on the environment; and
- (d) the Administration would upload the monitoring data to its website in accordance with the requirements stipulated in the Environmental Impact Assessment Report.

Staffing of the Civil Engineering and Development Department

31. Mr Jeremy TAM sought a comparison between the proposed staffing complement of SLO and the staffing complement of the renamed East, South, West and North DevOs under CEDD.

32. DCED replied that:

- (a) upon its establishment, SLO would be led by the Head (Sustainable Lantau Office) (D3), with support services provided by two Deputy Heads and about 100 non-directorate staff members;
- (b) the staffing complement of SLO was similar to that of the other four DevOs;
- (c) of the 100 non-directorate staff members in SLO, 50 were new recruits and the remaining 50 would be re-deployed from other DevOs prior to the re-organization; and
- (d) subsequent to the redistribution of duties and responsibilities among the Hong Kong Island and Islands DevO, Kowloon DevO, New Territories East DevO and New Territories West DevO, the posts left vacant as a result of the re-deployment of staff to SLO would be deleted.

Collaboration between the Sustainable Lantau Office and other government departments

33. Mr WU Chi-wai sought confirmation from PSDEV(W) that SLO would have the full support of the Development Bureau ("DEVB") and its departments when taking forward the relevant initiatives. Mr WU and Mr LEUNG Che-cheung requested the Administration to provide LegCo with timely updates on its progress in implementing the development

strategy of "Development in the North; Conservation for the South". Regarding Mr WU Chi-wai's question and request, PSDEV(W) replied in the affirmative and undertook to provide annual progress reports of SLO's work to the Panel on Development and the Panel on Environmental Affairs jointly.

34. Mr Holden CHOW asked whether the task force under SLO would comprise members from policy bureaux other than DEVB. Mr Andrew WAN said that according to the Administration, an expert group on Lantau development would be set up. In this connection, he enquired about the composition of the expert group, and whether the Administration would invite representatives from local concern groups or conservation groups to join the expert group.

35. PSDEV(W) replied that the task force under SLO would coordinate the work of other policy bureaux in providing one-stop services for Lantau development. PM(HKI&I)/CEDD advised that a task force formed under the Sustainable Development Subcommittee of LanDAC had already established close contacts with some local groups on several dozens items of local concern. Of those, 11 items would be followed up by the task force as a matter of priority. When following up on those priority items, the Administration would invite representatives from the relevant concern groups, local organizations and environmental protection groups, as well people with in-depth knowledge about specific topics to join individual working groups, so that the Administration might take heed of their advice. He supplemented that those expert groups were still under planning.

Other concerns

Long-term land supply and climatic changes

36. Mr CHU Hoi-dick said that the estimations of Hong Kong's future demand for land made by the last-term Government were much lower than those made by the Task Force on Land Supply ("the Task Force") set up by the current-term Government. In this connection, Mr CHU asked whether SLO would make planning on the basis of the former or latter estimations. Noting that many initiatives to be taken forward by SLO required large-scale long-term planning, Mr CHU enquired about the following:

- (a) whether the Administration had, when planning for those initiatives, taken into account the factor of climatic changes in the next few decades, such as by including meteorologists in the staffing establishment; and

- (b) the time when the Strategic Environmental Assessment ("SEA") under "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") would be completed.

37. In response, PSDEV(W) said that generally speaking, SLO would undertake work related to territorial development according to the strategies recommended by Hong Kong 2030+. He clarified that views expressed by individual members of the Task Force on how to increase land supply were their own personal opinions, which were not necessarily the Administration's stance.

38. PSDEV(W) stated that when undertaking major projects such as the development of ELM, the Administration must first conduct extensive feasibility studies, taking into account various related factors. He stressed that when taking forward public works projects, helping the public cope with the impact of climatic changes would also be a factor for consideration. PM(HKI&I)/CEDD replied that SEA for Hong Kong 2030+ was expected to be completed in mid-2018.

39. Referring to a discussion paper dated 7 November 2017 and entitled "Task Force on Land Supply: Reclamation Outside Victoria Harbour" (Paper No. 07/2017) issued by CEDD, Dr Fernando CHEUNG said that while it was suggested in the paper that the public generally did not accept reclamation as an option to increase land supply, the Administration still proposed a number of locations for reclamation. He sought the Administration's clarification on whether the said reclamation projects had been finalized, as well as the rationale for undertaking extensive reclamation for the artificial islands in the central waters.

40. In response, PSDEV(W) said that:

- (a) reclamation had all along been an important option to increase land supply;
- (b) land representing 7% of the total land area of Hong Kong was formed by reclamation;
- (c) such reclaimed land was accommodating a substantial ratio of our total population and commercial activities; he held that when compared with other places, the Administration had been quite controlled in pursuing reclamation;

- (d) the Administration was aware of the public's concern about reclamation. Nonetheless, the public generally acknowledged the short supply of land in Hong Kong, and they agreed that land supply should be increased through a multi-pronged approach; and
- (e) the Administration would need to conduct detailed studies before concrete planning and technical data on reclamation required for the artificial islands in the central waters could be provided.

Agricultural development, marine ecology and traffic control

41. Mr CHU Hoi-dick also enquired about the following:

- (a) apart from Mui Wo, whether other areas in Lantau (if any) had been included under the study on Agricultural Priority Areas by the Food and Health Bureau;
- (b) apart from the requirement for application of permissions for vehicles to enter South Lantau, whether the Administration had other monitoring measures in place to prevent vehicles from entering South Lantau without permission (especially those measures implemented on Tung Chung Road and on holidays); if so, what the details were; and
- (c) apart from designating Sham Wan of Lamma Island as a restricted area, whether the Administration had other measures in place to limit the activities in the surrounding waters of Sham Wan, so that green turtles could swim safely onto the beach for spawning; if so, what the details were.

42. The Administration agreed to provide supplementary information on the above after the meeting.

[*Post-meeting note:* Supplementary information provided by the Administration was issued to members vide LC Paper No. FC247/17-18(01) on 30 April 2018.]

Ancillary transport services and North Lantau Hospital

43. Mr Holden CHOW stated his views and suggestions on the future development of Tung Chung as follows:

- (a) SLO must hold the MTR Corporation Limited ("MTRCL") accountable for expediting the construction of the Tung Chung East ("TCE") MTR station, so that the station could be commissioned in 2023 to tie in with the first population intake;
- (b) SLO must review the distribution of roads and improve the traffic conditions in Tung Chung;
- (c) the spare capacity of the Airport Express Line ("AEL") tracks could be used to provide rail shuttle service between Tung Chung and the Airport Island; or the Tung Chung Line could be extended to reach the Airport directly to facilitate local employment for Tung Chung residents in future; and
- (d) North Lantau Hospital ("NLH") should be upgraded to provide comprehensive specialist services.

44. In response, DCED said that:

- (a) MTRCL would submit its proposal for TCE MTR station and Tung Chung West Extension in 2018. Subject to FC's approval for this item, SLO would, upon its establishment, work with MTRCL on the construction and commissioning of TCE MTR station;
- (b) the Airport Authority had completed a feasibility study on using the spare capacity of AEL to provide rail shuttle service between Tung Chung East and the Airport Island, and the findings had been forwarded to the Transport and Housing Bureau ("THB") for review. He said that while THB was reviewing the study findings, the Administration was considering and following up on the aspirations of and proposals made by members of the local communities on transport facilities, including the development of other rail linkage systems; and

- (c) the Hospital Authority would review the supply and demand of services in Kowloon West Cluster and actively consider increasing the number of hospital beds in NLH.

45. At 10:51 am, the Chairman directed that members might ask the last round of questions on this item.

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

46. At 11:33 am, FC started to vote on whether the motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") should be proceeded with forthwith ("FCP 37A motions"). At the request of members, the Chairman ordered a division for each of the proposed motions. The voting results were as follows:

Members proposing the motions	Serial numbers of motions	Motions be proceeded with forthwith
Mr CHU Hoi-dick	0001, 0002, 0003, 0004, 0005	No
Mr CHAN Chi-chuen	0006, 0007, 0008, 0009, 0010	No
Dr Fernando CHEUNG	0011	No

A motion moved by a member under paragraph 47 of the Finance Committee Procedure

47. At 11:44 am, after FC decided against proceeding with the first two FCP 37A motions (i.e. motions 0001 and 0002) forthwith, Mr CHEUNG Kwok-kwan moved without notice a motion under FCP 47 that in the event of further divisions being claimed in respect of any motions or questions under the same agenda item, FC should proceed to each of such divisions immediately after the division bell had been rung for one minute. The Chairman proposed the question on the motion and directed that each member might speak on the motion once for not more than one minute.

48. Mr CHAN Chi-chuen, Dr Fernando CHEUNG, Dr KWOK Ka-ki, Mr Andrew WAN, Mr Jeremy TAM and Ms Claudia MO spoke against the motion. In gist, they held that SLO was tasked to undertake many initiatives in different areas, and some of the projects involved large-scale development. They were dissatisfied that the Chairman did not give members sufficient time to ask questions and put the item to vote hastily. Mr CHAN Han-pan, Mr WONG Ting-kwong and Mr LAU Kwok-fan spoke in support of the motion.

49. The Chairman reminded members that they should speak on whether they supported or opposed the motion to shorten the duration of the division bell, rather than taking the opportunity to express their views on the item or their dissatisfaction against the Administration. The Chairman also explained to members the reasons why he had come to view that the item had already been fully discussed by members and that it was appropriate to put the item to vote at this juncture.

50. The Chairman put the motion to vote. At the request of members, the Chairman ordered a division, and the motion was carried. The votes of individual members were set out in **Annex**.

Voting on FCR(2017-18)32

51. There being no further questions from members, the Chairman put item FCR(2017-18)32 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 31 members voted in favour of and 10 members voted against the item. The votes of individual members were as follows:

For:

Mr Abraham SHEK Lai-him
Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr Paul TSE Wai-chun
Mr YIU Si-wing
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr Elizabeth QUAT
Mr POON Siu-ping
Ir Dr LO Wai-kwok
Mr HO Kai-ming
Mr SHIU Ka-fai
Ms YUNG Hoi-yan
Mr CHAN Chun-ying
Mr LUK Chung-hung
Mr KWONG Chun-yu
(31 members)

Mr Tommy CHEUNG Yu-yan
Dr Priscilla LEUNG Mei-fun
Mrs Regina IP LAU Suk-yee
Mr Frankie YICK Chi-ming
Mr MA Fung-kwok
Ms Alice MAK Mei-kuen
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong
Dr CHIANG Lai-wan
Mr Andrew WAN Siu-kin
Mr Holden CHOW Ho-ding
Mr Wilson OR Chong-shing
Dr Pierre CHAN
Mr CHEUNG Kwok-kwan
Mr LAU Kwok-fan

Against:

Mr LEUNG Yiu-chung
Mr Charles Peter MOK
Dr KWOK Ka-ki
Mr Alvin YEUNG
Dr CHENG Chung-tai
(10 members)

Ms Claudia MO
Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung
Mr CHU Hoi-dick
Mr Jeremy TAM Man-ho

52. The Chairman declared that the item was approved.

Item No. 2 — FCR(2017-18)26 and 26A

LOAN FUND

**NEW HEAD — "PROPERTY MANAGEMENT SERVICES
AUTHORITY"**

**New Subhead — "Loan to the Property Management Services
Authority"**

53. This item invited FC to approve a commitment of \$22 million from the Loan Fund as a loan to the Property Management Services Authority ("PMSA") to meet its set-up costs and initial operating expenses. The Home Affairs Bureau consulted the Panel on Home Affairs ("the HA Panel") on the proposal on 22 May 2017.

54. At the invitation of the Chairman, Mr MA Fung-kwok, Chairman of the HA Panel, briefed members on the salient points of the discussions held by the HA Panel on the item. He said that the major concerns of Panel members included the estimated expenditure of PMSA, its staffing establishment, as well as the specific loan and repayment arrangements. The Administration advised that PMSA was a self-financing statutory body supported by income generated from licence fees and levies. However, as the relevant subsidiary legislation on levy and licence fees had not been enacted, and the statutory funding sources of PMSA were not yet available, the Administration proposed the above loan arrangement. Members of the HA Panel did not object to the Administration submitting the proposed loan arrangement to FC for scrutiny.

Sources of income of the Property Management Services Authority

55. Noting that the Administration intended to introduce the relevant regulations on levy and licence fees into LegCo in the fourth quarter of 2017 and mid-2018 respectively, Mr CHAN Chun-ying enquired, given LegCo's current progress in handling legislative proposals:

- (a) how PMSA would be affected in terms of its cash flow and the proposed loan drawdown and repayment schedules if the relevant regulations were not approved by LegCo on schedule;
- (b) apart from securing prior approval from the Financial Secretary, whether PMSA was subject to any other administrative measures if PMSA were to revise the repayment schedule or extend the loan repayment period; and
- (c) in case PMSA, a self-financing statutory body, needed further borrowings, whether obtaining loans from the Government was the only option available.

56. Under Secretary for Home Affairs ("USHA") responded that:

- (a) PMSA's proposed loan drawdown and repayment schedules could be adjusted accordingly if the relevant regulations on levy and licence fees were not approved by LegCo on schedule;
- (b) taking into account the actual situation, PMSA would also reduce expenditure as appropriate such as by slowing down the pace of recruitment and computer system development; and
- (c) while there was no provision under the Property Management Services Ordinance (Cap. 626) ("PMSO") which prevented PMSA from getting loans from organizations other than the Government, PMSA was not in need of external borrowings according to its current plans.

57. Dr Fernando CHEUNG enquired about the principles of PMSA's financial arrangement. Dr CHEUNG considered that PMSA did not have sufficient financial resources to carry out its enforcement work (such as inspection) and institute legal proceedings against non-compliant property management companies ("PMCs") by simply relying on the income derived from a small and fixed amount of levy and licence fees charged on conveyances on sale chargeable with stamp duty. Dr CHEUNG and Dr Helena WONG were of the view that the financial commitment for PMSA should be borne by the Administration in full, so that PMSA could have sufficient resources to carry out the necessary monitoring work and avoid possible role conflicts.

58. Dr Fernando CHEUNG and Ms Claudia MO queried whether it was fair to set a uniform licence fee of \$6,000 per annum for all PMCs. Mr KWOK Wai-keung asked how the proposed levels of fees for various licences issued by PMSA were determined, and whether such fees would increase in tandem with a decrease in the numbers of registered PMCs or property management practitioners ("PMPs"). Ms Claudia MO was concerned that the stability of the property market might have an impact on PMSA's financial soundness, and asked when PMSA would reach break-even. Ms MO also asked if the licence fee payable by PMPs could be settled by PMCs on behalf of their employees.

59. USHA explained that:

- (a) the estimated annual recurrent expenditure of PMSA was about \$30 million, with two thirds of which being supported by income derived from the fixed levy charged on conveyances on sale chargeable with stamp duty, and one third from the licence fees paid by PMCs and PMPs. PMSA's sources of funds were stipulated in section 16 of Schedule 3 to PMSO;
- (b) in the course of drafting the relevant bill, the Administration consulted the industry on the amount of the licence fees to be charged, as well as the detailed collection arrangements. The industry was generally of the view that smaller PMCs should not be labelled as such under the licensing system. The Administration thus considered it appropriate to issue one type of licences for all PMCs in the industry, irrespective of their scale of operation. The Administration considered that a fixed licence fee should apply to all if only one type of licences were issued;
- (c) the licence fees were set according to the numbers, modes of operation and income levels of PMCs and PMPs currently on the market. According to the Administration's observation, the numbers of PMCs and PMPs had all along been stable;
- (d) on the basis of the number of property transactions over the past 10 years, the Administration projected that there would be around 80 000 property transactions per annum in future, and with the proposed levy of \$350 for each conveyance on sale chargeable with stamp duty, PMSA would have a stable income from the fixed levy. A proposed schedule for PMSA to reach break-even was set out in Enclosure 2 to FCR(2017-18)26; and

- (e) the licence fees payable by PMPs could be settled either by themselves or their employers on their behalf.

60. Assistant Director of Home Affairs ("ADHA") explained that some PMSA employees were legal professionals. They would be responsible for vetting applications and handling related legal duties. The Administration expected that upon PMSA's full operation, an annual balance of about \$10 million would be maintained. It was believed that the expenses incurred by litigation work could be met by such a level of balance.

Expenditure of the Property Management Services Authority

61. Mr Jeremy TAM enquired about the staffing complement of PMSA, as well as a breakdown of various expenditure items. Mr TAM also asked the Administration to provide information on the numbers of estate agent's licences, estate agent's licences (individual) and salesperson's licences under the regulation of the Estate Agents Authority, and a comparison of these numbers with the respective numbers of PMC and PMP licences that were expected to come under the regulation of PMSA.

62. USHA and ADHA explained that:

- (a) PMSA would have about 40 staff members, including a Chief Executive Officer (equivalent to a D2 post), two General Managers and five to six managerial officers. The other employees were clerical and supporting staff. Total staff emoluments would account for about 60% of PMSA's recurrent expenditure in the first year;
- (b) starting from 2019-2020, PMSA's annual recurrent administrative and office expenses would be about \$4 million respectively. Administrative expenses would include costs for website maintenance, office computer system operation, publicity and so on;
- (c) it was estimated that starting from 2019-2020, PMSA's annual operating expenditure (including recurrent and non-recurrent expenditure) would amount to some \$30 million. Before that, as PMSA was still in its initial set-up stage, its total operating expenditure would not reach the level of \$30 million; and

- (d) the Administration drew up PMSA's organization structure and scale of operation by making reference to those of the other statutory licensing bodies.

Composition and functions of the Property Management Services Authority

63. Mr Andrew WAN expressed support for the item. He enquired about the composition of PMSA, and the work progress concerning qualification accreditation of PMPs. Dr Helena WONG expressed concern about the political affiliation and political neutrality of PMSA members. Mr Jeremy TAM asked about the procedures for appointing PMSA members. Referring to the five existing members of PMSA who were Category I persons, Mr TAM requested the Administration to provide information on the respective companies in which they served. Regarding the appointment of PMPs as PMSA members, Mr TAM was concerned that their inherent conflicts of roles and interests might result in unfairness to other companies in the industry.

64. USHA advised that:

- (a) members of PMSA were appointed in accordance with the established mechanism. Under PMSO, members of PMSA were to be appointed by the Chief Executive ("CE") of the Hong Kong Special Administrative Region;
- (b) in addition to the Chairperson and the Vice-chairperson, PMSA had 18 ordinary members;
- (c) according to PMSO, the composition of the 18 ordinary members of PMSA was as follows:
 - (i) about one fourth of them were individuals who were engaged in property management services (Category I persons), such as PMPs;
 - (ii) about one fourth were individuals, not being Category I persons, who, because of their experience in property management, general administration or consumer affairs, appeared to CE to have knowledge of property management services (Category II persons), such as academics, professionals in the relevant fields and so on; and

- (iii) at least half were individuals, not being Category I persons or Category II persons (referred to as "general persons" by the Administration), who appeared to CE to be suitable to be appointed as members of PMSA (Category III persons), including chairmen of owners' corporations, District Council members and so on; and
- (d) of the five Standing Committees established under PMSA, the Licensing Standing Committee was tasked to assist PMSA to consider matters relating to licence applications submitted by PMCs and PMPs

[*Post-meeting note:* Supplementary information provided by the Administration was issued to members vide LC Paper No. FC130/17-18(01) on 7 February 2018.]

65. Mr YIU Si-wing enquired about the following:

- (a) the concrete measures taken by PMSA to promote the competence and professionalism of the profession of property management services; as well as the percentage share of PMSA's expenditure on the implementation of these measures in its overall expenditure; and
- (b) the standards for assessing the professional qualifications of PMPs under the Qualifications Framework ("QF").

66. USHA and ADHA advised that:

- (a) there were five Standing Committees established under PMSA. The Practice and Assessment Standing Committee was responsible for assisting PMSA to draw up and review the codes of conduct and the codes of practice governing the conduct and practice of PMCs and PMPs respectively. The Professional Development Standing Committee was responsible for liaising with the industry to explore ways to improve the standard of practice and the quality of service. It would also liaise with the local tertiary institutions in providing training to PMPs and administer continuing professional development requirements;

- (b) the promotion and publicity team under PMSA was responsible for raising public awareness of the property management profession;
- (c) regarding promotion of professionalism of the industry, the relevant expenditure was mainly spent on formulating various codes of conduct and codes of practice as well as carrying out promotion and publicity work. The expenditure concerned was about \$1 million in the first two years; and
- (d) as PMSA was still at its initial set-up stage, time was needed to study the background information concerning QF before the relevant codes of conduct and codes of practice on property management services could be drafted. Hence, no expenses would be incurred in this regard for the time being.

Means of enacting the relevant regulations

67. Mr CHAN Chi-chuen expressed concern about the Administration's plan to introduce the relevant regulations on levy and licence fees into LegCo for negative vetting, including the fact that, under the negative vetting procedures, stakeholders including LegCo Members might not have sufficient opportunities to express views on or make amendments to the proposed levy and licence fees. Under such circumstances, the relevant levy and licence fees would be implemented before the matter was thoroughly discussed by LegCo. The level of such levy and licence fees would impact on the operating costs of the property management services industry, which would in turn create pressure on PMCs in determining the level of management fees to be charged. Mr CHAN and Mr Andrew WAN asked whether the Administration would revise the proposed timetable for submitting the relevant regulations to LegCo, and if so, what the latest position was, and how the Administration would ensure that stakeholders (including LegCo Members) could express views on or make amendments to the relevant regulations.

68. In response, USHA said that the Administration would strive to introduce the relevant regulations on levy and licence fees into LegCo for negative vetting in the fourth quarter of 2017 and mid-2018 respectively. He advised that, regarding the proposed licence fees, the Administration had made reference to the views expressed by the property management services industry and the relevant stakeholders. They were in general of the view that the proposed fee level was acceptable. If the relevant regulations on levy and licence fees were not approved by LegCo on schedule, PMSA would reduce expenditure as appropriate, depending on the actual situation.

Measures to monitor the operation of the Property Management Services Authority

69. Ms Claudia MO expressed concern about how the Administration would monitor PMSA's financial position. USHA responded that PMSA's membership included members appointed by CE, as well as representatives from the Home Affairs Department and the Housing Department. Also, PMSA had to submit a report to the Administration each year, which would subsequently be tabled before LegCo. He supplemented that the Independent Commission Against Corruption had also provided advice to PMSA on its practices and the system of declaration of interests by PMSA members.

Funding arrangements under the Loan Fund

70. Mr CHU Hoi-dick enquired about the authority of FC to create under the Loan Fund a new head of expenditure entitled "PROPERTY MANAGEMENT SERVICES AUTHORITY" and to create thereunder a new subhead for the proposed loan. He also asked whether FC's approval would be required again should PMSA need further borrowings from the Administration in future. Deputy Secretary for Financial Services and the Treasury (Treasury) 1 confirmed that, according to the resolution for establishing the Loan Fund, the Administration had to seek approval from FC for any commitment for the provision of loans from the Loan Fund. Should PMSA need any further borrowings from the Administration in future, it would have to submit the relevant funding application to FC and secure FC's approval.

71. At 12:57 pm, the Chairman announced that the meeting would be extended for 15 minutes.

Voting on FCR(2017-18)26 and 26A

72. There being no further questions from members, the Chairman put item FCR(2017-18)26 and 26A to vote. The Chairman declared that he thought the majority of the members present and voting were in favour of the item. The item was approved.

73. The meeting ended at 1:14 pm.

點名表決DIVISION: 3
日期 DATE: 18/11/2017
時間 TIME: 12:00:50 下午 PM

動議 MOTION: 動議其後就相同議程項目下任何議案或待議議題進行點名表決時，委員會須在點名表決鐘聲響起一分鐘後進行點名表決
Motion that in the event of further divisions being claimed of any motions or questions under the same agenda item, the Committee do proceed such divisions immediately after the division bell has been rung for one minute

動議人 MOVED BY:

出席 Present : 42
投票 Vote : 41
贊成 Yes : 29
反對 No : 12
棄權 Abstain : 0
結果 Result : 通過 Passed

個別表決如下 THE INDIVIDUAL VOTES WERE AS FOLLOWS:

議員	MEMBER	投票	VOTE	議員	MEMBER	投票	VOTE
陳健波	CHAN Kin-por	出席	PRESENT	黃碧雲	Dr Helena WONG		
涂謹申	James TO			葉建源	IP Kin-yuen		
梁耀忠	LEUNG Yiu-chung	反對	NO	葛珮帆	Dr Elizabeth QUAT	贊成	YES
石禮謙	Abraham SHEK	贊成	YES	廖長江	Martin LIAO	贊成	YES
張宇人	Tommy CHEUNG	贊成	YES	潘兆平	POON Siu-ping	贊成	YES
李國麟	Prof Joseph LEE			蔣麗芸	Dr CHIANG Lai-wan	贊成	YES
林健鋒	Jeffrey LAM			盧偉國	Ir Dr LO Wai-kwok	贊成	YES
黃定光	WONG Ting-kwong	贊成	YES	鍾國斌	CHUNG Kwok-pan		
李慧琼	Starry LEE			楊岳橋	Alvin YEUNG	反對	NO
陳克勤	CHAN Hak-kan			尹兆堅	Andrew WAN	反對	NO
梁美芬	Dr Priscilla LEUNG	贊成	YES	朱凱迪	CHU Hoi-dick		
黃國健	WONG Kwok-kin	贊成	YES	吳永嘉	Jimmy NG		
葉劉淑儀	Mrs Regina IP	贊成	YES	何君堯	Dr Junius HO		
謝偉俊	Paul TSE	贊成	YES	何啟明	HO Kai-ming	贊成	YES
毛孟靜	Claudia MO	反對	NO	林卓廷	LAM Cheuk-ting		
田北辰	Michael TIEN			周浩鼎	Holden CHOW	贊成	YES
何俊賢	Steven HO			邵家輝	SHIU Ka-fai	贊成	YES
易志明	Frankie YICK	贊成	YES	邵家臻	SHIU Ka-chun		
胡志偉	WU Chi-wai			柯創盛	Wilson OR	贊成	YES
姚思榮	YIU Si-wing	贊成	YES	容海恩	YUNG Hoi-yan	贊成	YES
馬逢國	MA Fung-kwok	贊成	YES	陳沛然	Dr Pierre CHAN	反對	NO
莫乃光	Charles Peter MOK	反對	NO	陳振英	CHAN Chun-ying	贊成	YES
陳志全	CHAN Chi-chuen	反對	NO	陳淑莊	Tanya CHAN		
陳恒鑌	CHAN Han-pan	贊成	YES	張國鈞	CHEUNG Kwok-kwan	贊成	YES
梁志祥	LEUNG Che-cheung	贊成	YES	許智峯	HUI Chi-fung		
梁繼昌	Kenneth LEUNG			陸頌雄	LUK Chung-hung	贊成	YES
麥美娟	Alice MAK	贊成	YES	劉國勳	LAU Kwok-fan	贊成	YES
郭家麒	Dr KWOK Ka-ki	反對	NO	劉業強	Kenneth LAU		
郭偉強	KWOK Wai-keung	贊成	YES	鄭松泰	Dr CHENG Chung-tai	反對	NO
郭榮鏗	Dennis KWOK			鄭俊宇	KWONG Chun-yu	反對	NO
張華峰	Christopher CHEUNG	贊成	YES	譚文豪	Jeremy TAM	反對	NO
張超雄	Dr Fernando CHEUNG	反對	NO				

秘書 CLERK

