

立法會
Legislative Council

LC Paper No. FC171/17-18
(These minutes have been
seen by the Administration)

Ref : FC/1/1

Finance Committee of the Legislative Council

Minutes of special meeting
held at Conference Room 1 of the Legislative Council Complex
on Tuesday, 28 November 2017, at 8:33 am

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, 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
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
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-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, 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
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
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 Jeremy TAM Man-ho

Members absent:

Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang

Dr Hon Helena WONG Pik-wan
Hon Tanya CHAN
Hon KWONG Chun-yu

Public officers attending:

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| Mr James LAU H. Jr. | Secretary for Financial Services and the Treasury |
| Ms Alice LAU Yim, JP | Permanent Secretary for Financial Services and the Treasury (Treasury) |
| Mr Raistlin LAU Chun, JP | Deputy Secretary for Financial Services and the Treasury (Treasury) ³ |
| Ms Margaret HSIA Mai-chi | Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works) |
| Ms Doris HO Pui-ling, JP | Deputy Secretary (Planning and Lands) 1, Development Bureau |
| Mr John KWONG Ka-sing | Head of Project Cost Management Office, Development Bureau |
| Mr Thomas CHAN Chung-ching, JP | Director of Lands |
| Mr Albert CHEUNG Ka-lok | Acting Assistant Director/Specialist 3 of Lands |
| Mrs Sylvia LAM YU Ka-wai, JP | Deputy Director of Architectural Services |
| Mr Dennis LAW Kar-cheuk | Chief Property Services Manager/3, Architectural Services Department |
| Mr LAM Sai-hung, JP | Director of Civil Engineering and Development |
| Mr CHUI Wing-wah | Deputy Director of Highways |
| Miss Donna CHAN Fung-kwan | Assistant Government Chief Information Officer (Governance and Resources) |
| Ms Christie LAM Chi-ping | Chief Management Services Officer (Governance and Resources) ⁶ , Office of the Government Chief Information Officer |

Clerk in attendance:

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| Ms Anita SIT | Assistant Secretary General 1 |
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Staff in attendance:

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| Ms Connie FUNG | Legal Adviser |
| Mr Timothy TSO | Senior Assistant Legal Adviser |
| 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 |

Action

Item No. 1 — REQUEST FROM HON CHU HOI-DICK FOR REVIEW OF THE BLOCK ALLOCATIONS MECHANISM UNDER THE CAPITAL WORKS RESERVE FUND

The Chairman advised that the present meeting was held to discuss the request from Mr CHU Hoi-dick for review of the block allocations mechanism under the Capital Works Reserve Fund ("CWRF") and allow members to have an understanding on the historical background, operational details and relevant legal issues concerning the block allocations mechanism. So far, there was no specific proposal or motion awaiting handling or decision by the Finance Committee ("FC").

2 The Chairman pointed out that as the present meeting was not a meeting for considering financial proposals, paragraphs 37A and 39 of the FC Procedure did not apply.

3. At the invitation of the Chairman, Secretary for Financial Services and the Treasury ("SFST") spoke and elaborated the Government's position on reviewing the block allocations mechanism. The Chairman requested the Administration to provide the full text of the Secretary's speech after the meeting.

[*Post-meeting note:* The Secretary's speech was issued to members vide LC Paper No. FC165/17-18(01) on 28 February 2018.]

4. At the invitation of the Chairman, Legal Adviser ("LA") briefed members on the salient points of the paper entitled "Information note prepared by Legal Service Division on the legal and constitutional framework relating to the approval of funding for the purposes of the Government's capital works programme and related issues" ("Information Note") (LC Paper No. LS12/17-18).

5. Mr CHU Hoi-dick said that the present meeting was very important as the Administration and members could exchange views on the mechanism for the scrutiny of block allocations proposals. He hoped the Chairman could arrange special meetings of this kind in future to follow up the relevant matters.

6. Mr CHU Hoi-dick expressed disagreement with the Administration's interpretation of the constitutional principle in public finance as enshrined in the Basic Law and the related laws, as well as its position that proposals to change the block allocations mechanism should not come from any individual or organization outside the Government. Referring to the provisions under the Public Finance Ordinance (Cap. 2) and the CWRP Resolution (Cap. 2A), he pointed out that the Financial Secretary ("FS") must act in accordance with such conditions, exceptions and limitations as might be specified by FC. In other words, FC had the power to impose conditions, exceptions and limitations on its own as to how FS should expend public funds.

Mechanism for the scrutiny of block allocations proposals

7. Mr CHU Hoi-dick said that he had neither the intention to drastically change the current mode of operation of the block allocations mechanism nor to filibuster. That said, the block allocations mechanism had been in operation for many years, and problems had been identified. Hence, it was necessary to review and change the mechanism so that FC could scrutinize the items more effectively, which could in turn help rationalize the relationship between the executive and the legislature. He pointed out that the Administration's present arrangement to bundle thousands of items under an omnibus block allocations proposal for scrutiny by FC in one go was far from satisfactory. Even if the majority of FC members objected certain controversial items under the block allocations proposal, they had no way to express their views but to scrutinize and approve the entire block allocations proposal. Meanwhile, as members must still ask questions about those controversial items, the scrutiny of other thousands of items under the same proposal would be delayed. Take for example the process of FC's scrutiny on the block allocations proposal for 2017-2018 during February and March 2017. As several of the thousands of block allocation items were controversial, additional time was spent by FC on their scrutiny and thus, stalling the approval process of all other items under the same block allocations proposal.

8. Mr CHU Hoi-dick held that if a mechanism was in place to deal with controversial items under the block allocations mechanism, with thresholds set to enable FC to examine individual items separately if request was made by a certain number of members, the above problem would be resolved satisfactorily to ensure the early passage of other block allocation items, as well as the smooth operation of FC. He suggested that consideration be given to setting the specific threshold at, say, 20 FC members, one-half or even two-thirds of FC members. If such a mechanism could be put in place in FC, even a higher threshold would still be acceptable.

9. Mr CHU Hoi-dick further pointed out that requests had also been made previously by pro-establishment members to examine individual block allocation items separately. When the block allocations proposal for 2014-2015 was examined by FC in the 2013-2014 legislative session, Mr LAU Wong-fat and Mr James TIEN, then Members belonging to the pro-establishment camp, had reservation about several items concerning the expansion of landfills under the proposal. At the end of the day, the Government was forced to take out those items from the block allocations proposal for 2014-2015.

10. Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr CHENG Chung-tai, Mr HUI Chi-fung, Mr IP Kin-yuen, Mr LEUNG Yiu-chung, Mr Jeremy TAM, Mr Alvin YEUNG, Ms Claudia MO and Dr Fernando CHEUNG expressed support for Mr CHU Hoi-dick's suggestion to establish a mechanism to deal with controversial items under the block allocations proposal. They considered that setting a threshold for examining individual block allocation items separately would enable the early passage of most items under the same proposal which were uncontroversial as the scrutiny process would no longer be stalled by controversies surrounding individual items. All in all, the operation of FC could become smoother. They called on the Administration to consider the suggestion in a positive light. These members also requested the Administration to meet with members to discuss the arrangement for examining individual items separately.

11. Mr Jeremy TAM and Mr Alvin YEUNG opined that apart from setting the threshold by number of members, FC could also consider using the estimated cost of individual items as the threshold when deciding whether specific items should be examined separately.

12. Mr WU Chi-wai pointed out that the power of the Legislative Council ("LegCo") to monitor public finance was conferred by Article 73 of the Basic Law.

13. Mr CHAN Chi-chuen expressed agreement with Mr CHU Hoi-dick's view that FC itself had the power to review the block allocations mechanism.

14. Mr LEUNG Che-cheung, Mr Holden CHOW and Dr CHIANG Lai-wan said that as the block allocations mechanism had been implemented for several decades, it should be timely reviewed. FC could indeed explore whether a mechanism should be established to separately examine individual block allocation items which were opposed by the majority of members. Likewise, the Administration could conduct a review along the same direction. Nonetheless, FC must also act prudently by considering the impact of such a change on the current constitutional principle in public finance for the Government to submit funding proposals to LegCo for consideration. Moreover, as thousands of works items were included under the block allocations proposal, they must be handled in an effective manner. Mr CHOW, Dr CHIANG and Mr LAU Kwok-fan were worried that should a mechanism be in place to allow members to consider controversial block allocation items separately, it might give rise to abuse; and if too many items were subject to separate consideration, the progress of FC's scrutiny process might be hindered. Mr CHOW also pointed out that it would be very difficult for FC to clearly define the term "controversial item" as different members might have their own interpretation, hence leading to endless arguments.

15. Mr CHAN Chi-chuen, Mr WU Chi-wai and Dr Fernando CHEUNG said that members were not seeking to examine the thousands of items under the block allocations proposal individually in order to stall the scrutiny process. Instead they only wanted to have a better mechanism to examine a handful of items which might be controversial. To alleviate the concern of the Administration and other members about abuse of such a mechanism, Mr CHAN suggested that a cap be set for the number of items subject to examination individually.

16. Dr CHIANG Lai-wan said that for matters concerning people's livelihood, members of the non-establishment camp could try working with pro-establishment members, such as through the making of joint requests to force the Administration to withdraw items that were not supported by members. She called on non-establishment members to discuss the pros and cons of the block allocations mechanism as a whole in a rational manner, rather than rejecting it blindly.

17. Ir Dr LO Wai-kwok stated that the present dispute surrounding the mechanism for the scrutiny of block allocations proposals arose because of the lack of trust. He called on members' understanding that the arrangement under the present mechanism to require the submission of funding proposals for public works items with project estimates exceeding \$30 million to the relevant Panel, the Public Works Subcommittee ("PWSC") and FC of LegCo for scrutiny was justifiable. Moreover, there were historical reasons for imposing specific project estimate ceilings under various block allocations subheads. Take for example the Universal Accessibility Programme which was generally supported by members, a higher project estimate ceiling of \$75 million was set for the relevant subhead, i.e. Subhead 6101TX. Separately, the present mechanism for scrutinizing block allocations proposals was a practical arrangement to allow the Government flexibility to conduct pre-construction studies, which would provide the basis for the Administration to furnish additional information to LegCo to enhance Members' understanding on the relevant projects. Dr CHIANG Lai-wan expressed similar views.

18. Mr LEUNG Yiu-chung queried that FC would only become a rubber stamp if it was blindly going after efficiency of the scrutiny process. He held that the establishment of a mechanism to deal with controversial items under the block allocations proposal could address precisely the present lack of trust between the Government on the one hand, and LegCo and the public on the other.

19. Dr CHENG Chung-tai queried that in the past few years, the Administration had circumvented FC's monitoring by splitting controversial major capital works projects into smaller projects. Take for example the reprovisioning of residential care homes for the elderly ("RCHEs") at the Dills Corner Garden affected by the implementation of the Kwu Tung North New Development Area ("KTN NDA"). The relevant item (i.e. the purpose-built complex of RCHEs in Area 29 of KTN NDA) was split into two items under different subheads (i.e. Subheads 7100CX and 3100GX). Moreover, the Administration had also split the studies concerning the controversial Siu Ho Wan development into two items, namely, "engineering feasibility studies for proposed near shore reclamation at Siu Ho Wan" and "technical study on landside development at Siu Ho Wan". He held that FC should have a mechanism in place to monitor the above acts. Mr HUI Chi-fung and Ms Claudia MO expressed similar views.

20. Mr WU Chi-wai and Mr HUI Chi-fung questioned the low transparency of pre-construction studies of various major capital works projects under the block allocations proposal as the Administration was always reluctant to disclose the contents of the study reports and hence, undermining the public's right to know as Members and the public had no way to learn about the scope and findings of the studies. Raising similar doubts, Ms Claudia MO stated that according to the Office of The Ombudsman, the Administration should not refuse disclosure of internal documents merely on the ground of sensitive commercial information. To facilitate members' follow-up, Mr CHU Hoi-dick called on the Administration to specify in future agenda items concerning block allocations proposals whether studies relating to individual capital works projects would be disclosed or not.

21. Mr LAU Kwok-fan said that various district minor works projects and Signature Project Scheme projects under the block allocations proposals had all been thoroughly discussed and endorsed by the local District Councils (DCs). But there were past cases where such projects had not been passed by FC due to the obstruction of members who opposed the projects. Such a move had in effect usurped DCs' decision power. Ir Dr LO Wai-kwok expressed similar views.

22. Mr HUI Chi-fung expressed doubt about Mr LAU Kwok-fan's statements. He said that many district items under the block allocations proposals had not been submitted to local DCs for consideration. Mr CHAN Chi-chuen pointed out that at present, there was no requirement for LegCo to mandatorily pass the items supported by DCs.

23. Mr CHOW Ho-ding said that given the provisions in the Basic Law, the functions of DCs were limited to those of consultative district organizations, without any substantive power of approving public finance proposals. He considered that instead of seeking a review on the block allocations mechanism, Mr CHU Hoi-dick should request the Administration to further delegate the power of approving public finance proposals to DCs. However, Mr CHOW also pointed out that the suggestion of such power delegation might contravene the relevant provisions in the Basic Law. In response, Mr CHU Hoi-dick said that his proposal was meant to cover different types of block allocation items, and no special consideration had been given to works projects related to DCs.

24. Responding to members' questions and views, SFST advised that:

- (a) the Government was aware of the need to strike a balance between the block allocations mechanism's effective operation and its monitoring, and the mechanism's operation would be reviewed from time to time. The Government noted the views expressed by members and would analyze such views carefully;
- (b) the Government had, in its paper provided to FC, already stated its stance clearly on Mr CHU Hoi-dick's proposal to subject individual block allocation items considered "controversial" to examination separately. As the definition of "controversial" could vary from person to person, it was thus very difficult to formulate a threshold according to some standardized criteria. Separately, individual members might have different areas of concern. Even without any abuse, such a mechanism of subjecting "controversial" items to examination separately would lead to a remarkable increase of time spent on scrutinizing the block allocations proposals, as well as the unnecessary bloating of the relevant proceedings;
- (c) under the existing mechanism, the Government would present the block allocations proposals to the Panel on Development and other relevant Panel(s) for discussion before submitting the same to FC, so that the Government had ample opportunities to heed the concerns and collect the views of Members through an official channel. As such, the Government considered that it was not necessary to hold informal meetings with members specifically on controversial items under the block allocations proposals;
- (d) the Government would not allow the splitting of a project into smaller projects for the purpose of circumventing the relevant financial ceilings. This principle was crystal clear. As each subhead of CWRP was defined with a distinct and clear scope, pre-construction activities of different natures under the same main works project would have to be funded under different subheads. Moreover, studies in the same area might need to be conducted at different times and hence, resulting in the creation of more than one pre-construction study for the same main works project. This was a normal and reasonable arrangement.

Regarding the examples mentioned by Dr CHENG Chung-tai, the Government's response had already been set out in paragraphs 31 to 33 of its information paper (FCRI(2017-18)13);

- (e) the study reports of most pre-construction activities under the block allocations proposals could be made public, and only a handful of the reports were not disclosed due to the inclusion of sensitive information or other specific circumstances; and
- (f) there were views from DCs that the current financial ceiling for district minor works projects under block allocations Head 707 Subhead 7016CX (i.e. \$30 million) was too low, such that the implementation of various district minor improvement items by DCs had invariably been impeded.

Discussion on whether a financial ceiling should be imposed for subheads relating to land acquisition compensation payment

25. Mr CHU Hoi-dick pointed out that there were now several entry points for LegCo to monitor and scrutinize major development projects proposed by the Government. The first one was when FC vetted and approved the relevant block allocations proposal to allow the undertaking of pre-construction studies and consultation by the Government. The second entry point was when FC vetted and approved the block allocation subheads relating to land acquisition compensation payment. But currently, no project estimate ceiling was set under the powers delegated by FC to FS in respect of items under block allocation subheads relating to land acquisition compensation payment (i.e. Subhead 1004CA (Compensation for surrenders and resumptions: miscellaneous) and Subhead 1100CA (Compensation and ex-gratia allowances in respect of projects in the Public Works Programme) under Head 701). Such an arrangement was not only different from that of other CWRP block allocation subheads, but it also gave the Government unlimited powers to acquire land for major yet controversial development projects (such as the North East New Territories ("NENT") development) without any monitoring by LegCo and the public. The sum of money involved could be tens of billions of dollars, even exceeding the approved allocation for the block allocation concerned. Moreover, the Administration could compel LegCo's support for the development project by creating a fait accompli through acquiring the relevant land and evicting the existing residents. As such, FC should impose a project estimate ceiling for individual items under those subheads, say, \$500 million, \$1 billion or \$2 billion, so that any item on land acquisition compensation payment with expenditure over the cap would have to be

scrutinized by FC separately. This arrangement was justified and provided fairer treatment to people affected by land acquisition. As far as this proposal was concerned, he gladly noted the view of the Legal Service Division ("LSD") that legally, it was viable to explore whether FC could vet and decide block allocations under each head of expenditure separately.

26. Mr CHU Hoi-dick further pointed out that according to information from 2013 till to date, there was only one item on land acquisition compensation payment with estimated expenditure over \$2 billion. In order to strike a balance between FC's right in monitoring the Government's public finance and the efficiency of its proceedings, he suggested that FC could consider imposing a project estimate ceiling of \$2 billion per item in respect of the relevant block allocations subheads, so that items with expenditure exceeding \$2 billion would be examined by FC separately. He hoped the Administration could consider his suggestion in a positive light.

27. Expressing support for Mr CHU Hoi-dick's suggestion that a project estimate ceiling be imposed for items under the relevant block allocations subheads relating to land acquisition compensation payment, Mr WU Chi-wai, Dr CHENG Chung-tai and Dr Fernando CHEUNG opined that LegCo should be given ample opportunities to express views on the acquisition of land for major projects. Mr WU was worried that if no project estimate ceiling for individual items was set for those block allocations subheads, the Administration might jump the gun and proceed with the acquisition of land for major projects ahead of LegCo's scrutiny, in order to compel FC's approval for the relevant items by creating a fait accompli that the projects must be implemented. He held that the Administration should make clear the circumstances under which land acquisition compensation payment would be included as part of the funding proposal of major development projects or under the relevant block allocations subheads.

28. Mr WU Chi-wai was also concerned about the Government's changing mode of land acquisition for development. According to the established practice, the Government would always specify the amount of land to be resumed under the Lands Resumption Ordinance (Cap. 124) by a notice published in the Gazette and handle compensation claims according to the established mechanism. However, the "Enhanced Conventional New Town" approach recently introduced by the Administration had deviated from the established land resumption process and made it difficult for LegCo to exercise oversight.

29. Mr LEUNG Che-cheung, Mr LAU Kwok-fan and Mr Holden CHOW considered that at present, compensating for land acquisition was regulated by a statutory process. If necessary, the cases would even be decided by the court. Hence, the absence of a project estimate ceiling for items under the relevant block allocations subheads was justified as the Administration would be given the flexibility to take forward land acquisition. Mr LEUNG also questioned whether land acquisition compensation payment must be put under CWRP. Expressing similar views, Ir Dr LO Wai-ki opined that taking into account the prevailing social environment, it was unlikely that the Administration could ignore public views and jump the gun to proceed with land acquisition in order to push through the implementation of major development projects. On the contrary, should FC impose a project estimate ceiling for land acquisition items, it might be obstructing the statutory process of compensating for land acquisition.

30. Mr LAU Kwok-fan stated that while he understood Mr CHU Hoi-dick's dissatisfaction with the Administration's mode of land acquisition, the problems could not be resolved by imposing a project estimate ceiling for items under the relevant block allocations subheads. Instead, the statutory compensation mechanism for land acquisition should be reviewed. Mr LAU said that the existing statutory compensation mechanism for land acquisition was far from perfect. For instance, according to the system of conducting freezing surveys under the statutory compensation mechanism for land acquisition, if the major development projects were to be implemented over many years, affected households forced to be relocated before the Government commenced land resumption would not be compensated, which was unfair to the affected households. He pointed out that if the Administration's compensation mechanism for land acquisition was not accepted by the affected persons, work related to land resumption and project implementation could not possibly proceed in an effective manner.

31. Separately, Mr LAU Kwok-fan also considered that land resumption for major development projects should be carried out in one go. Given the Administration's intention to carry out land resumption for NENT New Development Areas in phases, he enquired about the relevant process to be followed, should the Administration heed the local villagers' views to carry out land resumption for the project in one go.

32. Mr CHU Hoi-dick said that while he agreed with Mr LAU Kwok-fan's view that the statutory compensation mechanism for land acquisition should be reviewed, such a review was unrelated to FC's discussion on whether a project estimate ceiling for items under the relevant block allocations subheads should be imposed.

33. Assuming that FC would revise its delegation of authority and impose a financial ceiling per item for the relevant block allocations subheads relating to land acquisition compensation payment (for example, \$1 billion), Mr LAU Kwok-fan enquired about the additional work required on the Administration's part, as well as the impact on affected persons.

34. Referring to paragraph 19(b) of the Information Note where LSD suggested that FC might consider whether it was necessary to impose a financial limit for projects under the three subheads relating to land acquisition and landslip preventive measures, Mr CHU Hoi-dick hoped LA could explain whether such a view meant that it was viable and binding should FC impose a financial ceiling per item under those subheads. The Chairman requested the Administration to provide a written response to the suggestion in paragraph 19(b) of the Information Note.

[Post-meeting note: The Secretary's speech was issued to members vide LC Paper No. FC165/17-18(01) on 28 February 2018.]

35. In response, SFST and Director of Lands stated that:

- (a) the absence of a project estimate ceiling for the relevant block allocations subheads relating to land acquisition compensation payment did not mean the Government could willfully expend public moneys for land acquisition. As a matter of fact, both the mechanism and the method of calculation for land acquisition compensation payment were decided by FC, and the cases would be left to the court's decision in case of dispute. Given the complex nature of the land resumption process which was subject to diametrically different circumstances, flexibility was needed for the Government to handle the work with different approaches. Hence, it was inappropriate to impose any project estimate ceilings;

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- (b) at present, under FC's delegation of power, different project estimate ceilings were set for various block allocations subheads to regulate the use of public moneys by the Government. Moreover, when carrying out land resumption for major development projects, the Government would also need to consult the relevant Panel(s), PWSC and FC in strict adherence to the established process, and to publish a notice in the Gazette. Hence, the Government could not possibly bypass LegCo's monitoring and jump the gun, so to speak, to carry out land resumption; and
- (c) Lands Department would carry out acquisition and clearance of land as requested by the department in charge of the project in accordance with the relevant legislation. Regarding the compensation arrangement for land acquisition, the Government was required to comply with the requirements under the law and would refer the cases to the court for decision when necessary, while ex-gratia compensation would be handled according to the mechanism approved by FC. Under the block allocations mechanism, the relevant subheads only represented the approved allocations for paying the relevant compensation for land acquisition. When handling payment of statutory compensation or calculating the amount of ex-gratia payment, Lands Department did not have any discretionary power.

Other concerns

36. Dr CHIANG Lai-wan was concerned about the frequent cost overruns of capital works projects in recent years. Left with no choice, LegCo must always approve the applications for additional funding provisions, thus perhaps creating the negative impression that LegCo was agreeable to the Administration's endless demands. As far as she understood, the Administration had undertaken to review the cost overruns of capital works projects, including considering whether an independent monitoring mechanism should be established. She enquired about the progress of such review and urged the Administration to brief the Panel on Development on the relevant matters as soon as possible.

37. SFST replied that the Project Cost Management Office was established under the Development Bureau in 2016 to study and give views on the estimates and cost management of major projects for the purpose of reducing the risk of cost overruns. So far, good results had been achieved.

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38. The meeting ended at 10:31 am.

Legislative Council Secretariat
8 March 2018