

立法會
Legislative Council

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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 6th meeting
held at the Legislative Council Chamber
on Wednesday, 15 December, 1999, at 10:45 am**

Members present:

Hon HO Sai-chu, SBS, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP (Deputy Chairman)
Hon James TIEN Pei-chun, JP
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon LEE Wing-tat
Hon Fred LI Wah-ming, JP
Hon CHEUNG Man-kwong
Hon Christine LOH
Hon CHAN Yuen-han
Hon CHAN Kam-lam
Hon Gary CHENG Kai-nam, JP
Hon SIN Chung-kai
Hon LAU Kong-wah
Hon Mrs Miriam LAU Kin-yee, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP

Members absent:

Hon Kenneth TING Woo-shou, JP
Hon Eric LI Ka-cheung, JP
Prof Hon NG Ching-fai
Hon James TO Kun-sun
Dr Hon LEONG Che-hung, JP
Hon WONG Yung-kan

Hon LAW Chi-kwong, JP
Dr Hon TANG Siu-tong, JP

Public officers attending:

Miss Elizabeth TSE	Deputy Secretary for the Treasury
Mr James HERD	Principal Assistant Secretary for the Treasury (Works)
Mr S S LEE	Secretary for Works
Mr Gordon SIU	Secretary for Planning, Environment and Lands
Mr Rob LAW, JP	Director of Environmental Protection
Mr H K WONG, JP	Director of Territory Development
Mr C L NG	Chief Engineer/Tai Po & North, Territory Development Department
Mr TSUI Wai	Chief Engineer/Shau Tin & Sai Kung, Territory Development Department
Mr H W TIN	Principal Assistant Secretary for Housing (Project Management)
Mr Frank PHILLIPS	Chief Estate Surveyor/Acquisition
Mr K S LEUNG, JP	Director of Highways
Mr Hugh PHILLIPSON, JP	Director of Water Supplies
Mr S H PAU, JP	Director of Architectural Services
Mrs Mini BROWN	Deputy Government Property Administrator
Mr Raymond T K CHEUNG	Deputy Director of Drainage Services
Mr R K S CHAN, JP	Deputy Director of Civil Engineering (Geotechnical)
Mr C D B WILLIAMS	Assistant Director of Home Affairs
Mr Alan SIU	Principal Assistant Secretary for Information Technology and Broadcasting
Mr Francis HO, JP	Director-General of Industry
Mr CHAN Kwong-fai	Assistant Director-General of Industry (Acting)
Mr Bobby CHENG	Principal Assistant Secretary for Trade and Industry
Mr C C CHAN, JP	Director of Civil Engineering
Mr W K TAM, JP	Deputy Director of Civil Engineering (Special Duties)
Ms Shirley LAM	Principal Assistant Secretary for Transport
Mr M C LEUNG	Assistant Director of Water Supplies (New Works)

Clerk in attendance:

Miss Polly YEUNG

Chief Assistant Secretary (1)3

Staff in attendance:

Ms Pauline NG

Assistant Secretary General 1

Ms Anita SIT

Senior Assistant Secretary (1)8

PUBLIC WORKS PROGRAMME

Upgrading of projects to Category A

HEAD 707 - NEW TOWNS AND URBAN AREA DEVELOPMENT

**PWSC(1999-2000)72 658CL Remaining engineering
infrastructure works for Pak Shek
Kok development**

Mr LEE Wing-tat enquired about the method of reclamation for the project and the measures to control soil settlement at the reclamation site. The Director of Territory Development (DTD) advised that reclamation works for the Pak Shek Kok development (PSKD) had been undertaken for two years and were still underway. He confirmed that only public fill was used for the reclamation works and vertical drains were installed in the seabed to expedite soil settlement. The Administration was confident that soil settlement at the reclamation site could be effectively controlled and there was no signs that it would cause problems for future buildings and facilities constructed on the site. DTD also informed members that vertical drains had also been used for the reclamation works at Tseung Kwan O and other reclamation projects.

2. In reply to Miss Emily LAU's enquiry about the 20 000 jobs that would be created upon full development at PSKD, DTD referred to a previous supplementary information note on the subject (PWSCI(1999-2000)7) issued after the PWSC meeting on 26 May 1999 in which it was estimated that about 5 500 jobs would be generated by year 2001 with the opening of the Science Park Phase 1 and about 20 000 jobs by year 2016 upon full development at PSKD. A breakdown on the anticipated types of employment was also provided in the said note.

3. Miss Emily LAU sought elaboration on the environmental mitigation measures to be implemented in the project. In reply, DTD advised that details of the measures were set out in the relevant environmental impact assessment (EIA) report which had been endorsed by the Advisory Council on the

Environment (ACE). The Chief Engineer/Tai Po & North, Territory Development Department explained that the EIA concluded that residential buildings at the northern part of the PSKD would be subject to the traffic noise impact of the Tolo Highway. As such, noise barriers would be provided to mitigate the noise impact and the relevant works had been incorporated into the Tolo Highway widening project which was underway. The planned land uses at the PSKD would not generate adverse environmental impacts. Sewage generated from the development would be directed to the existing sewage treatment plant in Sha Tin and there was a plan to increase the capacity of the treatment plant to meet the increase in demand. At the request of Miss Emily LAU for more information on mitigation measures in future, the Administration agreed to include in future submissions major environmental mitigation measures endorsed by ACE for implementation in connection with the projects concerned.

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4. Miss Emily LAU enquired whether the Administration had any plan to develop the PSKD into a "pollution-free town". In response, the Secretary for Planning, Environment and Lands (SPEL) said that the site in question would not be subject to significant environmental impact in terms of road traffic, as the traffic volume within the development would be limited. The air and noise impacts from traffic could be effectively mitigated by constructing buildings on podiums decking over roads. There would not be a dense population and given the natural setting of the site, there would be no need to implement large scale environmental mitigation measures to achieve a quality environment characteristic of a "pollution-free" town for the PSKD.

5. On the facilities to be provided at the strategic recreation site shown on the layout plan, DTD advised that the preliminary idea was to build a sports and recreation complex on the site which had been designated as a "Strategic Recreation Site" in the relevant outline zoning plan. The specific facilities to be provided had not been decided at this stage.

6. The item was voted on and endorsed.

**PWSC(1999-2000)73 177CL Sha Tin New Town - remaining
engineering works**

7. Noting from the discussion paper that the planned housing developments on the subject site would result in a loss of about three hectares of secondary woodland, Mr LEE Wing-tat enquired about the planned compensatory measures. In reply, DTD said that although most of the trees and plants on the subject site would need to be removed for the housing developments and ancillary facilities, there would be landscaping treatment on all the hill slopes surrounding the site and landscaped areas would be provided within and at the vicinity of the housing developments. The overall amount of green area

available upon full development at the site would not be less than that available at the present.

8. Mr LEE Wing-tat suggested that to reduce the adverse environmental impact of the loss of woodland, the Housing Authority should be asked to reduce the plot ratio of the housing developments by constructing lower housing blocks and to plant more trees around the housing developments. In response, SPEL advised that it would be up to the Housing Authority to decide whether the permissible plot ratio should be optimized for the public housing developments on the subject site. He also stressed that given the need for public housing, any reduction in the production of housing units at the subject site would need to be made up by additional land for housing purposes in other areas. Whilst there was a need to strike a proper balance, SPEL undertook to request the Housing Authority to provide as much landscaping as possible in the design for the housing developments and the ancillary facilities and to minimize the need to destroy the existing woodland. In this connection, DTD informed members that the maximum plot ratio for the subject site was five, which was also the maximum plot ratio applicable to other residential sites in Sha Tin.

9. Mr Edward HO said that he did not fully agree with Mr LEE Wing-tat's suggestion as reducing the plot ratio of the housing developments at the subject site would require the allocation of land in another area to compensate for the reduced production of housing units. He also expressed concern that in order to circumvent land acquisition difficulties, the Administration might be inclined to leveling hills to obtain land for housing, which he considered would adversely affect the environment. In response, SPEL assured members that it was Government policy to preserve hills and woodland as far as possible. As regards the subject site, he remarked that it was located in a developed district, Sha Tin, and the planned housing developments would be compatible with the land uses in the vicinity. With compensatory replanting and landscaping, the loss of the existing woodland in the subject site would cause less impact on the environment than hill leveling in other undeveloped areas or in the case of acquisition of existing agriculture land for housing developments. Noting Mr HO's concern, the Chairman suggested that policy issues related to preservation of woodland in development projects might be further pursued at the relevant Panel, if members so wished.

10. Mr LEE Wing-tat welcomed the proposed waste reduction measures as set out in the discussion paper and sought further information on the implementation and effectiveness of these measures. He suggested that if these measures were found effective, they should also be implemented in private sector construction projects.

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11. DTD said that while it was Government policy to implement measures to reduce the generation of construction waste as far as possible, it should be recognized that the waste reduction measures would inevitably involve higher construction costs. Miss Emily LAU concurred with Mr LEE's view and suggested that a visit be arranged to observe the implementation of waste reduction measures in public works projects. The Chairman agreed to organize a visit for the purpose for PWSC members and would invite other Finance Committee members to participate. Miss LAU also reiterated her request made at the last PWSC meeting on 8 December 1999 that the Administration should report to the relevant Panel(s) on the implementation of waste reduction strategies in public works projects, preferably before the end of the current term of the Legislative Council on 30 June 2000.

Clerk

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(Post meeting note: In response to the Secretariat's enquiry, the Administration has advised that the earliest possible time for such a visit will be May/June 2000 when waste reduction measures will be implemented on site at a reasonably sizable scale in one or a few public works projects. At the instruction of the Chairman, the Secretariat will maintain liaison with the Administration to see if a visit can be arranged as soon as practicable before the end of the current term of the Legislative Council.)

12. Mr LAU Kong-wah said that he shared the concern of the Sha Tin Provisional District Board (STPDB) about possible adverse traffic impact of the proposed development. He pointed out that external traffic from the development must pass through Mei Tin Road where there were already traffic jams occasionally. In response, DTD said that according to the traffic impact assessment (TIA) for the development, Mei Tin Road, which was a dual 3-lane road, would have sufficient capacity to cope with the additional traffic demand through suitable traffic arrangements. He also informed members that planned improvements to the road network in the vicinity were in the pipeline, including, inter alia, the construction of trunk roads T3 and Route 9, both of which would connect with Mei Tin Road. At the request of Mr LAU Kong-wah, DTD agreed to deposit a copy of the relevant TIA report with the LegCo Secretariat for members' perusal.

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13. Miss Emily LAU enquired whether the Town Planning Board and the Executive Council had taken into account STPDB members' concern about adverse traffic impact and their request for reducing the population density of the proposed housing developments in considering/approving the relevant amendments to draft Sha Tin Outline Zoning Plan. She said that after reading the relevant paragraphs in the discussion paper, one might have the impression that such views of STPDB had not been considered by the Town Planning Board and the Executive Council. She stressed that it was very important to give fair opportunities to the public to express their views on proposed developments and these views should be given due consideration in the town

planning process.

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14. In response, SPEL said that in line with its practice, the Town Planning Board would examine and respond to every objection to gazetted outline zoning plans. As he did not have relevant information of the present case in hand, he undertook to confirm after the meeting whether and how the views of STPDB had been taken into account in the deliberations of the Town Planning Board and the Executive Council. The Chairman advised that the information should be provided to members before the relevant FC meeting (i.e. 21 January 2000) at which this item would be considered.

15. The item was voted on and endorsed.

Block Allocations

PWSC(1999-2000)78 New Item Block Allocations for Head 701 to 711 under the Capital Works Reserve Fund

16. The Chairman informed members that this proposal had been discussed at the Panel on Planning, Lands and Works (PLW) and the Panel on Information, Technology and Broadcasting on 9 and 13 December 1999 respectively.

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17. Mr Edward HO, Chairman of the PLW Panel, said that at the PLW Panel meeting on 9 December 1999, some members had suggested that the Administration should report to the Legislative Council the major deviations in the scope and expenditure of projects funded by the approved block allocations under the Capital Works Reserve Fund (CWRF) after the close of a financial year. In response, the Deputy Secretary for the Treasury (DS/Tsy) advised that the Administration had all along provided the Finance Committee with quarterly reports on the block allocations, but the major deviations from the indicative list of projects attached to the funding proposal for the block allocations were not highlighted in these reports. To address members' concern, she confirmed that the Administration would provide on an annual basis a report covering the expenditure on each subhead of the block allocations with information on major deviations from the indicative list of projects attached to the relevant funding proposal.

18. Mr LEE Wing-tat enquired about the underspending/overspending situation of the approved block allocations for the financial year 1999-2000. DS/Tsy replied that a total allocation of \$8,750 million had been approved for the block allocations for the year 1999-2000, while the latest estimated total expenditure in 1999-2000 on the projects funded by the block allocations was \$8,310 million, representing about 97.1% of the approved allocation.

19. On the proposal to raise the upper ceiling for each project from \$2 million to \$15 million for urban environmental improvement projects through the creation of a new subhead 7015CX - Urban Minor Works Programme (UMWP) under Head 707 to replace the existing subhead 7013CX, Miss Emily LAU sought justification on setting the new ceiling at \$15 million for these urban projects. She pointed out that the experience in rural improvement projects might not necessarily be applicable to urban districts. In reply, the Assistant Director of Home Affairs (AD/HA) reported that according to feedback from Provisional District Boards (PDBs), the existing financial ceiling of \$2 million had proved to be restrictive and had constrained the PDBs in pursuing worthwhile projects of a larger scale. As projects under the existing Rural Public Works Programme (RPWP) under Head 707 was subject to a ceiling of \$15 million, the Administration considered it appropriate to make reference to the experience in the RPWP and set the financial ceiling for projects under the UMWP also at \$15 million. AD/HA added that while the nature of improvement projects for urban districts might be less diverse than that for rural districts, the proposed financial ceiling of \$15 million would provide sufficient scope for the new District Councils (DCs) to undertake projects they considered worthy of serious consideration. He assured members that the Administration would review the appropriateness of the new financial ceiling in due course.

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20. Miss Emily LAU expressed her concern over the funding procedures for approving the urban projects following the raising of the financial ceiling. She enquired whether the examination of such projects would be subject to a formal and transparent process, e.g. with formal funding submissions and the meetings of the relevant committees and working groups open to the public.

21. Regarding the funding mechanism for the proposed UMWP, AD/HA advised that the Administration intended to adopt the mechanism currently used for the RPWP. As such, a district working group comprising local representatives including DC members and chaired by the relevant District Officer would be set up for each of the nine urban districts. A central steering committee comprising the chairmen of all urban DCs and senior Government representatives would be established to consider project proposals initiated by the district working groups.

22. On the degree of transparency, AD/HA said that district representatives would be involved in both the central steering committee and the district working groups, and the Administration would report regularly to the DCs on the UMWP. The funding process would be highly transparent.

23. Miss Emily LAU nevertheless was of the view that the funding process for these district-based projects should be open and transparent, as in the case of the operation of the Finance Committee. She considered that the

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deliberation process of the relevant committees and working groups should be open to the public, and there should be formal funding proposals to which the public could have access. At the Chairman's request, the Administration agreed to provide a written response to Miss LAU's views before the relevant Finance Committee meeting (i.e. 7 January 2000) at which this item would be considered.

24. Miss Cyd HO sought clarification on whether RPWP projects and urban environmental improvement projects were initiated by relevant PDBs or by the Administration, and the responsible party for drawing up relevant funding proposals. She also enquired about the increase in the total allocation to DCs for urban projects and whether there would be changes to the existing tendering and project supervision procedures for these projects upon raising the financial ceiling for each project from \$2 million to \$15 million.

25. In response, AD/HA confirmed that all along, projects under the RPWP and urban environmental improvement projects were proposed by local residents through their representatives in PDBs. The Administration intended to continue with the current arrangements and would encourage local residents to put forward project proposals through the relevant district working groups. As regards the block allocation for urban projects, AD/HA advised that the total allocation proposed for the new subhead 7015CX - Urban Minor Works for 2000-2001 was \$35 million. On the tendering procedure, AD/HA advised that the Home Affairs Department (HAD) maintained a list of contractors which was regularly vetted by the Independent Commission Against Corruption. Tender proposals were also vetted by the relevant district working groups.

26. In this connection, Miss Cyd HO also conveyed the concern of some PDB members that Government officials attending PDB meetings were often not of sufficient ranking to enable fruitful discussion on district-based project proposals. In response, AD/HA said that currently, Government representatives sitting on the district working groups were usually officers from the regional or district offices of the relevant departments. He assured members that if the new District Councils would request for more senior representation, HAD would liaise with the relevant bureaux and departments in this respect.

27. Noting members' concerns, the Chairman advised that issues related to the funding and implementation procedures for such district-based works projects not exceeding \$15 million each should best be pursued at the relevant Panel(s), if members so wished.

28. Regarding maintenance projects under Head 703 "Buildings", Mr LEE Wing-tat referred to earlier press reports that the price bids in a few tendering exercises for Government refurbishment projects over the past year had been

exceptionally low. As by awarding contracts to the bidder offering the lowest tender price, there was a high risk that the relevant works could not be completed as required or that substandard works were delivered, Mr LEE enquired whether the Administration would take action to address the problem.

29. In response, the Director of Architectural Services (DArchS) advised that the Administration had reviewed the situation and had conveyed a clear message to eligible contractors that tender proposals offering very low price bids would be vigorously vetted to ensure that both the fee and technical proposals were viable in terms of the scope of works required. If the Administration believed the tender proposals were not viable, the contract concerned might be re-tendered. DArchS also confirmed that Government maintenance works were usually awarded in the form of re-measurement contracts.

30. Mr LEE Wing-tat cautioned the Administration that some contractors might submit a very low price bid in their tenders and subsequently, seek to increase the quantities of works which were in fact unnecessary in order to obtain higher payments from the Government. He opined that to ensure acceptable work quality and to prevent contractors from claiming additional payments for unnecessary quantities of works, it might be more effective to step up the monitoring of contractors throughout the duration of the works rather than setting a lower price limit for tenders.

31. The Secretary for Works (S for W) shared Mr LEE's view and clarified that the Administration was not in favour of setting a minimum price below which tenders would not be accepted, as this arrangement was not in line with the Government's open competition policy. He added that although the Administration had adopted a minimum price approach for a small number of Government contracts in the past, the Administration had decided to abandon such arrangements which were considered to be unsatisfactory. S for W said that some contractors might think that the required standard for maintenance works was lower than that for construction projects, but to clarify the Government's position, the Works Bureau had clearly informed eligible contractors that the Administration would strictly monitor maintenance contracts and would not accept substandard works.

32. Miss CHAN Yuen-han referred to recent press reports that the maintenance condition of some 40% of Government slopes had been found unsatisfactory and enquired about measures to ensure cost-effectiveness of the slope maintenance works to be implemented under the proposed block allocations. In reply, the Deputy Director of Civil Engineering (Geotechnical) clarified that the proposed allocation of \$925 million for subhead 5001BX - "Landslip preventive measures" referred to capital expenditure for upgrading substandard slopes, among other things. The Civil Engineering Department (CED) was responsible for the overall co-ordination of all the slope upgrading

works for Government slopes. After completion of the upgrading works, the slopes would be handed over to relevant Government departments for recurrent maintenance. The Geotechnical Engineering Office of CED conducted regular sample surveys of the physical condition of Government slopes. A recent survey had established that the physical condition of about 40% of Government slopes was not satisfactory. He further pointed out that the condition of a slope might not be related to the quality of the maintenance works done on the slope as the problem might have arisen from inadequate clearance of blocked drains rather than substandard engineering works per se.

33. The item was voted on and endorsed.

Upgrading of projects to Category A

HEAD 703 - BUILDINGS

**PWSC(1999-2000)77 3GA Science Park at Pak Shek Kok,
phase 1**

34. The Chairman informed members that this item had been discussed by the Panel on Trade and Industry on 6 December 1999.

35. Mr SIN Chung-kai said that subsequent to the discussion at the Panel, he still had reservation on the proposed provision of 4 000 square metres in gross floor area (GFA) for residential accommodation for lease to visiting scientists and researches. He was concerned that if the demand for such accommodation turned out to be low, the residential premises would be left idle.

36. In response, the Director General of Industry (DG of I) reported that in response to members' concern, the Administration had reviewed the proposal for providing lettable residential accommodation in the Science Park and found it appropriate to retain the provision. In fact, the issue had also been discussed at length by the Planning Committee on the Science Park and the Board of Directors of the Provisional Hong Kong Science Park Company Limited (the Company) when planning for the Phase 1 development. The main consideration was that it was of strategic importance for the Science Park to secure sufficient anchor tenants at its initial stage of development, and in marketing the Science Park to overseas and Mainland companies, the availability of comprehensive facilities for tenants would be an important selling point. According to the relevant market surveys conducted by the marketing consultants for the Company, there would be considerable demand for lettable residential accommodation inside the Science Park.

37. DG of I further explained that the target tenants of the residential accommodation would be those researchers/engineers staying in the Science Park for a few months, as arranging short-term accommodation for these persons outside the Science Park would be an administrative burden to the tenants. Moreover, these researchers/engineers tended to work irregular hours, and given the inconvenience of access to and from the Science Park by external traffic, the availability of residential accommodation within the Science Park would be of great convenience for them. Having regard to these factors and Panel members' concern about possible waste of resources in the case of low demand for such accommodation, the Administration decided that instead of constructing separate residential buildings, two storeys of the complex for Phase 1a of the Science Park would be allocated for the residential accommodation. If the demand for the residential accommodation turned out to be low, the premises could be altered for office use.

38. On some members' suggestion of building a footbridge or a pedestrian subway to link the Science Park with the Chinese University of Hong Kong (CUHK) so that vacant quarters available at the CUHK could be used for accommodating visiting researchers/engineers, DG of I confirmed that this option had been considered but found not practicable. He explained that a footbridge or a pedestrian subway would involve very high costs and encounter complicated engineering problems. Besides, given the existing layout of the CUHK, neither a footbridge or a subway could provide direct link to the university quarters.

39. Mr SIN Chung-kai further queried whether a more prudent approach was to provide residential accommodation in the subsequent phases of development, rather than in Phase 1. In reply, DG of I reiterated that the availability of comprehensive facilities, with the inclusion of lettable residential accommodation, would help achieve a good start for the Science Park. On Mr SIN's concern about the feasibility of converting residential accommodation to offices, DArchS confirmed that the design of the residential accommodation would allow easy conversion of the units to office uses. As regards the safety of accommodating residential units together with research and development (R&D) offices in the same building, DG of I confirmed that this arrangement would not pose additional risks to personal safety, since all fire emergency requirements and other safety aspects had been fully taken into account in the detailed design of the buildings. DG of I further assured members that there would be sufficient time for the conversion works, if needed, as the demand for the accommodation would be ascertainable about six months before the opening of the Science Park Phase 1.

40. Mr CHENG Kar-foo expressed concern on whether Tolo Highway would have sufficient capacity to cope with the additional traffic demand generated by the Science Park. DG of I said that according to the relevant TIA, the traffic generated by the Science Park would not cause undue pressure

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Admin on the road network in the vicinity. At Mr CHENG Kar-foo's request, the Administration agreed to provide a copy of the relevant TIA report to the LegCo Secretariat for members' reference.

41. Mr CHENG Kar-foo enquired whether the Administration had any plan to apply the concept of a "pollution-free town" to the Science Park. Noting that a substantial number of carparking spaces would be provided within the Science Park, he asked whether the Administration would consider the alternative of building a railway system for the internal traffic and restricting the use of motor vehicles within the Science Park. In response, DG of I confirmed that a quality environment would be a main feature of the Science Park. However, as most people working in the Science Park would drive only on entry into and exit from the Park, there would not be much vehicular traffic within the Park. SPEL added that given the low population density of the development, the volume of traffic within the development would be limited and thus should not cause environmental problems. The layout design of the Science Park had also taken into account the need to separate vehicular traffic from pedestrian traffic.

Admin 42. Mr CHENG Kar-foo considered that vehicular traffic within the Science Park would inevitably jeopardize the quality environment of the development. He also pointed out that apart from people working in the Science Park, tourists might also be attracted to the development. He therefore urged the Administration to further consider the option of constructing a railway system, such as a mono-rail serving the development so as to obviate the noise and air impacts of vehicular traffic. SPEL agreed to consider Mr CHENG's suggestion and provide the Administration's views in due course.

43. Miss Emily LAU enquired whether the Administration was confident in securing sufficient anchor tenants for the Phase 1 development. In reply, DG of I reported that the Company had received 12 applications to be anchor tenants. One multi-national company, ON Semiconductor, the largest analog and discrete semi-conductor devices supplier worldwide, had already signed a tenancy contract with the Company. Of the remaining 11 applying anchor tenants, six were local companies and five were overseas/multi-national corporations. The vetting and processing of these applications were underway. The space requirements of these 12 applications together amounted to about 65 000 square metres of GFA. The lettable space for tenants under Phases 1a and 1b together was only about 48 500 square metres of GFA, which meant that the potential demand was greater than the planned lettable space for Phase 1. Based on the response so far, the Administration was optimistic about the initial development of the Science Park.

44. As regards the change in approach from reserving land plots for lease to tenants to build their own offices to offering a "build and lease" arrangement for the Phase 1b development, DG of I explained that there were two main

reasons for the change. In the past, there had not been much enthusiasm among the business sector in R&D activities in Hong Kong. However, there was a change in sentiment in the past six months or so; Hong Kong had become more appealing to overseas technology-based companies as a base for R&D activities. On the other hand, there was a global trend that companies would not wish to be bound by capital construction investment. Over the past two to three years, large companies had been selling off their industrial properties to rent standard premises to accommodate their factories and offices instead. This trend was somehow related to the significant drop in property prices in Asia since the onset of the financial crisis in 1997. DG of I also pointed out that Hong Kong's neighbouring competitors such as Singapore had already responded to this trend by offering a "build and lease" arrangement to their anchor tenants in their Science Parks equivalents. Hence, the Science Park in Hong Kong would need to offer similar arrangement if it was to remain competitive.

45. On Miss Emily LAU's concern about the competitive impact of the Science Park on the industrial estates in Hong Kong, DG of I said that one of the recommendations of the Innovation and Technology Commission being examined by the Administration was to combine the management of the Science Park, the Hong Kong Industrial Centre and the three industrial estates so as to optimize the facilities offered in these developments.

46. The item was voted on and endorsed.

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47. The Chairman asked the Administration to note Miss Emily LAU's request for supplementary information on the number of companies applying to be anchor tenants which were already operating in Hong Kong and those which would newly establish their operations in Hong Kong.

HEAD 705 - CIVIL ENGINEERING

PWSC(1999-2000)79 739TH Chok Ko Wan Link Road in North Lantau

48. Noting from the discussion paper that in addition to providing an alternative route to Lantau, the proposed Chok Ko Wan (CKW) Link Road would also serve to provide access to the future developments in North Lantau and Penny's Bay including the proposed Hong Kong Disneyland, Miss Emily LAU enquired whether the construction of the link road was a subject covered by the contracts between the Government and the Walt Disney Company, and if so, whether any delay in the construction of the link road would incur liability on the part of the Government and give rise to claims for damages.

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49. The Principal Assistant Secretary for Transport said that the proposed CKW Link Road was an integral part of the planned alternative road access to link up Lantau with the rest of the territory. Irrespective of the Hong Kong Disneyland project, construction of the link road was necessary to connect the proposed Route 10 with the existing North Lantau Highway. The Director of Civil Engineering supplemented that the Penny's Bay section of CKW Link Road would be the only road access between Yam O Interchange and the Disney Theme Park. Hence, it was necessary to complete the construction of this section of the link road before the opening of the theme park. The Secretary for Works agreed to confirm after the meeting whether delay in the construction of the link road, in part or in whole, would incur liability on the part of the Government and give rise to claims for damages.

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50. The item was voted on and endorsed.

HEAD 707 - NEW TOWNS AND URBAN AREA DEVELOPMENT

PWSC(1999-2000)80 37WC Water supply to Tseung Kwan O

51. Miss Emily LAU sought elaboration on how changes had been made to the planning of the Tseung Kwan O (TKO) new town since March 1996 as mentioned in paragraph 4 of the discussion paper. DTD advised that TKO new town was developed in phases and a study report had been prepared for each phase with analyses of the development potential, the feasible population size and the required infrastructure facilities. He said that under the latest development plans, the plot ratio limits for TKO were in the range of six to eight. In this connection, Miss Emily LAU pointed out that there was a need to improve the transparency and openness of the town planning process as it appeared that the changes made to the planning of the TKO new town had not been openly and thoroughly discussed in the community and this might give rise to misunderstanding or doubt about different planning standards being adopted for different districts.

52. Regarding the change in the demand for salt water as a result of the changes to the planning for TKO new town, the Assistant Director of Water Supplies (New Works) explained that the change in planned land use for Area 131 from industrial uses to a cargo working area would result in significant reduction in salt water demand. On the other hand, the increase in the target population size for TKO and further development of other industrial areas in TKO would generate an increase in demand for salt water. As the effects of the above changes would offset each other to some extent, the design capacity of salt water supply for the TKO new town under the original plan would be sufficient to cope with the latest forecast demand.

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53. The item was voted and endorsed.
54. The Subcommittee was adjourned at 12:30 pm.

Legislative Council Secretariat

18 January 2000