

立法會
Legislative Council

LC Paper No. FC162/99-00
(These minutes have been seen
by the Administration and
cleared by the Chairman)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 12th meeting
held at the Legislative Council Chamber
on Friday, 26 May 2000, at 2:30 pm**

Members present:

Hon Ronald ARCULLI, JP (Chairman)
Hon CHAN Kam-lam (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, JP
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon Albert HO Chun-yan
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon Martin LEE Chu-ming, SC, JP
Hon LEE Kai-ming, SBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Mrs Selina CHOW LIANG Shuk-yee, JP
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon CHAN Kwok-keung
Hon CHAN Yuen-han
Hon Bernard CHAN
Hon CHAN Wing-chan
Dr Hon LEONG Che-hung, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, JP

Hon LEUNG Yiu-chung
Hon Gary CHENG Kai-nam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon LAU Wong-fat, GBS, JP
Hon Mrs Miriam LAU Kin-ye, JP
Hon Ambrose LAU Hon-chuen, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Members absent:

Hon HO Sai-chu, SBS, JP
Hon LEE Cheuk-yan
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Margaret NG
Hon Christine LOH
Dr Hon Philip WONG Yu-hong
Hon Howard YOUNG, JP
Hon Timothy FOK Tsun-ting, SBS, JP

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mrs Carrie LAM, JP	Deputy Secretary for the Treasury (1)
Mr Joseph Y T LAI	Deputy Secretary for Education and Manpower (3)
Mr Peter P Y LEUNG	Assistant Director of Education
Mr K S SHUM	Chief Technical Adviser, Architectural Services Department
Mr TAM Wing-pong, JP	Deputy Director, Beijing Office

Mr HUI Chiu-kin	Chief Property Services Manager, Architectural Services Department
Mrs Mimi BROWN	Deputy Government Property Administrator
Mr Martin GLASS, JP	Deputy Secretary for the Treasury (2)
Mr Kevin HO, JP	Deputy Secretary for Transport
Mr C K MAK	Principal Government Engineer/Railway Development, Highways Department
Mr James BLAKE, JP	Senior Director, Capital Projects, Kowloon-Canton Railway Corporation
Mr Samuel M H LAI	Senior Director, Finance and Management, Kowloon-Canton Railway Corporation
Mr K K LEE	Director, East Rail Extension, Kowloon- Canton Railway Corporation
Ms Annie CHOI	Principal Assistant Secretary for the Environment and Food
Mr LEUNG Cham-tim, JP	Director of Electrical and Mechanical Services
Mr LAM Kam-kuen	Chief Engineer (Energy Efficiency) of Electrical and Mechanical Services Department
Mrs Margaret CHAN	Principal Assistant Secretary for Education and Manpower (9)
Mr J D WILLIS	Controller, Student Financial Assistance Agency
Mr Ivan K B LEE	Principal Assistant Secretary for Education and Manpower (5)
Mr Y M MO	Principal Education Officer, Vocational Training Council
Mr Philip K F CHOK, JP	Deputy Secretary for Education and Manpower (1)
Ms Michelle LI	Principal Assistant Secretary for Education and Manpower (1)
Mr Matthew K C CHEUNG, JP	Commissioner for Labour
Mr D W PESCOD, JP	Deputy Secretary for the Civil Service
Mr Thomas CHAN	Principal Assistant Secretary for the Civil Service

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Polly YEUNG
Mrs Eleanor LAM

Chief Assistant Secretary (1)3
Senior Assistant Secretary (1)2

Item No. 1 - FCR(2000-01)14

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 3 MAY 2000**

**PWSC(2000-01)10 17EA Redevelopment of La Salle Primary
School at 1D, La Salle Road, Kowloon**

Miss Emily LAU referred to the supplementary information provided by the Administration on the captioned item (issued vide LC Paper PWSC136/99-00 on 25 May 2000). She noted with disappointment that even after the adoption of the Year 2000 design, the Administration had allowed nine school projects to fall short of the planning parameter of 2 square metres (m²) of open space provision per student. In view of the Administration's efforts to provide more open space for students in the redevelopment project of La Salle Primary School (LSPS), she enquired the reasons for not exploring ways to improve the open space provision for students when planning for these schools.

2. In response, the Deputy Secretary for Education and Manpower (3) (DS(EM)3) advised that improvement and refinement to school designs was an on-going process, taking into account the views and advice of all interested parties including the education sector and Legislative Council (LegCo) Members. In recent years, the Administration had exercised greater flexibility in school designs in order to overcome site constraints and optimize utilization of individual school sites. He referred to the school project in Fanling (255EP) in which the carparking spaces were moved to the vicinity of the school so as to make available more open space inside the school compound. DS(EM)3 confirmed that the Administration would actively consider adopting the approach for LSPS on a case by case basis in future school projects where the open space provision fell far below the planning parameter and where the cost of providing an underground carpark would not be unduly high.

3. In reply to Mr CHEUNG Man-kwong, DS(EM)3 confirmed that the open space provision of LSPS after redevelopment would be 1.25 m² per student, which still fell short of the standard of 2 m². He pointed out that the school authorities and all other relevant parties were aware of the situation.

4. Dr YEUNG Sum pointed out that Members of the Democratic Party (DP) were in support of providing more open space to students but opposed to giving preferential treatment to certain schools. He considered it necessary for the Administration to ensure that this principle be adhered to. Mr CHEUNG Man-

kwong also questioned if the special arrangement, as applied in the case of LSPS, would become the general policy for providing sufficient open space for schools. He also enquired if a clearer yardstick could be established to enable all parties to know the circumstances under which the provision of an underground carpark would be considered. The Chairman also enquired if the Administration would consider objective yardsticks such as the percentage of shortfall of open space and/or subject to not exceeding a certain percentage of the total construction cost in deciding on the special facilities to be provided.

5. In response, DS(EM)3 reiterated the Administration's position and policy direction as set out in the supplementary information note. He advised that whilst members' suggestions were in line with the Administration's objective, it might not be desirable to adopt a hard and fast yardstick as the circumstances of individual schools had to be considered. He added that the Administration would, where possible, be more cautious in the selection of school sites in future and would actively explore the use of non-standard designs to optimize the use of space for small sites. The recent lifting of height restriction on school buildings would also provide greater flexibility in school design.

6. Mr CHEUNG Man-kwong further requested that the Administration's undertaking given in paragraph 4 of the supplementary information note should be applicable to the schools earmarked for redevelopment or improvement works. He also urged the Administration to explore other viable technical options having regard to the special circumstances of the schools to improve the provision of open space.

7. In this connection, DS(EM)3 pointed out that for schools under the school improvement programme, due consideration must also be given to the technical feasibility of providing the necessary facilities, given that these were existing schools. He nevertheless agreed that the Administration would consider an approach similar to that for LSPS on a case by case basis, subject to cost and feasibility.

8. Mr Edward HO expressed reservation on relying on the Administration's undertaking given in paragraph 4 of the paper as the situation depicted therein referred to a serious under-provision of space. Miss Emily LAU reiterated her view that the Administration should adhere to its planning target of 2 m² of open space per student. She considered it justified to incur additional costs to achieve this target.

9. Referring to Mr CHEUNG Man-kwong's request to use the present proposal for LSPS as a precedent in deciding on future cases, Mr Edward HO pointed out that the open space provision per student after redevelopment would only be 1.25 m² which still fell short of the planning parameter. The "underground carpark" for LSPS was akin to a semi-basement due to the topography of the school site and its construction was therefore feasible and less

costly. However, this kind of topography might not be present in every case. In some cases, it might be less expensive to build another school to re-provision some of the classes to the new school. DS(EM)3 concurred with Mr Edward HO's views and confirmed the Administration's commitment to continue to explore innovative and viable means to improve school designs, referring to the construction of school estates as an example.

Admin

10. In reply to Miss Emily LAU's query of not disclosing information on the planning parameter of 2 m² in all funding submissions for the school projects listed in the supplementary information note, DS(EM)3 said that the Administration was prepared to include information on the provision of open space in future submissions to the Finance Committee (FC) and the Public Works Subcommittee.

Admin

11. In this connection, Miss Emily LAU questioned whether implementation of the planning parameter would be subject to cost considerations. For members' reference, the Chairman requested the Administration to provide an indication on what was considered financially acceptable. He also asked the Administration to provide a written explanation on the reasons for the shortfall in open space provision and the attempts, if any, made to improve the situation in respect of each of the nine schools. DS(EM)3 agreed to provide the information after the meeting

Admin

12. Having concluded discussion on PWSC(2000-01)10, the Chairman put proposal FCR(2000-01)14 to the vote. The Committee approved the proposal.

Item No. 2 - FCR (2000-01) 15

CAPITAL INVESTMENT FUND

HEAD 957 - KOWLOON-CANTON RAILWAY CORPORATION

◆ New Subhead "Ma On Shan to Tai Wai Rail Link and Kowloon-Canton Railway Extension from Hung Hom to Tsim Sha Tsui"

13. Members noted that the present proposal included funding for the Ma On Shan to Tai Wai Rail Link (MOS Rail) and the Kowloon-Canton Railway Extension from Hung Hom to Tsim Sha Tsui (TST Extension). Mrs Miriam LAU, Chairman of the Transport Panel, expressed the disappointment of the Panel that despite repeatedly urging the Administration to put forward its findings in the Second Railway Development Study (RDS2) for prior consultation before finalizing its proposals, the Government announced its Railway Development Strategy 2000 (RDS2000) on 25 May 2000 without any consultation with the Panel. Mrs Lau emphasized, in particular, the problems arising from the time gap between the completion of the MOS Rail in 2004 and the second rail connection from Tai Wai to Kowloon as part of the Sha Tin to Central Link scheduled for completion between 2008 to 2011.

14. In response, the Deputy Secretary for Transport (DS(T)) advised that the interim report of RDS2 had been released for consultation last year and the proposals contained therein were very much the same as those in the RDS2000. He nevertheless pointed out that RDS2000 had only outlined the proposed railway links, details on the actual alignments, location of stations and other technical arrangements were still under consultation.

15. Mrs LAU remained dissatisfied with the lack of discussion on the subject by the Panel. She nevertheless indicated support for the present proposal in order that the railway projects concerned would not be further delayed.

16. Mr Andrew CHENG Kar-foo said that Members of DP were in support of the TST extension, but not the MOS unless a firm commitment on the second rail connection from Tai Wai to Kowloon was given. He asked whether the funding requests for the two railways projects could be considered and voted on separately.

17. In reply, DS(T) confirmed that the MOS Rail and TST Extension would form an integral part of the East Rail Extension and their services were inter-related. The Administration therefore would not split the present proposal.

18. Miss Emily LAU said that Members of the Frontier supported the development of railway systems for better environmental protection but highlighted the need for a timely rail link with MOS Rail well before 2008 in view of the current congestion at Tai Wai Station.

19. Mr LAU Kong-wah stated that he would support the present proposal in view of the Administration's commitment on the second rail connection from Tai Wai to Kowloon. However, he asked whether it was possible to expedite the construction of the section from Tai Wai to Diamond Hill first to facilitate travel for commuters bound for East Kowloon and Hong Kong Island East. Dr Raymond HO also concurred with the suggestion that the construction of the second rail link in phases should be actively considered.

20. DS(T) acknowledged the concerns expressed by members and Shatin residents about early rail connection from Tai Wai to Kowloon but pointed out there might not be a lot of room for advancement as the construction of a railway would normally take some eight to ten years. Moreover, the Sha Tin to Central Link would also be subject to other constraints such as the programme for the Wan Chai reclamation. He further advised that according to the consultants' report, the Tai Wai to Kowloon Tong line of the existing East Rail would not reach its full capacity until 2011.

21. On the feasibility of constructing the Sha Tin to Central Link by phases, DS(T) confirmed that the prospective railway operator would be allowed to build the Link in phases, subject to factors such as passenger demand. The Senior Director, Finance and Management, Kowloon-Canton Railway Corporation (SD, F&M, KCRC) said that KCRC might be prepared to consider a phased approach, if necessary and commercially viable.

22. Dr Raymond HO supported the present proposal but disagreed with the Administration's remark that it would take some eight or ten years to build a railway. He urged the Administration to critically review whether it was possible to advance the second rail link from Tai Wai to Kowloon before 2008, bearing in mind that past extensions of the Mass Transit Railway Corporation (MTRC) lines had been completed in a much shorter period of time.

23. DS(T) assured members that the Administration would make a decision on the Sha Tin to Central Link as soon as possible after the consultation on RDS2000. As to whether it was possible to expedite construction works, the Principal Government Engineer/Railway Development, Highways Department (PGE/RD, HyD) explained that as a result of the enactment of legislation to deal with environmental impacts and objections in recent years, more time was required for works projects in order to complete all the statutory procedures such as gazettal and handling objections. In the light of the experience of the West Rail Phase 1 and MTR Tseung Kwan O Extension, he pointed out that the eight-year period could hardly be further expedited.

24. Mrs Miriam LAU and Mr Andrew WONG cast doubt on the commercial viability of the proposed MOS Rail in the absence of a second rail link from Tai Wai to Kowloon/Hong Kong Island. Mr Andrew WONG commented that it would be much faster to travel from MOS to Kowloon by bus. He further said that it might be possible to entrust the construction of the railway to property developers, some of which had indicated interest a few years ago, and to invite interested companies to operate the railway.

25. On the commercial viability of MOS Rail, SD, F&M, KCRC pointed out that commuters could change for Kowloon-bound train conveniently at the future expanded Tai Wai Station. Moreover, railway services were free from traffic congestion, rendering it a reliable and competitive mode of transport. The future fare of MOS Rail would also be competitive.

26. Miss Emily LAU was concerned about the level of fares for the future Sha Tin to Central Link and asked whether higher costs would be incurred if the project was awarded to MTRC which would need to interface its network with that of the East Rail operated by KCRC. In response, DS(T) pointed out that irrespective of the prospective operator for the Sha Tin to Central Link, interfacing arrangements would still be required as some stations en route the Link such as the Diamond Hill and Admiralty Stations came under MTRC while

some stations such as Tai Wai and Hung Hom belonged to KCRC.

27. On the level of fare, SD, F&M, KCRC advised that the fare for the proposed MOS Rail would not be determined until nearer the time of its commissioning having regard to the need to maintain its competitiveness and commuters' affordability. He clarified that the base fare of \$8.2 was only an assumed figure for the purpose of making financial projections. DS(T) added that while fare determination was a matter for the railway corporation concerned, he believed that the company would definitely take into consideration the fares of alternative modes of transport when setting its fare.

28. Miss Emily LAU sought the Administration's assurance that after commissioning of MOS Rail, bus service would still be available in the district to provide competition and a choice for residents. In response, DS(T) confirmed the Administration's policy stance that railway and bus services would co-exist.

29. In response to Mr LAU Kong-wah's enquiry about the noise impacts of the project on residents of the Ma On Shan Centre, the Director, East Rail Extension, KCRC (D, ERE, KCRC) confirmed that as a result of noise abatement measures, the noise impact would be contained within the statutory limit of 55 dB.

30. On whether a station would be provided at Hin Keng, D, ERE, KCRC confirmed that a site had been reserved south of Tai Wai Depot. Where there was sufficient demand, a station could be provided for Hin Keng.

31. In reply to Miss Emily LAU's enquiry about the 67 objections to the MOS Rail, DS(T) advised that the majority of objections were about the noise and visual impacts of the project for which the Administration and KCRC had provided detailed explanations to the objectors. Of the 1 035 standard objection letters, more than 250 had been withdrawn. Some objections were on the lack of a second rail link to Kowloon. The Senior Director, Capital Projects, KCRC (SD, CP, KCRC) added that to allay residents' concern about the environmental impact of the proposed MOS Rail, KCRC had organized exhibitions. The relevant Environmental Permits for MOS Rail and TST Extension had also been obtained. For illustration, SD, CP, KCRC said that the noise impact of MOS Rail on the most sensitive receiver in early morning was calculated to be no more than that caused by a window air-conditioner.

32. On the composition of the panel of independent persons (the Independent Panel) to hear the objections, DS(T) informed members that the panel comprised a chairman who was a member of the Transport Advisory Committee and other members selected from other districts. He reported that invitations had been issued to all objectors but only 27 of them had attended the panel's hearings at which no strong objection had been expressed.

33. Noting that the Independent Panel would hear the unwithdrawn objections to the TST Extension scheme in June 2000 after which a report would be submitted to the Chief Executive (CE) in Council for consideration, Mr Albert HO queried whether approval of the present funding proposal would pre-empt the decision of the CE in Council on the matter and whether the funds, if approved, would be aborted.

34. In response, DS(T) explained that the CE in Council would consider the unwithdrawn objections and make a decision after taking into account all relevant factors. He confirmed that the present proposal was only seeking the FC's approval in principle for a commitment of \$8,500 million for future equity injection by the Government as the sole shareholder of KCRC. He assured members that funds would not be made available to KCRC until the alignment had been finalized by the CE in Council. Pending formal approval, the railway corporation could proceed with the detailed design having regard to the objections received. For example, KCRC had relocated its TST Extension station to Salisbury Road so as to avoid the impact on Signal Hill.

35. Mr Andrew CHENG stated that Members of DP had all along supported the development of railway systems as a mode of transport. They however would object to the present proposal on the following grounds -

- (a) The MOS Rail project was a planning blunder in the absence of a second rail link to re-divert passengers from Tai Wai to Kowloon. The owners' incorporations and other resident groups of 15 residential estates in the district had raised their objection to the proposed MOS Rail Link in the absence of a direct rail link to Kowloon until 2008 or even later.
- (b) Under the present plan, Tai Wai Station would become a serious bottleneck. The patronage of East Rail would be much higher than the forecast currently made by KCRC. Even with the increase in the capacity of the Station as a result of improved signalling, it was unlikely that Tai Wai Station could cope with the additional passengers from MOS Rail and the Sheung Shui to Lok Ma Chau Spur Line by year 2004.
- (c) The Administration's argument that it would take ten years to complete a railway link was not acceptable having regard to the much shorter time span for the completion of Penny's Bay Rail Link, which was approved in late 1999 and scheduled for completion by year 2004 or 2005.
- (d) The commercial viability of MOS was highly questionable. According to DP's survey, about 40% of the residents would continue to use their existing mode of transport despite the provision

of the proposed MOS Rail. The estimated internal rate of return of 8.4% could not be attained unless some existing bus routes were abolished or high train fares were charged, both of which would adversely affect the residents.

36. In response, DS(T) clarified that the Administration had all along agreed with the need to provide a second rail link to the proposed MOS Rail but the timing of its provision would have to await the outcome of RDS2. He re-assured members that bus routes would not be cut arbitrarily in favour of MOS Rail although some rationalization of bus services might be required for environmental or other service needs.

37. On the forecast patronage, PGE/RD, HyD pointed out that the average weekday patronage forecast given in Enclosure 2 to the discussion paper referred to passenger flow in both northbound and southbound directions while the morning peak hourly flow was for the southbound direction only. He confirmed that having regard to the projections made in RDS2, the Administration considered the KCRC's forecasts reasonable. SD, CP, KCRC supplemented that the existing passenger demand at Tai Wai Station within the peak hour of 8 am to 9 am was about 45 000 while the existing capacity of East Rail trains during the same hour was about 70 000 passengers. During recent years, the peak-hour demand had eased as commuters did not all travel during the busy hour. Pending the completion of MOS Rail in 2004, KCRC did not anticipate a sharp rise in passenger demand at Tai Wai. Moreover, the upgrading of the signalling systems would increase the capacity of the East Rail trains to 88 000 passengers in 2004.

38. As regards the shorter completion time-frame for the Penny's Bay Rail Link, PGE/RD, HyD advised that its design and construction were relatively less complicated as the Link would be built upon a piece of newly reclaimed land which was free from pre-existing facilities.

39. Mr Andrew CHENG remained unconvinced and reiterated his objection to the present proposal. In this connection, Miss Emily LAU referred to residents' complaints about congestion at Tai Wai Station and considered that KCRC should make better arrangements as apparently, there was sufficient capacity to cope with the passenger demand.

40. In response, D, ERE, KCRC advised that one of the reasons for the congestion was commuters' tendency to board the train at cars no. 4, 5, 6 and 7 to facilitate onward change of trains. He assured members that the design of the proposed MOS Rail would ensure a more even distribution of passenger load among the train cars. Members noted that to deal with passengers' complaints and suggestions, KCRC had set up passenger liaison groups.

41. The Chairman put the proposal to vote. 31 members voted for the proposal, 11 voted against and none abstained :

For:

Mr Kenneth TING Woo-shou	Mr James TIEN Pei-chun
Mr David CHU Yu-lin	Miss Cyd HO Sau-lan
Mr Edward HO Sing-tin	Dr Raymond HO Chung-tai
Mr LEE Kai-ming	Dr LUI Ming-wah
Mr NG Leung-sing	Prof NG Ching-fai
Mrs Selina CHOW LIANG Shuk-yee	Mr HUI Cheung-ching
Mr CHAN Kwok-keung	Miss CHAN Yuen-han
Mr CHAN Wing-chan	Mr CHAN Kam-lam
Dr LEONG Che-hung	Mrs Sophie LEUNG LAU Yau-fun
Mr Andrew WONG Wang-fat	Mr WONG Yung-kan
Mr Jasper TSANG Yok-sing	Mr YEUNG Yiu-chung
Mr LAU Kong-wah	Mr LAU Wong-fat
Mrs Miriam LAU Kin-yee	Mr Ambrose LAU Hon-chuen
Miss Emily LAU Wai-hing	Miss CHOY So-yuk
Mr TAM Yiu-chung	Mr FUNG Chi-kin
Dr TANG Siu-tong	

(31 members)

Against:

Mr Albert HO Chun-yan	Mr Michael HO Mun-ka
Mr LEE Wing-tat	Mr Fred LI Wah-ming
Mr James TO Kun-sun	Mr CHEUNG Man-kwong
Mr SIN Chung-kai	Dr YEUNG Sum
Mr Andrew CHENG Kar-foo	Mr SZETO Wah
Mr LAW Chi-kwong	

(11 members)

42. The Committee approved the proposal.

Item No. 3 - FCR(2000-01)16

HEAD 42 - ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT

◆ Subhead 700 General other non-recurrent

New Item “Implementation Study for a District Cooling System at South East Kowloon Development”

43. As the proposed consultancy study would also examine the issue that the prospective District Cooling System (DCS) service provider might ask for concessions such as land premium from the Government, Mr HUI Cheung-ching asked if the Administration had already been approached by any service provider making such a request. In reply, the Director of Electrical and Mechanical

Services (DEMS) confirmed that the Administration had not received any request for concession on land premium. However, in anticipation that the service provider might ask for such concessions to ensure a commercially attractive return on the high capital investment, the consultant would also examine this point of concern as part of the study. As regards the invitation and pre-qualification process, DEMS advised that to prepare for a smooth tendering process, the consultant would also evaluate the requirements of prospective service providers before inviting and pre-qualifying experienced local and overseas tenderers.

44. Miss Emily LAU recapitulated the concern of the Public Accounts Committee and expressed support for the implementation of water-cooled air conditioning systems (WACS) which would promote more efficient use of energy. She shared the concern of Mr HUI Cheung-ching and asked whether the Administration had already decided to grant concessions on land premium in anticipation that no contractor would be willing to provide the service in the absence of such concessions. In reply, DEMS reiterated that the concern about land premium concessions was only anticipatory. The main purpose of examining this issue was to acquire a full understanding on all possible related issues so as to facilitate the implementation process.

45. In this connection, the Chief Engineer (Energy Efficiency), Electrical and Mechanical Services Department supplemented that from the experience gained overseas, there were various forms of concessions. For example, a service provider would usually erect a DCS chilling plant along the sea water front, and would negotiate with the Government for property development rights above the plan such as building a hotel or an office building. The financial gains derived from such development would be shared with the Government pursuant to the tender terms and conditions. He said that there would be a number of options for the Government when considering land premium concessions. Mrs Sophie LEUNG added that one form of concession was repayment by long-term instalments which would commence a few years after the DCS had been in operation.

46. Miss CHAN Yuen-han was in support of the proposal. Referring to the concerns and constraints highlighted by the Administration in the discussion paper on the implementation of DCS, she asked whether reference had been made to international experience. DEMS replied in the affirmative and briefly referred to the implementation experience of Japan. Having regard to local circumstances, the Administration anticipated that similar problems would arise and hence the consultant would be asked to evaluate the concerns in detail. In response to Mr LUI Wah-ming who expressed support for the proposal, DEMS agreed to provide examples of installations to members on the implementation of WACS overseas.

47. In the absence of details on the South East Kowloon Development (SEKD) which was a new development, Miss CHAN Yuen-han questioned the basis for the Administration's concern that the DCS service provider would likely require property developers and building owners to enter into long term contracts to minimize its financial risks. In reply, DEMS explained that in view of the very high capital investment, it was natural that the service provider would like to secure a long term contract with the property developers or building owners concerned to secure a stable return on its investment. On the other hand, the property developers or building owners would be equally concerned about the reliability of the DCS service provider, as well as the pricing level. Since the benefits of implementation of DCS in SEKD would depend on the successful operation and commitment of the service provider in conjunction with the developers and building owners, this concern would need to be evaluated in detail in the consultancy study. DEMS nevertheless assured member that the Administration did not have any firm proposal yet and there was no plan at this stage to grant any concessions to developers or service providers.

48. Miss Emily LAU was concerned that the territory-wide study on WACS might become superfluous if pending its completion, the Administration would embark on the implementation study on DCS at SEKD. In response, DEMS stressed that the thrust of the territory-wide study was of a directional and strategic nature. It would evaluate the most suitable water cooled air conditioning systems for different locations in the territory and to identify locations which would be amenable to the use of sea water supply for the central piped supply systems. As DCS was a central piped supply system employing sea water supply with central supply of chilled water connected to the buildings via closed pipe networks, DCS was the obvious choice for implementation in the SEKD which was a new development near the sea water front. Mrs Sophie LEUNG advised that sea water should be used as far as practicable in the implementation of WACS in place of fresh water which would become even more precious in the 21st century.

49. Mr CHAN Kam-lam commented that the Administration seemed to have assumed the viability of DCS and that the implementation study for SEKD had to proceed as quickly as possible. He pointed out that a number of issues should be carefully considered before making a decision. While it was mentioned that based on the cooling demand of 200 cooling Megawatt (MWc) for the SEKD, energy savings of 32% for air conditioning in non domestic buildings, equivalent to 44 gigawatt-hour per year would be achieved, there was no mention about domestic buildings and whether the cooling system would be confined for use in non-domestic buildings. Mr Chan was concerned that without any accurate forecast on cooling demand, a water cooling system which would supply cooled air in excess of demand would lead to higher charges on service users as in the case of electricity supply.

50. Mr Edward HO and Mr HUI Cheung-ching were not convinced that consultants should be engaged to conduct the studies. Mr HO said that the studies should be undertaken by EMSD which was a professional department, while the Lands Department would advise on land allocation matters.

51. In response, DEMS re-assured members that the territory-wide and the two district-specific studies were inter-related. Pursuant to discussion at meetings of the relevant LegCo Panel, members agreed that the implementation of water cooled systems was energy-efficient. Following the recommendation of the Preliminary Phase Consultancy Study on the Wider Use of Water-Cooled Air Conditioning System in Hong Kong, a territorial WACS implementation study had commenced. The territory wide study would also consider how to regulate the illegal water cooling towers which were posing health hazards. The Preliminary Study had also recommended two other studies on a district basis, one in a new development and another in an existing urban development. The proposed consultancy study on the implementation of a DCS at the SEKD would examine in detail the issues and problems which were unique for a new development. The scale of the system having regard to the cooling demand and supply, the design of the pumping station and the piping network. The Principal Assistant Secretary for the Environment and Food further added that with the knowledge and experience acquired, it might not be necessary to engage consultants to carry out studies for new development near the sea water front in the future as they would be modelled upon the SEKD project. On whether all the buildings in the new SEKD would have to participate in the proposed DCS, DEMS said that in view of the environmental benefits, 32% energy savings, and subject to the consultancy's findings on the feasibility, the Administration would propose to implement DCS in the entire SEKD.

52. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)17

HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY

- ◆ **Subhead 151 Remission of examination fees**
- ◆ **Subhead 153 Textbooks and stationery grants**
- ◆ **Subhead 275 Student travel scheme**

53. On behalf of Members of the Democratic Alliance for Betterment of Hong Kong, Mr YEUNG Yiu-chung expressed support for the proposal to increase the rates of textbooks and stationery grants and the rate of grant under the student travel scheme to the needy students. However, he asked why the amount available for the Examination Fee Remission Scheme for private sector students was restricted to 10% of the total examination fees payable by the private sector schools. In reply, the Controller, Student Financial Assistance Agency (SFAA) said that the 10% limit had been a long-time standing

arrangement, the basis for which could no longer be traced. In reply to Mr YEUNG, the Controller, SFAA confirmed that the 10% limit would also apply to schools receiving direct subsidy.

Admin

54. Dr TANG Siu-tong asked whether the Administration would consider providing the student travel subsidy to students below 12 years of age who also needed to travel between their home and school. In reply, the Controller, SFAA said that there was another scheme for primary students below 12 years of age who had to attend school in another school net. Dr TANG nevertheless remarked that since some school nets covered an extensive area, the Administration should also consider extending the scheme for intra-school net travels as well. Controller, SFAA responded that although the Administration did not have any immediate plan to extend the scheme, it would take note of Dr TANG's view in any future review of the scheme.

55. The Committee approved the proposal.

Item No. 5 - FCR(2000-01)18

HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY

- ♦ **Subhead 274 Student finance - grants**

HEAD 177 - SUBVENTIONS : NON-DEPARTMENTAL PUBLIC BODIES

- ♦ **Subhead 520 Vocational Training Council**

LOAN FUND

HEAD 254 - LOANS TO STUDENTS

- ♦ **Subhead 101 Students of the universities, the Hong Kong Institute of Vocation Education, Prince of Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts**

56. Professor NG Ching-fai expressed support for the proposal. He asked if students from Shue Yan College would be eligible to apply for the Local Student Finance Scheme. The Principal Assistant Secretary for Education and Manpower (5) and Controller, SFAA clarified that Shue Yan College students were not eligible under the said Scheme. However, they could apply for financial assistance under a separate scheme designated for them.

57. The Committee approved the proposal.

Item No. 6 - FCR(2000-01)19

HEAD 90 - LABOUR DEPARTMENT

◆ **Subhead 700 General other non-recurrent**

New Item "Youth Pre-employment Training Programme"

**HEAD 146 - GOVERNMENT SECRETARIAT: EDUCATION AND
MANPOWER BUREAU**

◆ **Subhead 700 General other non-recurrent**

New Item "IT Assistant Course"

New Item "Project Springboard and Web-site on Continuing Education"

58. Mr Kenneth TING expressed support for the present proposal and sought confirmation that a minimum number of trainees would not be required for the On-the-Job Training (OJT) Scheme under the Youth Pre-employment Training Programme. In reply, the Commissioner for Labour confirmed that no such requirement would be imposed as the OJT Scheme aimed primarily to assist small and medium enterprises.

59. Noting the Administration's proposal to increase the training capacity of the IT Assistant Course to 2 000 in the next two years but so far, the Vocational Training Council (VTC) and Employees Retraining Board (ERB) had only identified some 220 job vacancies, Mr LEUNG Yiu-chung expressed serious reservation on the optimistic forecast of the market demand for graduates of the Course and sought further explanation in this regard.

60. In response, the Deputy Secretary for Education and Manpower (1) (DS(EM)1) advised that before finalizing the Course, VTC and ERB had maintained close liaison with the industry and ascertained that there was a great demand for junior IT personnel in the market. In fact, the number of vacancies identified had risen to 311 to-date. DS(EM)1 also referred to the consultancy study commissioned by the Administration last year on the manpower and training needs of the IT sector which depicted a serious shortfall in trained IT manpower in Hong Kong. On the IT Assistant Course, DS(EM)1 highlighted that the course content covered extensive training such as basic IT skills, office software, Windows NT, basic and intermediate web authoring, introduction to e-commerce etc. Hence, the graduates would also be better equipped for other jobs as well.

61. On funding for the IT Assistant Course, DS(EM)1 confirmed that the Government, not ERB, would provide the funding. The trainees however would not receive any training allowance as in the case of other retraining course. They would be required to pay a deposit of \$1,000 refundable upon successful completion of the Course. Members also noted that there was no age requirement for admission to the Course.

Admin

62. Mr SIN Chung-kai supported the present proposal. However, he urged that in selecting the trainees, priority should be given to persons who were actively seeking employment in order that the market demand could be met and the unemployment problem could be alleviated. DS(EM)1 acknowledged Mr SIN's concern as out of the 60 Course graduates, 30 had indicated that they wished to pursue further studies. He confirmed that the Administration would take heed of Mr SIN's view.

63. The Committee approved the proposal.

Item No. 7 - FCR(2000-01)20

VARIOUS HEADS OF EXPENDITURE

♦ **Subhead 001 Salaries**

HEAD 46 - GENERAL EXPENSES OF THE CIVIL SERVICES

♦ **Subhead 022 Passages**

♦ **New Recurrent Account Subhead "Non-accountable Cash Allowance Scheme"**

HEAD 120 - PENSIONS

♦ **Subhead 026 Employees' compensation**

64. Miss CHAN Yuen-han expressed disappointment that despite the objection from the Staff Sides, the Administration still adhered to its decision against providing downpayment loans (DPLs) under the new housing scheme. Miss CHAN said that the Administration should take into consideration the importance of the DPL as a form of assistance for those buying property, in particular for junior staff.

65. In response, Deputy Secretary for Civil Service (DS(CS)) explained that the Administration would not provide DPLs for the following reasons:

- (a) At present, the take-up rate for DPLs under existing housing schemes was below 50%.
- (b) The existing DPLs were secured against the pension of the serving staff. Pending a decision on the retirement arrangements for new civil service recruits, there was no basis to provide security for the DPLs.
- (c) Consideration of other loan facilities for home ownership would require time and would be a continuous process which might have to be examined in conjunction with the future retirement arrangements.

66. Miss CHAN Yuen-han was not convinced of the Administration's explanation. She said that in the absence of a satisfactory explanation, the three Members from the Hong Kong Federation of Trade Unions would abstain on the proposal.

67. Miss Emily LAU queried the wide range of benefits available to civil servants. On leave passage, she welcomed the Administration's proposal to provide the allowance to the directorate officer himself only instead of to his family as well and asked if the Staff Sides were agreeable to the change. She also sought explanation on the proposed removal of the restriction on prevention of double housing benefits for future recipients of the Non-Accountable Cash Allowance (NCA).

68. In reply, DS(CS) clarified that the proposed arrangements set out in the paper would only apply to new civil service recruits. The arrangements for existing staff would remain unchanged. He confirmed that with the exception of the proposed cessation of DPL, the Staff Sides were agreeable to the other proposals. As regards the proposed abolition of the double-benefit rules, DS(CS) explained that with the introduction of NCA, the Administration considered it fair and logical to de-link the provision of the new housing benefits with marital status. However, in order not to incur additional cost as a result of the abolition, the Administration would discount the rates of NCA by about 5% from the equivalent Home Financing Allowance payable to eligible officers. He further reported that the Standing Commission on Civil Services Salaries and Conditions of Service, the Standing Committee on Directorate Salaries and Conditions of Service and the Standing Committee on Disciplined Services Salaries and Conditions of Service were in support of the proposed arrangements on leave/leave passage and housing.

69. Mr TAM Yiu-chung commented that the information in the paper was presented in a very confusing way, making it difficult to understand. For example, the paper highlighted the proposed arrangements with sketchy references to the existing arrangements. As members might not be familiar with the benefits currently available to civil servants, they might not be able to grasp the major changes easily. In this connection, the Chairman suggested that the Administration might consider presenting the information in a tabular format for easy comparison. DS(CS) extended his apology and thanked members for their suggestion on improving future submissions.

70. The Chairman put the proposal to vote. Miss CHAN Yuen-han, Mr CHAN Kwok-keung, Mr CHAN Wing-chan and Mr LEE Kai-ming abstained from voting.

71. The Committee approved the proposal.
72. The Committee was adjourned at 5:05 pm.

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