

立法會

Legislative Council

LC Paper No. CB (2)1732/17-18

Ref: CB2/T/16

Paper for the House Committee meeting on 6 July 2018

Proposed extension of period of work of subcommittees on policy issues and proposed arrangement for the order of activation of subcommittees on the waiting list

Purpose

This paper invites Members to consider the proposals of two subcommittees on policy issues ("policy subcommittees") for extension of period of work, and the proposed arrangement for the order of activation of policy subcommittees on the waiting list in the Sixth Legislative Council ("LegCo").

Background

2. Under rules 26(a) and (b) of the House Rules ("HR"), the maximum number of policy subcommittees appointed by the House Committee ("HC") and Panels that may be in operation at any one time is 10 ("the quota").¹ Where the number of policy subcommittees has reached the quota, a queuing system will automatically be activated with a waiting list formed. The order of subcommittees on the waiting list is in the order of their appointment.

3. Under HR 26(c), a policy subcommittee should complete its work within 12 months of its commencement and report to HC or the relevant Panel(s). Should such a subcommittee consider it necessary for it to work beyond that 12 months, the subcommittee should, after obtaining the

¹ According to the broad principles for the activation, operation and extension of period of work of policy subcommittees agreed at the HC meeting on 15 November 2013, the number of subcommittees under each Panel operating at the same time should not exceed two. For this purpose, a joint subcommittee will be counted as one subcommittee for each of the Panels concerned.

endorsement of the relevant Panel(s) if it is appointed by a Panel(s), report to HC and give justifications for an extension of the 12-month period. It is the established practice to determine duration of the 12-month period on the basis of the date of the first meeting of the subcommittee. Currently, eight policy subcommittees are in operation, and nine policy subcommittees are on the waiting list (see **Appendices I and II**).

Proposals of two policy subcommittees for extension of period of work

4. The Subcommittee on Matters Relating to Railways and the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project have recently reviewed their work progress and consider it necessary for them to continue to work in the 2018-2019 session. Details of the progress of these two subcommittees and their proposals for extension of period of work are set out in **Appendices III and IV**.

5. When HC considered and endorsed the proposed timeline for the activation of policy subcommittees on the waiting list at its meeting on 1 June 2018, Members had already taken into account that these two Subcommittees were likely to seek HC's approval for continuation of work in the 2018-2019 session, subject to the decision of the subcommittees. Therefore, should Members endorse the proposals of these two Subcommittees for extension of period of work, the endorsed timeline for the activation of policy subcommittees on the waiting list will not be affected.

Proposed arrangement for the order of activation of policy subcommittees on the waiting list in the Sixth LegCo

6. According to the endorsed timeline for the activation of policy subcommittees on the waiting list, the first policy subcommittee on the waiting list (i.e. the Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies) will be activated in early January 2019, and the second to fourth policy subcommittees on the waiting list (i.e. the Joint Subcommittee on Issues Relating to the Regulation of Devices and Development of the Beauty Industry, the Subcommittee on Issues Relating to the Development of Chinese Medicine, and the Subcommittee on Hillside Escalator Links and Elevator Systems) will be activated when there are three vacant slots available in around early March 2019.

7. For the fifth to ninth policy subcommittees on the waiting list, three of them have not commenced work since their appointment (i.e. the Joint Subcommittee to Follow Up Issues Relating to the Redevelopment, Maintenance and Management of Aged Buildings, the Subcommittee on Issues Relating to Policy on Industrial Buildings, and the Subcommittee on Issues Relating to the Support for Cancer Patients), and other two have completed their 12-month work period and been given endorsement by HC² to be put on the waiting list for re-activation when a vacant slot arises² (i.e. the Joint Subcommittee on Long-term Care Policy and the Subcommittee to Study Issues Relating to Animal Rights).

8. To ensure that all the policy subcommittees currently on the waiting list which have not yet commenced work since appointment can have the opportunity to activate and commence work before the end of the Sixth LegCo, Members are invited to consider whether priority should be accorded to these subcommittees over those subcommittees awaiting re-activation. If Members so endorse, the proposed arrangement will be adopted in the Sixth LegCo, and the order of the policy subcommittees on the waiting list will be as follows:

- (1) Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies;
- (2) Joint Subcommittee on Issues Relating to the Regulation of Devices and Development of the Beauty Industry;
- (3) Subcommittee on Issues Relating to the Development of Chinese Medicine;
- (4) Subcommittee on Hillside Escalator Links and Elevator Systems;
- (5) Joint Subcommittee to Follow Up Issues Relating to the Redevelopment, Maintenance and Management of Aged Buildings;
- (6) Subcommittee on Issues Relating to Policy on Industrial Buildings;
- (7) Subcommittee on Issues Relating to the Support for Cancer Patients;
- (8) Joint Subcommittee on Long-term Care Policy; and
- (9) Subcommittee to Study Issues Relating to Animal Rights.

² At its meeting on 1 December 2017, HC endorsed the proposals of these two policy subcommittees to extend their period of work beyond 12 months since their commencement.

Advice sought

9. Members are invited to consider:

- (a) the proposals of the Subcommittee on Matters Relating to Railways and the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project for continuation of work in the 2018-2019 session as set out in **Appendix III** and **IV** respectively; and
- (b) the proposed arrangement for the order of activation of policy subcommittees on the waiting list in the Sixth LegCo as set out in paragraph 8 above.

Council Business Division 2
Legislative Council Secretariat
4 July 2018

Subcommittees on policy issues in operation
(as at 29 June 2018)

Subcommittees on policy issues	Date of first meeting	Latest position
1. Subcommittee on Rights of Ethnic Minorities under the House Committee ("HC")	2 November 2016	Permission has been obtained for continuation of work until 1 November 2018
2. Subcommittee on Matters Relating to Railways under the Panel on Transport	18 November 2016	Given priority for activation in the 2016-2017 session, and obtained permission for continuation of work in 2017-2018 session (i.e. until 30 September 2018) (Note)
3. Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project under the Panel on Development and the Panel on Home Affairs	23 November 2016	Given priority for activation in the 2016-2017 session, and obtained permission for continuation of work in 2017-2018 session (i.e. until 30 September 2018) (Note)
4. Subcommittee on Retirement Protection under HC	23 November 2016	Given priority for activation in the 2016-2017 session, and obtained permission for continuation of work in 2017-2018 session (i.e. until 30 September 2018) (Note)
5. Subcommittee on Issues Relating to Shopping Centres, Markets and Carparks in Public Rental Housing Estates and Home Ownership Scheme Estates under HC	8 January 2018	12-month period of work will end by 7 January 2019
6. Subcommittee to Follow Up the Issues Related to the Wang Chau Development Project under the Panel on Housing	28 February 2018	12-month period of work will end by 27 February 2019
7. Subcommittee on Issues Relating to Public Markets under the Panel on Food Safety and Environmental Hygiene	6 March 2018	12-month period of work will end by 5 March 2019
8. Subcommittee to Follow Up Issues Relating to the Unified Screening Mechanism for Non-refoulement Claims under HC	6 March 2018	12-month period of work will end by 5 March 2019

Note: These three policy subcommittees were given priority for the activation of work at the HC meeting on 28 October 2016. At the HC meeting on 7 July 2017, they were given permission to continue their work in the 2017-2018 session. The Subcommittee on Retirement Protection is expected to conclude its work by the end of the 2017-2018 session.

Subcommittees on policy issues on the waiting list (as at 29 June 2018)

1.	Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies under the Panel on Housing
2.	Joint Subcommittee on Issues Relating to the Regulation of Devices and Development of the Beauty Industry under the Panel on Health Services and the Panel on Commerce and Industry
3.	Subcommittee on Issues Relating to the Development of Chinese Medicine under the Panel on Health Services
4.	Subcommittee on Hillside Escalator Links and Elevator Systems under the Panel on Transport
5.	Joint Subcommittee to Follow Up Issues Relating to the Redevelopment, Maintenance and Management of Aged Buildings under the Panel on Development and the Panel on Home Affairs
6.	Subcommittee on Issues Relating to Policy on Industrial Buildings under the House Committee
7.	Joint Subcommittee on Long-term Care Policy under the Panel on Welfare Services and Panel on Health Services*
8.	Subcommittee to Study Issues Relating to Animal Rights under the Panel on Food Safety and Environmental Hygiene*
9.	Subcommittee on Issues Relating to the Support for Cancer Patients under the Panel on Health Services

* Since their 12-month work period completed on 15 December 2017, these two subcommittees have been put on the waiting list for re-activation of work for another 12 months when a vacant slot arises.

立法會
Legislative Council

LC Paper No. CB(4)1347/17-18

Ref : CB4/PS/1/16

Paper for the House Committee meeting on 6 July 2018

**Continuation of work of the
Subcommittee on Matters Relating to Railways**

Purpose

This paper reports on the progress of work of the Subcommittee on Matters Relating to Railways ("the Subcommittee") formed under the Panel on Transport and the need for the Subcommittee to continue its work in the 2018-2019 legislative session.

Background

2. Since the Second Term of the Legislative Council, a subcommittee was set up under the Panel on Transport to monitor issues relating to the planning and implementation of new railway projects, and the operation of existing railways.

3. Following previous practices, the Panel on Transport agreed at its meeting on 28 October 2016 to appoint a subcommittee to follow up relevant matters. The Subcommittee held its first meeting on 18 November 2016. At the House Committee meeting on 7 July 2017, Members agreed that permission be given for the Subcommittee to continue to work in the 2017-2018 session, i.e. up to the end of September 2018. The terms of reference and membership list of the Subcommittee are set out in **Annexes I and II** respectively.

Work of the Subcommittee

4. Under the chairmanship of Hon Michael TIEN Puk-sun, the Subcommittee has held five meetings¹ in the 2017-2018 session to study the following major issues:

(a) Implementation of new railway projects

progress update and financial situation of the implementation of the Hong Kong Section ("HKS") of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and Shatin to Central Link ("SCL").

(b) Operation of existing railways

- (i) progress on upgrading of signalling system for railway lines;
- (ii) enhancement of MTR station facilities;
- (iii) manpower resources for railway services;
- (iv) measures for enhancing Light Rail services; and
- (v) handling of major railway incidents, and contingency arrangements.

5. The Subcommittee also conducted a joint visit with the Bills Committee on Guangzhou-Shenzhen-Hong Kong Express Rail Link (Co-location) Bill to the West Kowloon Station of the HKS of XRL on 27 February 2018 to better understand the facilities and co-location arrangement at the West Kowloon Station of the HKS of XRL before its commissioning.

¹ The Subcommittee has scheduled a special meeting on 6 July 2018 to discuss issues relating to construction works at To Kwa Wan Station and Exhibition Centre Station under the Shatin to Central Link project

Need for continuation of work in the 2018-2019 session

Implementation of new railway projects

6. The Subcommittee will need to continue with its work to monitor the implementation of the two railway projects near completion/under construction, namely HKS of XRL and SCL. These two projects are implemented under the concession approach,² and relevant key information is set out in **Annex III**. Both projects have experienced different degree of delay in construction and faced cost overrun.

Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link

7. The Subcommittee has been keenly concerned about the construction progress, financial situation as well as the future operating arrangements of the HKS of XRL project. In the 2017-2018 session, the Subcommittee examined three quarterly progress reports on progress update and financial situation of the HKS of XRL project submitted by the Administration at its meetings on 1 December 2017, 2 February 2018 and 1 June 2018. According to the latest progress report up to 31 March 2018, HKS of XRL has been 99.4% completed against the target commissioning in September 2018, and the HKS of XRL has entered into trial operations in April 2018. Noting that a number of incidents had occurred during the trial operations, members raised concerns over the safety of the HKS of XRL and the notification requirements for incidents occurred during the trial operations. Also, with the target commissioning of HKS of XRL approaching, the Subcommittee has expressed pressing concerns about the operating arrangements and the financial position of the HKS of XRL. Given that the HKS of XRL is an important cross-boundary transport infrastructure, it is necessary for the Subcommittee to continue to monitor the implementation and commissioning of HKS of XRL, as well as the financial situation of the project.

² Under the concession approach, the Administration is responsible for the construction costs of the railway project whilst MTR Corporation Limited ("MTRCL") is entrusted with the planning and design of the project. Upon completion of the construction, MTRCL will be granted a service concession for the operation of the railway line while the Administration will receive a service concession payment annually.

Shatin to Central Link

8. The Subcommittee examined regularly the progress of construction of the SCL and received updates on the subject by the Administration at its meetings held on 1 December 2017, 2 February 2018 and 1 June 2018. At the Subcommittee meeting on 2 February 2018, members noted that MTR Corporation Limited ("MTRCL") had submitted the latest cost estimate of SCL project to the Administration on 5 December 2017. MTRCL indicated a need of adjusting upward the entrustment cost of the main works of the SCL project, from \$70,827 million to \$87,328 million, i.e. an increase of about \$16,501 million. As advised by the Administration, it has been conducting a detailed review of the MTRCL's latest cost estimate and expected to complete the review by the second quarter of 2018. Upon completion of the detailed review, the Administration would apply for additional funds from the Legislative Council to continue with the SCL works. At the Subcommittee meeting on 1 June 2018, members were deeply concerned about the structural safety of a platform slab of Hung Hom Station Extension and urged the Administration to set up an independent expert panel to ascertain the structural safety of the slab concerned and to investigate whether MTRCL and its contractors had tried to cover up the substandard works. At the request of the Administration, MTRCL had undertaken to provide an incident report and to arrange an independent expert to conduct a loading test to affirm the structural integrity of the platform slab in question. In view of the above, the Subcommittee will need to continue to follow up closely the progress and financial situation of the implementation of SCL.

Planning of new railway projects

9. In October 2014, the Subcommittee members were briefed by the Administration on the Railway Development Strategy 2014 ("RDS-2014"), which recommended that seven railway projects be completed in the planning horizon up to the year 2031 having regard to transport demand, cost-effectiveness and the development needs of New Development Areas and other new developments. The seven projects are: Northern Link and Kwu Tung Station, Tuen Mun South Extension, East Kowloon Line, Tung Chung West Extension, Hung Shui Kiu Station, South Island Line (West), and North Island Line. The proposed indicative implementation window for planning purpose (i.e. between 2018 and 2026) and the preliminary cost estimates for the individual railway projects are given in **Annex IV**.

10. According to information revealed by the Administration in April 2018,³ it has been evaluating the proposals submitted by MTRCL on Tuen Mun South Extension, Northern Link and Kwu Tung Station as well as East Kowloon Line, and has requested MTRCL to provide supplementary information. The Administration aims to consult the public on the detailed alignment, locations of stations, mode of implementation, cost estimate, mode of financing and actual implementation timetable of the Tuen Mun South Extension and the Northern Link and Kwu Tung Station within 2018. It is therefore envisaged that the Subcommittee may need to provide views and inputs concerning the implementation of the abovementioned three railway projects, and to continue to monitor the planning progress of the remaining four railway projects recommended in RDS-2014.

Operation of existing railways

11. In the Final Report of the Public Transport Strategy Study ("PTSS") released in June 2017, the Administration reaffirmed its intent to adopt the public transport-oriented policy and the policy to use the railway as the backbone of the public transport system. The Subcommittee will certainly need to continue to monitor the performance of existing railway lines.

12. Members noted with serious concern that signalling fault was one of the major causes of railway service disruption. In this connection, the Subcommittee had followed up with MTRCL on progress of signalling replacement of railway lines. At the Subcommittee meeting on 1 December 2017, members called on MTRCL to implement measures to minimize the risks of impacting on railway service during upgrades of its signalling systems so as to avoid causing inconvenience to passengers. Members further noted that MTRCL earlier decided to replace the signalling systems of seven MTR lines (i.e. Tsuen Wan Line, Island Line, Kwun Tong Line, Tseung Kwan O Line, Disneyland Resort Line, Tung Chung Line and Airport Express) and the replacement works will be completed in phases starting from end of 2018. MTRCL is also replacing the signalling system of the East Rail Line to tie in with the operations of SCL. As such, it is necessary for the Subcommittee to continue to monitor the progress of signalling replacement.

³ Examination of Estimates of Expenditure 2018-2019 by the Finance Committee - Reply Serial No. THB(T)030

13. Besides, the Subcommittee had followed up on two major railway incidents caused by signalling fault, namely service disruption of Kwun Tong Line for more than 10 hours on 5 August 2017 and the 2-hour service disruption of East Rail Line on 11 January 2018. While inquiring into the causes of individual incidents, members urged MTRCL to enhance its contingency arrangement during the incidents, in particular the arrangement of free shuttle buses and other transport services in dispersing passengers during the incidents as well as the dissemination of information on the latest train service to the public. Some members also urged MTRCL to make timely investment to renew its railway assets including the signalling systems, with a view to keeping abreast of the technological development and enhancing the reliability and safety of the railway system.

14. In view of the patronage growth arising from the development of Tuen Mun and Yuen Long community, coupled with the huge traffic demand generated by the population growth upon the completion of Hung Shui Kiu New Development Area, the Subcommittee members held grave concerns that the Light Rail ("LR") service and facilities would be insufficient to cope with the increasing patronage and passenger need. Members were briefed by the Administration on the progress of implementing the various short, medium and long-term measures to enhance Light Rail service as recommended in the Final Report of the PTSS. Members urged MTRCL to deploy more coupled-set Light Rail Vehicles to relieve congestion during peak hours. Members were also concerned that the proposal to rationalize certain LR routes, which was one of the short-term measures recommended under PTSS, might face strong opposition from the relevant District Councils. Having regard that the Administration is following up on other medium and long-term measures put forward in PTSS, it is necessary for the Subcommittee to continue to oversee the enhancement of Light Rail service.

Proposed extension of period of work

15. Rule 26(c) of the House Rules provides that a subcommittee should complete its work within 12 months of its commencement and report to the relevant Panel(s). If it is necessary for a subcommittee to work beyond that 12 months, the subcommittee should, after obtaining the endorsement of the relevant Panel(s), report to the House Committee and give justifications for an extension of the 12-month period.

16. The Subcommittee plays a significant role in monitoring the Administration and MTRCL in the implementation of new railway projects under construction or planning and the various issues arising from railway operations like service disruption or safety operation. Having regard to the matters which require more focused discussion and follow-up by the Subcommittee as set out in paragraphs 6 to 14 above, the Panel on Transport has endorsed the proposal for the Subcommittee to continue its work in the 2018-2019 session.

Advice sought

17. Pursuant to Rule 26(c) of the House Rules, Members are invited to note the progress of work of the Subcommittee and approve the proposal for the Subcommittee to continue its work in the 2018-2019 session.

Council Business Division 4
Legislative Council Secretariat
4 July 2018

Panel on Transport

Subcommittee on matters relating to railways

Terms of Reference

To follow up various issues relating to the planning and implementation of new railway projects, and the operation of existing railways as follows:

Planning and implementation of new railway projects

- (a) planning and financing of new railway projects;
- (b) environmental impact assessment of new railway projects;
- (c) resumption of land arising from the implementation of new railway projects under the Railways Ordinance (Cap. 519);
- (d) progress update on the implementation of new railway projects;
- (e) provision of supporting public infrastructure for new railway projects; and
- (f) co-ordination of public transport services arising from the commissioning of new railway lines.

Railway operation

- (a) performance of existing railway lines including train service performance and safety management;
- (b) maintenance programme; and
- (c) train service disruptions and breakdowns, and arrangements for handling emergency situations.

Matters relating to corporate governance of the post-merger corporation and fares, including review of the fare adjustment mechanism, should be dealt with by the Panel on Transport.

Panel on Transport

Subcommittee on Matters Relating to Railways

Membership list for 2017-2018 session

Chairman	Hon Michael TIEN Puk-sun, BBS, JP
Deputy Chairman	Hon CHAN Han-pan, BBS, JP
Members	Hon Mrs Regina IP LAU Suk-yee, GBS, JP Hon Claudia MO Hon Frankie YICK Chi-ming, SBS, JP Hon YIU Si-wing, BBS Dr Hon KWOK Ka-ki Dr Hon Helena WONG Pik-wan Ir Dr Hon LO Wai-kwok, SBS, MH, JP Hon Alvin YEUNG Hon CHU Hoi-dick Dr Hon Junius HO Kwan-yiu, JP Hon LAM Cheuk-ting Hon Wilson OR Chong-shing, MH Hon CHAN Chun-ying, JP Hon Tanya CHAN Hon LUK Chung-hung, JP Hon LAU Kwok-fan, MH Dr Hon CHENG Chung-tai Hon Jeremy TAM Man-ho Hon Gary FAN Kwok-wai Hon AU Nok-hin Hon Tony TSE Wai-chuen, BBS

(Total: 23 members)

Clerk	Ms Sophie LAU
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Legal Adviser	Mr Alvin CHUI
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* Changes in membership are set out in Enclosure to Annex II

Enclosure to Annex II

Panel on Transport

Subcommittee on Matters Relating to Railways

Changes in membership

Member	Relevant date
Hon Tony TSE Wai-chuen, BBS	Since 21 March 2018
Hon AU Nok-hin	Since 22 March 2018
Hon Gary FAN Kwok-wai	Since 26 March 2018

Annex III

Key information of the two railway projects near completion/under construction

(updated as at June 2018)

	Hong Kong section of Guangzhou-Shenzhen- Hong Kong Express Rail Link	Shatin to Central Link
<i>Length of the rail line</i>	26 km	17 km
<i>Estimated construction cost</i>	\$66.82 billion (in money-of-the day ("MOD") prices)	\$79.8 billion (in MOD prices)
<i>The MTR Corporation Limited's latest estimated construction cost</i>	\$86.42 billion (increased by \$19.6 billion)	\$80.7 billion (the latest cost estimate of the main works submitted by MTRCL is now \$87.3 billion, representing an increase of \$16.5 billion over the original entrustment cost of the main works of \$70.8 billion. The Administration is conducting a detailed review of the MTRCL's latest cost estimate)
<i>Funding arrangement</i>	Implemented under the concession approach Construction of: - railway works: \$70.405 billion - non-railway works: \$16.015 billion Special ex-gratia payments in relation to the project: \$86 million	Implemented under the concession approach Protection works: \$695 million Advance works: \$8.6 billion Construction of: - railway works – main works: \$65.4 billion - non-railway works – main works: \$5.98 billion
<i>Works commenced in</i>	2010	2012

	Hong Kong section of Guangzhou-Shenzhen- Hong Kong Express Rail Link	Shatin to Central Link
<i>Original target commissioning dates</i>	2015	December 2018: Tai Wai to Hung Hom Section December 2020: Hung Hom to Admiralty Section
<i>Target commissioning date</i>	September 2018	Mid-2019: Tai Wai to Hung Hom Section 2021: Hung Hom to Admiralty Section

Proposed indicative implementation window for planning purpose and the preliminary cost estimates for railway projects under planning

Railway projects under planning	Indicative implementation window for planning purpose	Preliminary cost estimate (\$ billion, in 2013 prices)
(a) Northern Link and Kwu Tung Station	2018 – 2023*	23
(b) Tuen Mun South Extension	2019 – 2022	5.5
(c) East Kowloon Line	2019 – 2025*	27.5
(d) Tung Chung West Extension	2020 – 2024*	6
(e) Hung Shui Kiu Station	2021 – 2024*	3
(f) South Island Line (West)	2021 – 2026*	25
(g) North Island Line	2021 – 2026	20
Total		110

* Implementation of the schemes will be contingent upon the progress of the residential developments in the vicinity.

立法會
Legislative Council

LC Paper No. CB(1)1203/17-18

Ref : CB1/PS/2/16

Paper for the House Committee meeting on 6 July 2018

**Proposed extension of period of work of
the Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project
under the Panel on Development and the Panel on Home Affairs**

Purpose

This paper reports on the progress of work of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") and seeks Members' approval of the proposal of the Joint Subcommittee to extend the period of its work and continue to operate in the 2018-2019 session.

Background

2. The Joint Subcommittee was appointed by the Panel on Development ("DEV Panel") and the Panel on Home Affairs ("HA Panel") in November 2016 to monitor the issues relating to the implementation of the West Kowloon Cultural District ("WKCD") project, including the work of the West Kowloon Cultural District Authority ("WKCDA"), the project's interface with arts and cultural development, and other related matters. The terms of reference and membership list of the Joint Subcommittee are set out in **Annexes I** and **II** respectively. According to its work plan, the Joint Subcommittee will follow up on the recommendations of the former Joint Subcommittee formed in the Fifth Legislative Council ("LegCo") and focus its work on the following areas:

- (a) the taking forward of the Development Plan for WKCD;
- (b) planning and development of the core arts and cultural facilities and other associated facilities;

- (c) strategy for the development of cultural software, such as the artistic positioning and mode of governance of and management strategy for the performing arts facilities;
- (d) financial management and procurement procedures; and
- (e) governance and work of WKCDA.

3. At the House Committee ("HC") meeting on 7 July 2017, the Joint Subcommittee was given permission by HC for continuation of its work in the 2017-2018 session.

Work of the Joint Subcommittee

4. The Joint Subcommittee has, since November 2017, held five meetings. The Joint Subcommittee also conducted a site visit to WKCD on 21 December 2017 to better understand the latest development of the WKCD project. Major issues studied by the Joint Subcommittee include:

- (a) latest progress of the development of the core arts and cultural facilities ("CACF") of WKCD including Hong Kong Palace Museum, Xiqu Centre, Art Park and Freespace;
- (b) latest progress of the cultural software development and mode of management of the WKCD project;
- (c) update on the financial situation of and the enhanced financial arrangement ("EFA") for WKCD;
- (d) integration and connectivity of WKCD with its neighbouring district;
- (e) the Art, Commerce and Exhibitions Development Package (formerly known as the Exhibition Hub Development Area) and Artist Hostel/Residence of WKCD; and
- (f) funding proposals for Artist Square Bridge, the public infrastructure works for WKCD, relocation of supporting operational facilities of Tsim Sha Tsui Fire Station Complex, Fire Services Club and other Fire Services accommodations; and a staffing proposal relating to the WKCD project.

Need for continuation of work

Follow-up on major issues

Implementation of core arts and cultural facilities

5. According to WKCD, a number of important facilities in WKCD will be commissioned in the coming year, including the opening of Xiqu Centre at the end of 2018, Art Park in phases starting from 2018, and Freespace (including a black box theatre and an outdoor stage) in 2019. M+ Building will also be completed in 2019 for opening a year later.

6. Furthermore, the development of other CACF is progressing in full swing. Following the completion of the foundation works for Zone 3B of the Integrated Basement ("IB") and the funding approval by the Finance Committee ("FC") on 5 January 2018, the first main works contract for Zone 3B was awarded on 8 January 2018 and excavation and lateral support works will soon commence on site. WKCD tendered out the second main works contract of the topside Lyric Theatre Complex in February 2018 with completion targeted around 2022. Separately, after the signing of Collaborative Agreement with the Palace Museum and the approval of donation by The Hong Kong Jockey Club Charities Trust in June 2017, WKCD tendered the foundation works of the Hong Kong Palace Museum in October 2017 with piling works scheduled to commence around April 2018.

7. Having regard to the development progress of WKCD, the Joint Subcommittee may wish to continue to closely monitor the implementation progress of CACF and other associated facilities of WKCD. In parallel, the Joint Subcommittee may continue to oversee WKCD's work on cultural software development and stakeholder engagement in preparation for the commissioning of the various CACF. Meanwhile, the mode of governance and management of CACF upon commissioning will as well be a key focus of the Joint Subcommittee.

Implementation of the Integrated Basement

8. IB is an integral component of the "City Park" conceptual plan forming the basis for the Development Plan for WKCD. The design enables traffic to be put underground thereby freeing up the site for cultural use and public enjoyment. Since IB had not been envisaged when the upfront endowment was granted to WKCD in 2008, the Administration advised the former Joint Subcommittee in July 2013 that it would fully fund the capital works of the

main IB¹ as general enabling works to facilitate the development of the WKCD project, subject to FC's funding approval. IB is divided into five zones (2A, 2B, 2C, 3A and 3B).

9. The Joint Subcommittee (in the former and current terms of LegCo) has so far scrutinized proposals for implementing the first three stages of works of the development of IB, which were endorsed by PWSC and approved by FC at a total estimated cost of \$6,558 million (in money-of-the-day prices). At present, construction works for Zones 3A and 3B have commenced for substantial completion in the first quarter of 2019. To tie in with the implementation programme of the facilities and topside development of WKCD in Zones 2A, 2B and 2C, the Administration advised the Joint Subcommittee in May 2017 that funding approval would be sought for the remaining works of the construction of the essential basement structure, underground road and associated public infrastructure for these zones. The preliminary design for Zones 2A, 2B and 2C is in progress and will be completed in end-2018. Based on the preliminary design for Zone 2, the Administration is expected to provide an updated cost estimate of the whole integrated basement project in 2019 for scrutiny by the Joint Subcommittee.

Enhanced financial arrangement for the West Kowloon Cultural District

10. Since 2013, WKCDA has reported to the Joint Subcommittee from time to time that it has been facing financial challenges. The Joint Subcommittee has noted with grave concerns that the one-off upfront endowment of \$21.6 billion (in 2008 Net Present Value) approved by FC in 2008 for WKCDA to implement the WKCD project and its investment income would only be sufficient to cover the costs of the design and construction costs of Batch 1 and most of Batch 2 facilities, while the implementation of Batch 3 facilities would have to be reviewed (a schematic plan of major WKCD facilities is given in **Annex III**). Based on the latest estimates of WKCDA reported to the Joint Subcommittee in February 2018, WKCDA would start to face operating deficit from 2018-2019 despite stringent cost control.

11. Among the means to meet the financial challenges of WKCDA, the Government/WKCDA have decided to adopt the following arrangements:

- (a) EFA — under this arrangement, the Government will grant WKCDA the development rights of the entire hotel, office and residential ("HOR") portion of WKCD (involving 366 620 square metres of gross floor area), which includes the Exhibition Hub

¹ The main IB is the central portion between Xiqu Centre and M+.

Development Area, at nominal premium, while WKCDA will pay the Government upfront payments according to the financial arrangements to be specified in the Project Agreement to be signed by both parties. WKCDA will develop the HOR facilities jointly with the private sector through open and competitive tenders and Build-Operate-Transfer ("BOT") arrangements in different BOT packages, and share rental revenue from such facilities to sustain the operation of WKCD. The tenderers will need to indicate an upfront payment that they propose to pay given the tender conditions set by WKCDA and that payment will be attributable to the Government; and

- (b) external borrowing — WKCDA will engage a financial consultant to draw up an external borrowing plan, with the options of issuing bonds and/or raising loans in several tranches in the coming years.

12. Members of the Joint Subcommittee expressed various concerns over EFA, including the details of the BOT arrangements for the HOR development, duration of BOT, income sharing between WKCDA and private developers, as well as how the Administration could ensure that tendering of the HOR development packages would be conducted in an open and competitive manner, etc. As regards the external borrowing plan of WKCDA, members were keenly concerned about the cost of engaging the financial consultant, the timetable of implementing the plan, the total amount of funding that WKCDA sought to raise, and how the loans would be repaid, etc. In view of the above concerns, the Joint Subcommittee may find it necessary to continue to follow up with the Government/WKCDA on the implementation of EFA and the external borrowing plan.

Proposed extension of period of work

13. Rule 26(c) of the House Rules provides that a subcommittee should complete its work within 12 months of its commencement and report to the relevant Panel(s). If it is necessary for a subcommittee to work beyond 12 months, it should, after obtaining the endorsement of the relevant Panel(s), report to HC and give justifications for an extension of the period of work.

14. Given the monitoring role of the Joint Subcommittee, its work ties in with the progress of the Administration and WKCDA in taking forward the implementation of the WKCD project. At the meeting of the Joint Subcommittee on 11 June 2018, members agreed to seek an extension of

its work period and continue to operate in the 2018-2019 session. The Joint Subcommittee's proposal has been endorsed by DEV Panel and HA Panel by circulation of papers.

Advice sought

15. Members are invited to note the progress of work of the Joint Subcommittee and endorse the Joint Subcommittee's proposal to extend the period of its work and continue to operate in the 2018-2019 session.

Council Business Division 1
Legislative Council Secretariat
4 July 2018

Panel on Development and Panel on Home Affairs

**Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

Terms of Reference

To monitor issues relating to the implementation of the West Kowloon Cultural District ("WKCD") project, including the work of the West Kowloon Cultural District Authority ("WKCDA"), the project's interface with arts and cultural development, and other related matters.

Panel on Development and Panel on Home Affairs

**Joint Subcommittee to Monitor the Implementation of
the West Kowloon Cultural District Project**

Membership list

Chairman Hon LAU Kwok-fan, MH

Deputy Chairman Hon Tanya CHAN

Members Hon Abraham SHEK Lai-him, GBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
(up to 17 December 2017)
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Dr Hon Helena WONG Pik-wan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH (up to 23 November 2017)
Hon CHEUNG Kwok-kwan, JP
Hon Tony TSE Wai-chuen, BBS (since 21 March 2018)

(Total: 16 members) (as at 4 July 2018)

Clerk Ms Doris LO

Legal Adviser Miss Evelyn LEE

西九文化區主要設施示意圖
Schematic plan of major WKCD facilities

