

立法會
Legislative Council

LC Paper No. CB(1)2691/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of meeting
held on Wednesday, 20 April 2011, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Prof Hon Patrick LAU Sau-shing, SBS, JP (Chairman)
Hon LAU Wong-fat, GBM, GBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun
Hon Tanya CHAN
- Member attending** : Hon WONG Kwok-kin, BBS
- Members absent** : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon WONG Yung-kan, SBS, JP

Hon Timothy FOK Tsun-ting, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon Albert CHAN Wai-yip

**Public officers
attending**

: Agenda item IV

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP
Secretary for Development

Mr Enoch LAM Tin-sing, JP
Deputy Secretary for Development (Works) 2

Mr MA Lee Tak, JP
Director of Water Supplies

Mr MAK Shing Cheung
Chief Engineer/Development 2
Water Supplies Department

Agenda item V

Representatives from the Administration

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP
Secretary for Development

Mrs ARON Laura
Commissioner for Heritage
Development Bureau

Mr LI Ho-kin
Chief Architect/2
Architectural Services Department

Mr HO Chiu-fan
Chief Project Manager 102
Architectural Services Department

*Representatives from the Musketeers Education
and Culture Charitable Foundation Limited*

Mr Lawrence FUNG
Chairman

Mr Stanley CHU
(Chairman of PMQ Management Co. Ltd.)

Mr Stephen IP
(Executive Director of PMQ Management Co.
Ltd.)

Professor Walter YUEN
(Vice President (Academic Development)/Hong
Kong Polytechnic University)

Dr Edmund LEE
(Executive Director of Hong Kong Design Centre)

Mrs LO LEE Oi-lin
(Principal Corporate Adviser (Development)/
Vocational Training Council)

Agenda item VI

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP
Secretary for Development

Mr Enoch LAM Tin-sing, JP
Deputy Secretary for Development (Works) 2

Mr CHAN Kin Kwong
Assistant Director / Projects & Development
Drainage Services Department

Mr LUK Wai Hung
Chief Engineer / Drainage Projects
Drainage Services Department

Agenda item VII

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP
Secretary for Development

Mr Enoch LAM Tin-sing, JP
Deputy Secretary for Development (Works) 2

Mr Stephen TANG Man Bun
Head (Kai Tak Office)
Civil Engineering and Development Department

Mrs Sorais LEE
Deputy Project Manager (Kowloon)
Civil Engineering and Development Department

Agenda item VIII

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP
Secretary for Development

Mr Laurie LO Chi Hong, JP
Head/Development Opportunities Office
Development Bureau

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)4

Staff in attendance : Ms Sharon CHUNG
Senior Council Secretary (1)4

Mr Simon CHEUNG
Senior Council Secretary (1)9

Ms Christina SHIU
Legislative Assistant (1)4

I Confirmation of minutes

- (LC Paper No. CB(1)1910/10-11 -- Minutes of the joint meeting of the Panel on Development and the Panel on Housing held on 10 December 2010)

The minutes of the joint meeting of the Panel on Development and the Panel on Housing held on 10 December 2010 were confirmed.

II Information papers issued since the last meeting

- (LC Paper No. CB(1)1892/10-11(01) -- Issues raised at the meeting between Legislative Council Members and Kowloon City District Council members on 6 January 2011 relating to arrangements for redevelopment of old areas in Kowloon City
- LC Paper No. CB(1)1892/10-11(02) -- Issues raised at the meeting between Legislative Council Members and Kowloon City District Council members on 6 January 2011 relating to planning of bar areas to mitigate the noise nuisance caused by bars to residents nearby
- LC Paper No. CB(1)1892/10-11(03) -- Issues raised at the meeting between Legislative Council Members and Kowloon City District Council members on 6 January 2011 relating to assisting owners of old buildings in improving

building management in buildings with "No Owners' Corporations, No Management, No Security, No Domestic Waste Collection and No Lighting in Common Areas")

2. Members noted that the above information papers had been issued since the meeting on 29 March 2011.

III Items for discussion at the next meeting

- (LC Paper No. CB(1)1909/10-11(01) -- List of outstanding items for discussion
LC Paper No. CB(1)1909/10-11(02) -- List of follow-up actions
LC Paper No. CB(1)1873/10-11(01) -- Letter dated 1 April 2011 from Dr Hon PAN Pey-chyou on proposed discussion on bursting of water mains)

3. Members agreed that the following items be discussed at the regular meeting scheduled for 24 May 2011, from 2:30 pm to 6:00 pm --

- (a) PWP Item No. 7712CL -- Planning and Engineering Study on the Remaining Development in Tung Chung;
- (b) PWP Item No. 3194SC and 6078TI -- Provision of government, institution and community facilities at the eastern part of Ex-North Point Estate;
- (c) Increasing land supply by reclamation and rock cavern development;
- (d) Findings of the Study on the Enhanced Use of Underground Space in Hong Kong; and
- (e) Development of Greening Master Plans for the New Territories.

4. Referring to the report published by the Ombudsman on 19 April 2011 on the investigation into the enforcement regime on unauthorized building works ("UBWs") in New Territories Exempted Houses ("NTEHs"), Miss Tanya CHAN and Mr LEE Wing-tat suggested that the subject be discussed at a meeting of the Panel as soon as possible. Mr CHEUNG Hok-ming advised that Heung Yee Kuk and the Administration had established a working group for some time to study how to rationalize UBWs in NTEHs. He held the view that it would be more meaningful for the Panel to discuss the subject when proposals for dealing with UBWs in NTEHs had been worked out by the relevant parties.

(Post-meeting note: The above item, "unauthorized building works in NTEHs", was discussed at the meeting of the Panel on 28 June 2011.)

5. Miss Tanya CHAN suggested that the Panel should discuss the work of the Tree Management Office, which had been established in 2010 under the Works Branch of the Development Bureau to implement the tree management policy. She was particularly interested to know the preparatory work in relation to tree management tasks for the upcoming typhoon season.

(Post-meeting note: A progress report on the work of the Tree Management Office provided by the Administration was circulated to members on 18 May 2011 vide LegCo Paper No. CB(1)2225/10-11(02). The item was scheduled for discussion at the regular meeting of the Panel in July 2011.)

6. Dr Priscilla LEUNG proposed that planning issues relating to the North West Kowloon Reclamation Site 6 be further discussed by the Panel, as time was not sufficient when the subject was last discussed at the joint meeting of the Panels on Development and Housing in December 2010 and residents of Sham Shui Po were dissatisfied with the arrangement. She reiterated that residents' major concern was about the lack of a town hall in the Site to serve the residents of Sham Shui Po. She suggested that the Secretary for Home Affairs should be invited to join the discussion.

7. The Chairman said that he would discuss the above suggestions with the Administration. He also informed members that Dr PAN Pey-chyou had written to him proposing that the subject on bursting of water mains and related repair and maintenance works be discussed by the Panel in the light of recent water mains burst incidents happened in Tsing Yi and Happy Valley. He told the Panel that related issues were raised in a written

question at the Legislative Council ("LegCo") meeting of 16 March 2011 and during the discussions at the Works Session of the special meetings of the Finance Committee ("FC") in March 2011. Members agreed that the Administration be requested to provide an information paper on the subject before the Panel would consider whether discussion at a meeting was necessary.

(Post-meeting note: An information paper provided by the Administration on repair and replacement of aged water mains and temporary water supply was circulated to members on 18 May 2011 vide LegCo Paper No. CB(1)2225/10-11(01). The item was scheduled for discussion at the regular meeting of the Panel in July 2011.)

IV Purchase and conversion of industrial buildings for Water Supplies Department premises

(LC Paper No. CB(1)1909/10-11(03) -- Administration's paper on purchase and conversion of industrial building for Water Supplies Department facilities)

8. The Secretary for Development ("SDEV") briefed members on the Administration's proposal to purchase and convert an industrial building in New Territories West ("NTW") for accommodating the existing New Territories West Regional Office of the Water Supplies Department ("WSD NTW Regional Office") currently located at Sai Yi Street, Mong Kok; and setting up a new Water Conservation Education Centre. She said that the proposal was to support the initiative announced in the 2009-2010 Policy Address for promoting revitalization of old industrial buildings through redevelopment and wholesale conversion of vacant or under-utilized industrial buildings. The Financial Secretary also announced in the 2010-2011 Budget that the Administration was considering purchasing an industrial building for accommodating WSD NTW Regional Office.

9. SDEV highlighted that the relocation of WSD NTW Regional Office would bring the following benefits --

- (a) To set an example for releasing the potential of under-utilized industrial buildings for higher value-added uses;

- (b) To vacate a prime site in Mong Kok for the improvement of traffic problems and provision of other facilities in the area;
- (c) To demonstrate the application of green building design and features in accordance with the guidelines promulgated by the Hong Kong Green Building Council ("HKGBC") in retrofitting existing industrial buildings;
- (d) To enhance the efficiency of the operation and maintenance works of WSD by merging the existing Yuen Long sub-office of WSD into the WSD NTW Regional Office and relocating the regional office to its serving region; and
- (e) To set up the first Water Conservation Education Centre in Hong Kong for public use.

She advised that the total estimated cost for the project was \$768.8 million, among which \$178 million and \$384.9 million were for the purchase and conversion and fitting out of the industrial building respectively. Subject to the support of the Panel, the Administration would seek funding approval from the Public Works Subcommittee ("PWSC") and FC in the second quarter of 2011 to take forward the project. It was the Administration's plan to complete the purchase in 2012 and the conversion and fitting out works in late 2015.

Identification and purchase of a suitable industrial building

10. While expressing support for the proposal on the benefits mentioned above and the advantage of bringing more activities and development opportunities to NTW, Mr WONG Kwok-hing was concerned that with the Administration's plan to purchase an industrial building in NTW going public, the prices of such buildings in the region would soar thus increasing the cost for the project. He also enquired about the availability of industrial buildings in NTW meeting the criteria set out in the Administration's paper for purchase by the Administration, which would have an impact on the price. He was concerned that funds granted by FC for purchasing the industrial building might be insufficient to cover the procurement cost.

11. Mr IP Kwok-him asked whether the estimated costs for the conversion and fitting out works of the industrial building would be deployed to meet shortfall in the purchase cost should the latter turned out to be higher than the budgeted amount of \$178 million, and whether the

proposal would be lapsed if the reduced budget for conversion works became insufficient.

12. SDEV advised that the project would not be an easy task and the Administration was aware of the challenges in the implementation. On the purchase of the industrial building, the Administration would engage a consultant to provide services, including sourcing of suitable industrial buildings for purchase and conducting price negotiation with owners of the target buildings. Preliminary market research indicated that there were suitable industrial buildings in NTW meeting the criteria. Though some suitable industrial buildings were occupied at present, the implementation time table for the project had taken into account the time required for existing tenants to move out from the buildings before the conversion works could commence. The appointment of the consultant would be made after FC approved the funding proposal. As stated in the Administration's paper, the purchase price of the industrial building and the conversion cost were inter-related in that a building with better quality might cost more for purchase and less in its conversion, or vice versa. If the actual purchase price of the building turned out to be higher than the budgeted amount of \$178 million, funds would be deployed from within the project vote to meet the gap. In the event that the purchase price substantially exceeded the budgeted amount, it would be necessary for the Administration to evaluate the cost-effectiveness of the proposal. Where necessary, the Administration would seek supplementary funds from FC to cover the extra cost or consider withdrawing the project. The Administration would also review the budget for the project when the purchase price of the industrial building was finalized.

Green building design

13. Mr LEE Wing-tat opined that the budget of \$10,600 per square metre for the purchase of an industrial building was a modest one. Pointing out that the converted industrial building for WSD NTW Regional Office would be a showcase for green building design in Hong Kong, he urged that the converted building should be retrofitted to meet all the green building design requirements promulgated by HKGBC so as to set a good example for the commercial sector. He called on the Administration to strive to achieve a Platinum/Gold award under HKGBC BEAM Plus green building labeling scheme in converting the building.

14. Director of Water Supplies advised that it was the plan of the Administration to demonstrate the application of green building design and

green features in converting the purchased industrial building, including the adoption of renewable energy technologies and energy efficient installations, as well as provision of green features such as photovoltaic panels, solar hot water system, etc. Opportunities would also be taken to educate visitors to the building about water conservation through the adoption of water-saving features in the building, including grey water reuse, rain water harvesting system, and water saving devices. While the Administration aimed at achieving a Silver/Bronze award under the HKGBC BEAM Plus labeling scheme, it would endeavour to achieve better results. Nonetheless, it should be noted that achieving a higher-class award could be constrained by the original building design and site condition of the procured industrial building. SDEV added that there would likely be physical constraints for achieving a Platinum/Gold award under the HKGBC BEAM Plus labeling scheme. But she assured members that the Administration would devote every effort to achieve the best possible building environment performance to set an example for incorporating green features in retrofitting buildings.

15. As it would be costly to retrofit an old industrial building, Mr LEE Wing-tat said that he would support increasing the budget for the conversion works if necessary. The Chairman remarked that green building designs were not necessarily costly and building owners should appreciate the long-term benefits, including energy saving and improvement in environment.

Redevelopment of the site of the current New Territories West Regional Office of the Water Supplies Department in Mong Kok

16. Mr IP Kwok-him sought clarification from the Administration on whether the site of the existing WSD NTW Regional Office in Mong Kok would be vacated to enable implementation of the Area Improvement Plan for the Shopping Area of Mong Kok ("AIP") should the relocation plan be dropped.

17. Dr Priscilla LEUNG said that relocation of WSD NTW Regional Office to NTW had various advantages, including easing the traffic problems in Mong Kok and bringing economic benefits to NTW. Moreover, vacation of the site of the current WSD NTW Regional Office was very welcomed and much anticipated by the public. As such, she urged the Administration to take forward the project as soon as possible. Since the implementation of AIP would require relocation of the existing Food and Environmental Hygiene Department ("FEHD") depot with a temporary car

park situated next to WSD NTW Regional Office in order to release land for development of a district Public Transport Terminus ("PTT") for housing existing on-site stops and stands of public transport facilities, Dr LEUNG enquired about FEHD's plan and time table for relocating the depot.

18. SDEV confirmed that the proposal was meant to deliver the AIP. The preliminary design of AIP for this site included construction of a PTT with overhead commercial development and a substantial piece of open space for public enjoyment, which required relocation of both WSD NTW Regional Office and FEHD depot. In the circumstance that the purchase of an industrial building for relocation of WSD NTW Regional Office was unsuccessful, the Administration would consider constructing a new government building for accommodating WSD NTW Regional Office and the new Water Conservation Education Centre. This option would take a longer time than converting a purchased industrial building for the purpose. She added that if the proposal was approved by PWSC and FC in the second quarter of 2011, the purchase of an industrial building was expected to complete in 2012. Design and retrofitting of the procured building would be finished in late 2015. The schedule was, however, subject to the work progress of different stages.

19. As regards the vacation of FEHD depot in Mong Kok, Deputy Secretary for Development (Works) 2 ("DS/DEV(Works)2") advised that discussions between FEHD and concerned departments was underway to actively identify a suitable site in West Kowloon for relocating the depot, with a view to vacating the site in Mong Kok in 2015 or 2016 to tie-in with the implementation of AIP.

Plans of relocating other government offices to industrial buildings

20. Mr WONG Kwok-hing enquired whether the Administration had formulated a plan to relocate other government offices to under-utilized industrial buildings.

21. SDEV advised that the project would provide practical reference for other bureaux and departments currently accommodated in government buildings and leased commercial premises in considering relocation of offices to industrial buildings to revitalize old industrial buildings and to release valuable land for other uses. While the Development Bureau would share the experience gained from the project with other bureaux and departments, respective bureaux and departments would consider whether to take forward similar relocation projects having regard to their individual

circumstances. As for departments under the purview of the Development Bureau, the Buildings Department ("BD") was considered suitable for relocation because currently its offices were scattered in various districts and mostly accommodated in leased premises. However, in considering the relocation of BD, it would be necessary to identify a more central and convenient location to facilitate the major clients, including the building professionals and the public. She said that there had been concern from clients about the relocation of BD's Headquarters from the Central to its current location in Mong Kok some years ago. The experience to be gained from the relocation of WSD NTW Regional Office would be a useful reference for BD.

22. The Chairman concluded the discussion on the item. He said that the Panel in general supported the Administration's proposal to purchase and convert an industrial building for accommodating WSD NTW Regional Office and providing a new Water Conservation Education Centre.

V PWP Item No. 3400IO -- Transformation of the former police married quarters on Hollywood Road into a creative industries landmark

(LC Paper No. CB(1)1909/10-11(04) -- Administration's paper on 400IO -- Transformation of the former police married quarters on Hollywood Road into a creative industries landmark

LC Paper No. CB(1)1909/10-11(05) -- Paper on conserving Central -- former police married quarters on Hollywood Road prepared by the Legislative Council Secretariat (Background brief))

23. SDEV briefed members on the Administration's proposal to transform the Former Police Married Quarters ("the former PMQ") on Hollywood Road into a landmark for creative industries. In his 2007-2008 Policy Address, the Chief Executive ("CE") announced that the removal of the PMQ site from the List of Sites for Sale by Application ("Application

List") for one year, pending proposals on its revitalization. Following a three-month public engagement exercise from February to May 2008, CE announced in his 2008-2009 Policy Address the decision to remove the site from the Application List and to revitalize it for creative industries and education purposes. In March 2010, the Administration invited proposals from non-profit making organizations for transforming the former PMQ into a creative industries landmark. Of the proposals received, the one from the Musketeers Education and Culture Charitable Foundation Limited ("the Musketeers Foundation") to transform the site into the "PMQ" (原創坊) was eventually selected through a competitive selection process, as it was most capable of meeting the project objectives, i.e. heritage conservation, promotion of creative industries and provision of local open space. To take the project forward, Architectural Services Department ("ArchSD") would undertake the conservation and revitalization works under the Public Works Programme to conserve and upgrade the historic site in order to meet modern-day requirements and the functional requirements of "PMQ". The Musketeers Foundation had agreed to contribute \$110 million, including \$17 million towards government works, and \$93 million for internal renovation works, procurement of furniture and equipment, as well as hiring of staff and future operation costs.

24. With the aid of powerpoint, Chief Architect/2 briefed members on the "PMQ" project. He highlighted the following points --

- (a) The PMQ site, with an area of about 6 100 m² and situated at 35 Aberdeen Street, was bounded by Hollywood Road, Staunton Street, Aberdeen Street and Shing Wong Street. It was the home of the Central School in 1889. The school buildings were demolished in 1948 to give way for the construction of the PMQ.
- (b) Upon completion of the revitalization works, "PMQ" would provide 130 studios for young designers, six lodges for designers-in-residence, and a creative resources centre for designers to access knowledge and market information and to obtain counselling on business development. An elevated high-headroom indoor multi-function hall, i-Cube, would be built and used for holding promotional and exchange activities.
- (c) There would be a high-headroom roof restaurant/café of about 900 m² and a light-weight transparent canopy across the two quarters blocks at the upper floors, as well as food and beverage

facilities in other floors. The canopy and the i-Cube would provide an additional 1 000 m² covered space for organizing non-noise generating events in the central courtyard.

- (d) Besides the landscaped garden of about 600 m² to be provided on the roof top of the i-Cube, there would be two pieces of landscaped open space of about 1 000 m² for public enjoyment.
- (e) To manifest the historical value of the PMQ site, an underground interpretation area would be provided for the display of the remnants of the former Central School as well as the interpretation of the history of the PMQ site.
- (f) ArchSD would preserve the retaining walls, granite pillars and foundations around the site and the 18 trees, mostly being stonewall trees, within the site.

Viability of the "PMQ" project

25. Mr LEE Wing-tat expressed concern about the viability of the "PMQ" project. From the experience of the Jockey Club Creative Arts Centre ("JCCAC") in Sham Shui Po, he remarked that it would be important to publicize "PMQ" to attract visitors. He asked whether the Musketeers Foundation had formulated a clear positioning for developing "PMQ" and identified the target group for promoting the facilities therein.

26. SDEV advised that given its location in Central and in close proximity to a cluster of cultural and creative industries establishments along Hollywood Road, as well as the colourful cultural landscape of the SoHo and Lan Kwai Fong areas, "PMQ" would have an advantage over JCCAC to attract visitors and tourists, and create synergy with other historic sites and buildings nearby to promote the project as an unique creative and cultural landmark. While the Administration recognized the difficulty for non-profit making bodies to maintain long-term viability in implementing heritage revitalization projects, the "PMQ" project would have an advantage as the Musketeers Foundation had agreed to invest \$110 million towards the renovation and operating costs for the project, and also committed to ploughing back its share of operating surplus for the operation of the project in the future.

27. Mr Stephen IP, Executive Director, PMQ Management Co. Ltd. advised that given its close proximity to Central and the creative, cultural

and heritage atmosphere of the surrounding areas, "PMQ" was an ideal site to be transformed into a creative industry icon. The Musketeers Foundation would invest substantially to promote "PMQ" so as to attract more visitors and tourists. It would work closely with the Hong Kong Polytechnic University, the Hong Kong Design Centre and the Hong Kong Design Institute of the Vocational Training Council in organizing various programmes/activities in "PMQ" throughout the year. As an incentive to encourage non-profit making organizations to hold design/cultural related programmes/events at "PMQ", a nominal fee covering basic expenses would be charged for using the venue. To foster interaction between the creative community and visitors, designers operating at "PMQ" would be encouraged to adopt an open door policy. They would also be encouraged to display and sell their creative products in their studios. As for food and beverage facilities, establishments with special features and cuisines would be introduced to attract visitors.

28. Miss Tanya CHAN expressed concern that since incentives, such as offering concessionary rents to start-up designers and createpreneurs, would be introduced to attract users to the facilities in "PMQ", the project would have to rely heavily on income from food and beverage establishments as a source of revenue. She was worried that in order to maintain viability, there would be an over provision of catering facilities, making "PMQ" a "commercial" venue, and the price of food and beverages would be set at levels unaffordable by local residents and visitors. Mr LEE Wing-tat expressed similar concern and remarked that patronage of the restaurants/cafés in JCCAC was low and their viability was doubtful.

29. Mr Lawrence FUNG, Chairman, Musketeers Foundation admitted that it would be a challenge for the Musketeers Foundation to implement the "PMQ" project. The plan was to rent the majority studio units in "PMQ" to local start-up designers and createpreneurs. Established and more famous designers would also be welcome to join in but they would be required to pay higher rents as the level of discount offered would be less than those young and upcoming designers. He reiterated that the Musketeers Foundation would attach much importance to attracting visitors to "PMQ", making it a desirable venue for promotion of creative industries, and an attractive place for shopping, entertainment, historical appreciation, learning and experience of culture, as well as a platform for exchange of creative ideas. He also believed that the price level of some of the food and beverages sold at "PMQ" would be at an affordable level for the young designers. With the support from the three co-applicants and other supporting agencies, the Musketeers Foundation was confident that it would

be able to promote "PMQ" as a creative industry icon, as well as maintain its viability. Mr Stephen IP added that the Musketeers Foundation would openly invite interested parties to submit applications for operating the various facilities in "PMQ". An independent committee would be set up to assess the applications in a fair and open manner with a view to selecting the most suitable applicants.

Support for start-up designers

30. Mr IP Kwok-him commended the Administration's efforts in promoting creative industries through the "PMQ" project. Citing the success of the 798 Art Zone in Beijing, he stressed the importance for "PMQ" to operate in a diverse way serving the needs of different creative industries, and to promote creative industries through displaying and retailing the creative products. Mr Stephen IP concurred with the views and confirmed that one of the objectives of "PMQ" would be to promote creative industries through supporting local young designers and createpreneurs in setting up their business.

31. Mr IP Kwok-him enquired about the Musketeers Foundation's plan in selecting tenants for the studios in "PMQ" and its policy of providing concessionary rents for start-up designers to help them develop their business.

32. Mr Lawrence FUNG advised that one of the major objectives of the "PMQ" project was to assist local young and upcoming designers, who usually had limited financial resources and assistance, to establish their business in Hong Kong. To this end, relevant support measures, including arrangement of training on business management, marketing strategies, as well as legal advice relating to intellectual property right protection would be made available as far as possible. "Mentor schemes" involving leading local designers and createpreneurs to render advice and guidance to these young and upcoming designers would also be encouraged to be introduced. Designers, who were able to secure rental studio units in "PMQ" and were able to operate independently on their own after a certain period would be encouraged to leave to make way for other local start-up designers. Mr Stephen IP added that rental income from commercial units in PMQ (including food and beverage facilities) would mostly be used to make up for the low rental income from young designers as a result of rental discount offered to them. The Hong Kong Polytechnic University and the Hong Kong Design Centre as well as Hong Kong Design Institute of the

Vocational Training Council would also give advice or services to help young designers to establish their business.

Designs of "PMQ"

33. Miss Tanya CHAN asked whether the i-Cube together with the transparent canopy on top would affect air flow in the open space of "PMQ". Chief Architect/2 advised that there would be adequate headroom between the "i-Cube" which would link the fourth floors of the two quarter blocks and the canopy which would be built on the sixth floor. The two structures would not block the airway. Besides, the studios, to be converted from the original units of the two quarter blocks would be designed to allow sufficient ventilation.

34. Responding to Miss Tanya CHAN's concern about "PMQ" bringing adverse impact on the local traffic condition, Chief Architect/2 advised that the Administration had conducted a Traffic Impact Assessment for the project and the relevant report had been accepted by the Transport Department.

35. Ms Cyd HO considered that the mere display and retail of creative products by designers and artists in "PMQ" were not sufficient to promote creative industries to the general public. It would be important to involve visitors in an interactive process during the creation and manufacturing stages of the products. As the former PMQ was designed for residential purpose, she enquired whether the design of "PMQ" could cater for housing heavy industrial equipments and tools used by designers and artists to produce their products on site. She urged the Musketeers Foundation to take heed of the designers' needs and provided workshops at the project to allow production of products to take place at "PMQ".

36. In response, Mr Stephen IP, and Mrs LO LEE Oi-lin, Principal Corporate Advisor (Development)/Vocational Training Council advised that "PMQ" was primarily a place for designers and create-preneurs to show-case the process in planning and designing their products. While major or complicated production processes involving the use of heavy equipments and tools would not take place in "PMQ" due to concern about possible adverse impact on the environment casing nuisance to the local community, simple hand craft processes might be allowed in "PMQ". To assist designers to manufacture their creative products, the creative resources centre would help network with production of the designed products in factories or other places.

Work to conserve heritage and trees at the site

37. Members enquired about the protection for the remnants of the former Central School which lay under the "PMQ" site. With a history of over 90 years, Mr IP Kwok-him noted that the underground toilet at the side of PMQ had been accorded a Grade 2 built heritage. He enquired whether the "PMQ" project would affect the built heritage and opined that the toilet should be preserved intact if possible.

38. Chief Architect/2 advised that ArchSD had been maintaining close communication with the Antiquities and Monuments Office ("AMO") on preserving the monuments in the "PMQ" project. He said that ArchSD might carry out further excavation works beyond the depth of those works carried out by AMO in 2007. ArchSD would seek AMO's advice on the excavation plan, exercise great care in implementing the works, and draw AMO's attention immediately to any archaeological findings during the process. As regards the underground toilet at the junction of Aberdeen Street and Staunton Street, Chief Architect/2 pointed out that it had been out of service for some years. In anticipation of increased pedestrian flow following the opening of "PMQ", the Transport Department had suggested demolishing a wall adjoining "PMQ" to widen the pavement of Aberdeen Street to achieve better traffic management and pedestrian safety. ArchSD had sought clearance for the concerned works with the Antiquities Advisory Board in March 2011. Due care would be exercised to restore the toilet after completion of the pavement improvement works at the site.

39. Miss Tanya CHAN asked about the measures to be taken by ArchSD to protect the stonewall trees at the site. In response, Chief Architect/2 advised that the ArchSD had consulted tree experts on the conservation of all stonewall trees found at the site. Extra care would be taken to ensure no damage would be done to these trees during implementation of the conservation and revitalization works. For instance, apart from engaging tree experts to provide advice on proper management of the stonewall trees throughout the excavation works, workers would be required to pay special attention to avoid affecting the roots of these trees in the course of conducting the works.

Submission of the "PMQ" project to the Public Works Subcommittee and FC

40. Mr KAM Nai-wai said that members of the Central & Western District Council ("C&W DC") belonging to the Democratic Party had raised

strong objection to the "PMQ" project. He was disappointed that the Administration's paper had made no mention of such objection, and condemned the Administration for hiding the information from LegCo. He also reiterated the relevant concerns about the project for failing to reflect the unique features of the vicinity areas and connect with the nearby SoHo and the Lan Kwai Fong areas, as well as to meet the local community's demand for provision of more facilities for use by local residents and organizations, including places for owners corporations to organize activities. Further, he expressed concern about traffic congestion in the area after opening of "PMQ" and hazards to public safety arising from the increased pedestrian flow.

41. SDEV advised that the "PMQ" project represented the fruitful results of hard work and concerted efforts of the Administration and the C&W DC over the years to preserve and transform the former PMQ. She was grateful for DC's support towards the project, although she noted that different views had been expressed by some members. She further disagreed with the comments that the Administration had any intention to hide the different views from LegCo. She advised that the Administration had taken on board C&W DC's view about provision of more local open space in the project, and said that the landscaped open space to be provided in the project had exceeded C&W DC's request. As regards Mr KAM's view about reserving certain facilities in "PMQ" for use by the local community, while this might not be feasible given the current positioning of "PMQ" as a creative industries landmark, SDEV remarked that community facilities, such as a community hall, would be available in the nearby Peel Street/Graham Street redevelopment project taken forward by the Urban Renewal Authority ("URA"), i.e. H18, to be completed a few years later.

42. Mr KAM Nai-wai was unconvinced by the Administration's explanation. He had doubt over the project creating synergy to the heritage, cultural and tourist attractions in the nearby areas. He reiterated that he had reservation over the proposal. Other Members, in general, supported the Administration to submit the proposal to PWSC and FC.

VI 160CD -- Happy Valley Underground Stormwater Storage Scheme

(LC Paper No. CB(1)1798/10-11(01) -- Administration's paper on the funding proposal for "160CD -- Happy Valley Underground Stormwater Storage Scheme")

43. SDEV advised that the Happy Valley Underground Stormwater Storage Scheme ("HVUSSS"), which included the construction of an underground stormwater storage tank, a pump house and associated drainage works at the Happy Valley Recreation Ground for relieving the flooding problem in Happy Valley and adjacent areas, was part of continuous efforts to make Hong Kong a quality and safe city. As the Tai Hang Tung Storage Scheme and the Sheung Wan Stormwater Pumping Station had successfully alleviated the flooding problems in Mong Kok and Sheung Wan respectively, the Administration would apply a similar flood storage approach in Happy Valley.

44. Assistant Director (Projects & Development)/Drainage Services Department ("AD(Projects & Development)/DSD") added that the heavily trafficked and densely populated areas of Happy Valley and the vicinity, including Sing Woo Road, Wong Nai Chung Road and Morrison Hill Road, had been suffering from severe flooding during major rainstorms. There were limitations to carry out extensive on-line upsizing of the existing drains to relief the flooding problem as this would involve extensive road opening works which not only caused serious disruption to the public but was also practically impossible in some locations due to congested underground utilities. Underground stormwater storage scheme would be the most feasible approach to containing the flooding problem in the area. The Happy Valley Recreation Ground, being the lowest spot in the area, provided the ideal location for implementing the stormwater storage scheme from both land use and hydraulic point of view. It was expected that the storage tank, with a capacity of 60 000 cubic metres equivalent to the size of 24 standard swimming pools, would enable the main drainage systems in Happy Valley and the adjacent areas to withstand a design rainstorm with an intensity of a 50-year return period.

45. AD(Projects & Development)/DSD further advised that the construction of HVUSSS would be implemented in two phases. Under Phase 1, which was scheduled for commencement in late 2011, about half of the underground stormwater storage tank, a twin-cell box culvert, twin

drainage pipes, an access manhole and a stilling basin including the part of works to be constructed by the Hong Kong Jockey Club ("HKJC") would be put into operation in early 2015. The remaining works would be implemented under Phase 2 for completion in early 2018. The cost of the proposed works was \$1,065.8 million in money-of-the-day prices, or \$786.3 million in September 2010 prices.

Works under the Happy Valley Underground Stormwater Storage Scheme and coordination of various rain water collection facilities and drainage systems in Wan Chai District

46. Noting that the Hong Kong West Drainage Tunnel ("HKWDT"), which was under construction, would extend from Tai Hang to Cyberport en route Happy Valley, Miss Tanya CHAN enquired why it was necessary to construct the proposed underground stormwater storage tank under HVUOSS. She opined that the Administration should provide more information about the functions of HKWDT and HVUOSS and how they would work to alleviate flooding in Happy Valley areas. While she noted that the underground stormwater storage tank at Tai Hang Tung was larger in size than the one to be constructed under HVUOSS, flooding problems, though less severe, still occurred in Mong Kok during heavy rainstorms. It was doubtful whether HVUOSS would have the capacity to withstand a design rainstorm with an intensity of a 50-year return period as advised by the Administration.

47. Mr KAM Nai-wai pointed out that the Sheung Wan Stormwater Pumping Station, which had been in operation for more than two years, had been effective in alleviating the flooding problem in Sheung Wan. He sought information on the coverage areas of HVUOSS and whether the Scheme would only serve the low-lying areas near the Happy Valley Racecourse.

48. AD(Projects & Development)/DSD explained that a three-pronged approach would be adopted to prevent flooding in Happy Valley and the vicinity areas. Firstly, at the upstream, HKWDT, which was scheduled for operation in 2012, would intercept rainwater from the upstream catchment area of Happy Valley to be discharged to the sea near Cyberport. Secondly, at the mid-stream, at times of heavy rainstorms, part of the stormwater collected would be diverted to the proposed storage tank for temporary storage so as to prevent overloading the existing drainage network, in particular in the flooding blackspots, such as Sing Wo Road, Wong Nai Chung Road, Morrison Hill Road, Lap Tak Lane and the Happy Valley

Recreation Ground. Such water would be released to the box culvert underneath Canal Road for discharging to the Victoria Harbor after the rainstorms. Lastly, at the down-stream, improvement works would be carried out to improve the existing drainage network in Wan Chai. In brief, HKWDT would serve the catchment upstream of Happy Valley while HVUSSF was an essential part of the three-pronged measure tackling the flooding problem in Happy Valley at the mid-stream.

49. Drawing reference to the flooding incident occurred two years ago at San Francisco Tower, which situated at the southeast of the racecourse, Ms Cyd HO enquired whether drainage improvement works would be carried out to effectively divert the rain water collected at San Francisco Tower and nearby areas to the proposed storage tank. She emphasized the importance to enhance the capacity of the drainage network at flooding blackspots at the upstream of Happy Valley, and requested the Administration to provide information about how the drainage systems at the catchment areas of HVUSSF would work with the proposed storage tank.

50. Chief Engineer (Drainage Projects)/Drainage Services Department ("CE/Drainage Projects") explained that the catchment areas of HVUSSF mainly covered the mid-level and lower part of Happy Valley. At times of heavy rainstorms, the water in these catchment areas would be diverted via the existing drainage network to the proposed storage tank at a lower level for temporary storage. After the heavy rainstorms, the water in the storage tank would be released to the box culvert under Canal Road for discharging to the sea.

51. AD(Projects & Development)/DSD supplemented that, as part of the three-pronged approach to address the flooding problem in Happy Valley and the vicinity areas, the new HKWDT would collect rain water from the upstream of the Mid-levels, which would reduce about one-third of the rain water flow from the catchment of Happy Valley. As such, the existing drainage systems at the mid-stream could well cope with the remaining rain water in the areas.

52. The Chairman enquired whether the new drain near Haw Par Mansion was built for rain water collection at the catchment areas of HVUSSF. AD(Projects & Development)/DSD replied that the drainage collection work was a major interception point for HKWDT. As regards the flood prevention measures for the area near San Francisco Tower, he said

that the drainage system at the area had been improved and the Administration would provide more details after the meeting.

(Post-meeting note: The Administration provided information about the details of the catchment areas of HVUSSH, the coordination of rain water collection facilities and drainage systems in the catchment areas and drainage improvement works at San Francisco Tower and nearby areas in a supplementary information paper (LC Paper No. CB(1)2220/10-11(01), which was circulated to members on 18 May 2011.)

53. Miss Tanya CHAN was concerned about the impact of the new pump house to be constructed at the Happy Valley Recreation Ground to the nearby environment. As the illustrations about the pump house in the drawing tabled at the meeting (LC Paper No. CB(1)2007/10-11(02)) had not shown the dimensions of the pump house, she requested that supplementary information be provided after the meeting.

54. CE/Drainage Projects assured members that the height of the pump house would not exceed the existing building structures at the Happy Valley Recreation Ground, such as the changing rooms currently provided by the Leisure and Cultural Services Department. He added that HKJC had been consulted on the construction of the pump house and had made no objection.

(Post-meeting note: The Administration provided the dimensions of the pump house in a supplementary information paper (LC Paper No. CB(1)2220/10-11(01)).

55. Mr IP Kwok-him pointed out that coordination between HKJC and DSD on the construction works for HVUSSH would be important in minimizing disruption to activities on the race track and in other HKJC facilities. He enquired how DSD would work with HKJC on the project.

56. AD(Projects & Development)/DSD advised that DSD had been maintaining close coordination with HKJC which had offered to construct part of the works at their own cost as a token of support to the project and to assure that the programme and construction of the drains across and near the race track would fully meet HKJC's requirements and would not clash with racing activities. HKJC would be responsible for the construction and funding of three sections of the twin-cell box culvert and associated drainage pipes that would be laid underground across the race track. The locations of the relevant sections of the box culvert were shown on a map

attached to the Administration's paper. The construction would be scheduled in such a way that the impact on horse racing activities would be kept to the minimum.

57. Mr KAM Nai-wai pointed out that the stormwater storage tank at Sheung Wan was located near the waterfront so that the rain water collected could be discharged quickly into the Victoria Harbour. However, the rain water collected by the proposed stormwater storage tank at Happy Valley would have to be pumped into an existing box culvert underneath Canal Road before the water was discharged into the Victoria Harbour. He was concerned whether the box culvert would have adequate capacity to accommodate the water from the storage tank in Happy Valley, otherwise flooding might occur at Canal Road.

58. CE/Drainage Projects advised that the stormwater storage tank in Sheung Wan with a capacity of 9 000 cubic metres, was much smaller than the one proposed in Happy Valley, which would have a capacity of 60 000 cubic metres. The stormwater storage tanks in Sheung Wan and Happy Valley would serve different functions. The one in Sheung Wan was used for storing stormwater and preventing seawater overflowing into the low-lying land during high tides, while the one in Happy Valley would be for temporary storage of stormwater for later discharge into the Victoria Harbour. Under HVUSSS, the rain water stored in the storage tank would only be pumped into the sea via the existing box culvert at Canal Road when the rainstorm was over. The box culvert had sufficient capacity to facilitate the water flow from the tank to the sea.

Impact on activities at the Happy Valley Recreation Ground

59. Miss Tanya CHAN, Mr IP Kwok-him and Mr KAM Nai-wai expressed concern about closure of the Happy Valley Recreation Ground during the construction of works related to HVUSSS. They asked if HKJC and concerned sports organizations had been duly consulted on the closure arrangement and whether alternative venues would be made available for sports activities during the construction period.

60. CE/Drainage Projects advised that the Administration had consulted HKJC, the Hong Kong Football Association and the Hong Kong Ruby Football Union on HVUSSS and the programme of temporary closure of sport pitches in the Happy Valley Recreation Ground due to implementation of the project. Construction works would be carried out in two phases, and no more than three sport pitches would be closed at a time, thus minimizing

the disruption caused to the sports activities at the recreation ground. All of the above organizations supported the project and agreed to the proposed closure programme.

(Post-meeting note: The Administration provided further information about measures to minimize disruption to the sports activities at the Happy Valley Recreation Ground during the construction period in a supplementary information paper (LC Paper No. CB(1)2220/10-11(01)).

Impact on traffic conditions in Happy Valley

61. Taking into account the redevelopment works of the Hong Kong Sanatorium and Hospital and some residential redevelopment projects that would commence shortly in the vicinity of the Happy Valley Recreation Ground and the works of HVUSSS, Miss Tanya CHAN expressed grave concern that the traffic congestion problem in Happy Valley would be aggravated. She suggested diverting the traffic to be generated from the HVUSSS project away from the trunk roads and main interchanges in the area.

62. CE/Drainage Projects replied that the Administration had consulted the Wan Chai District Council on the possible traffic impact of the HVUSSS construction works and had conducted two traffic impact assessments in late 2010 and early 2011, before and after the toll increase of the Western Harbour Crossing. The results indicated that there was no substantial change in traffic flow in Happy Valley between the two assessment periods and the traffic remained heavy during peak hours. To minimize possible disruption to traffic in the areas during construction, the disposal of construction waste would only be carried out during the non-peak hours (from 9:30 am to 5:00 pm on weekdays and 8:00 am to 12:00 noon on Saturdays). It was estimated that there would be a maximum 15 number of dump trucks per hour during the peak construction period. He stressed that the Administration would maintain close contact with the Wan Chai District Council on reviewing the traffic conditions during the construction period. Moreover, a Traffic Management Liaison Group would be established to scrutinize and review proposed temporary traffic arrangements, including those to tackle the increased traffic, if any, caused by the redevelopment works of the Hong Kong Sanatorium and Hospital.

63. Miss Tanya CHAN further asked if the traffic impact assessments had taken into account the expected increase in traffic flow arising from the

latest redevelopment plan of the Hong Kong Sanatorium and Hospital. She requested the Administration to provide supplementary information on the matter after the meeting.

(Post-meeting note: The Administration provided further information about the traffic impact assessments for the project in a supplementary information paper (LC Paper No. CB(1)2220/10-11(01)).

Other issues

64. Mr James TO highly appreciated the adoption of underground stormwater storage scheme as a solution to the flooding problem in Mong Kok. He strongly recommended that the staff who had contributed the solution be commended. Noting that the Administration was exploring ways to enhance the use of underground space in Hong Kong as a strategy to increase land supply for developments, he opined that the Administration might consider whether underground stormwater storage tanks should be put to alternative uses to optimize the use of underground space which was a valuable land resource.

65. In response, AD(Projects & Development)/DSD said that the flood storage approach to solving flooding problems was proposed by the consultant, authorities on hydraulics and DSD. The design of the Tai Hang Tung Storage Scheme, which involved the construction of an underground storage tank and a conveying system underneath the Tai Hang Tung Recreation Ground, was supervised by a professor of the University of Hong Kong who had won an international award with the project. Other than the Tai Hang Tung project, there were other quality works projects of DSD that had been awarded international and local recognition. In considering the best use of underground space, AD(Projects & Development)/DSD said that construction of underground stormwater storage tanks was the best option for tackling flooding problems at low-lying urban areas as the dense population, heavy traffic and congested underground utilities had posed much difficulty in carrying out extensive on-line upsizing of the existing drains for these areas. Recreation grounds were ideal locations for underground stormwater storage tanks because of their large sizes and the absence of building developments and other facilities above the ground. He added that the proposed underground stormwater storage tank in Happy Valley would occupy only 30% of the underground space of the Happy Valley Recreation Ground, and the remaining space could be made use of for other purposes.

66. Referring to the Administration's advice that the completed HVUSSS would have the capacity to withstand a design rainstorm with an intensity of a 50-year return period, Mr LEE Wing-tat pointed out that in fact there had been serious floodings from time to time and suggested the Administration expressing the intended meaning of "a rainstorm with an intensity of a 50-year return period" in a more comprehensible way. He also held the view that although new flood prevention facilities like underground storage tanks could help minimize flooding, it was necessary for the Administration to keep up with other aspects of flood prevention work, such as proper maintenance of drainage pipes and enhancing the efficiency and effectiveness in handling contingency situations.

67. In response, AD(Projects & Development)/DSD advised that the capacity of a drainage system to withstand a rainstorm with an intensity of a 50-year return period referred to the design of the drainage system under international standards that took into account the anticipated intensity of rainfall and probability of occurrence of such rainstorms. A rainstorm of a 50-year return period did not imply that it would occur once in 50 years. An alternative description of such rainfall was a rainstorm with intensity of 130 millimetres per hour, whereas a black rainstorm warning would be issued if the rainfall intensity would reach 70 millimetres per hour. On DSD's contingency measures, he advised that DSD would start the operation of Emergency Control Centre once the Hong Kong Observatory issued a red rainstorm warning signal. Staff of DSD would standby to follow up on flooding reports immediately.

68. The Chairman and Ms Cyd HO expressed concern about the Administration's measures for the disposal of excavated materials and construction waste generated from the project, including the public fill reception facilities and landfills which would receive the waste and ways to minimize possible nuisances to nearby residents in the transportation of waste from the project site. The Administration was requested to provide information about the relevant measures after the meeting.

(Post-meeting note: The Administration provided the arrangements for disposal of construction waste in a supplementary information paper (LC Paper No. CB(1)2220/10-11(01)).

Submission of the proposal to PWSC

69. The Chairman concluded the discussion. He asked members if they supported the Administration to seek the funding approval of PWSC for the proposed project. Members supported the project in general but said that the Administration should provide the requested supplementary information before submitting the proposal for consideration by PWSC.

VII Progress report on Kai Tak Development

(LC Paper No. CB(1)1862/10-11(01) -- Administration's paper on the funding proposal for "Progress report on Kai Tak Development")

70. SDEV advised that in 2009 and 2010, LegCo had approved a total of \$12.6 billion for implementation of a series of projects under Kai Tak Development ("KTD"). These projects comprised works of the first phase, such as cruise terminal. The Administration's paper was to provide an update on the latest position of KTD and to seek the Panel's support for upgrading three public works projects to Category A at an estimated cost of \$1,165 million, as follows:

- (a) 465CL -- treatment of contaminated sediment at Kai Tak approach channel and Kwun Tong typhoon shelter;
- (b) 469CL -- construction of stage 2 infrastructure in the north apron area of the former Kai Tak Airport; and
- (c) 711CL -- reprovisioning of the existing radar at the south apron area to the top of the new cruise terminal building.

71. She added that the Administration was also carrying out design works relating to preserving Lung Tsun Stone Bridge, and would develop the design concepts for transforming Kai Tak Nullah between Wong Tai Sin and Kai Tak into Kai Tak River.

Land supply in Kai Tak Development

72. Mr LEE Wing-tat expressed concern about the late delivery of sites for housing developments in KTD. Noting that housing sites in KTD would only be available from 2014 onwards, and given that land supply in urban areas was scarce, he urged the Administration to exercise prudence in

providing new sites for private developments in KTD as early as possible. He further enquired about the Administration's time-table on provision of land for residential developments in Hong Kong in the years ahead, and asked whether the Administration had formulated any such plan covering a regular period, say an action plan covering a five-year period.

73. SDEV advised that land in KTD would serve as one of the major source of housing sites for Hong Kong in the medium term. To speed up the supply of land for private residential developments by 2014, the Administration had brought forward the programme of the stage 2 infrastructure serving the residential sites and its vicinity areas (i.e. project 469CL). Besides the construction of a public housing estate in KTD which was underway, the Administration had earmarked a site at the north apron area for URA to build flats for the "flat for flat" scheme under the new Urban Renewal Strategy. As regards land supply for residential development at KTD in the long term, she advised that the Administration was undertaking detailed planning, with regard to factors including preservation of Lung Tsun Stone Bridge and enhancing public access to the Kai Tak harbourfront. She said that with an area of some 320 hectares, KTD would provide some 30 000 housing units for about 90 000 people. On the supply of land for housing development in the longer term, SDEV advised that the Administration was reviewing its plans to work out a more realistic timetable on housing land supply at KTD and would brief the Panel on the subject.

74. In view of scarcity of land in Hong Kong, Mr LEE Wing-tat stressed the importance for the Administration to exercise due care in land development at KTD to enable a steady supply of land for development in urban areas. To avoid large developers monopolizing residential developments, he called on the Administration to provide smaller sites in KTD so that small developers could also participate in the development process.

Lung Tsun Stone Bridge and Kai Tak River

75. Mr WONG Kwok-kin expressed support for the Administration's plan to transform Kai Tak Nullah stretching from Wong Tai Sin to Kai Tak into Kai Tak River, which would become an attractive green river corridor connecting the old and new urban areas. He suggested that in implementing the project, the Administration should attempt to incorporate more "local economic elements", such as providing open cafés and relevant public facilities along the riversides for public enjoyment. On the preservation of

Lung Tsun Stone Bridge, he opined that the Administration should consider developing a heritage trail to link up the Bridge and other historic sites and monuments in the vicinity areas, including the Kowloon Walled City Park.

76. Head (Kai Tak Office) thanked Mr WONG for his views. On the initiatives to preserve the heritage in KTD and improve Kai Tak Nullah, he said that the Administration had been gauging public views on proposals to preserve Lung Tsun Stone Bridge and beautify Kai Tak Nullah through extensive public engagement exercise with various activities including exhibitions, seminar and workshops. For Lung Tsun Stone Bridge, the proposal of providing a 25-metre wide preservation corridor and a pedestrian subway across Prince Edward Road East for a more direct connection to the Kowloon Walled City Park was well-received by the local community. As regards the 2.4 km long Kai Tak Nullah, the Administration's plan was to turn it into a special green river with landscaping, pedestrian and recreational facilities along both sides. He added that while greening would be enhanced at the upstream of the river, the downstream with wider course had potential to accommodate a wide variety of leisure and recreational facilities for public use. The Administration was considering viability of different design concepts for Kai Tak River, including provision of a cycle track and venues for street performances along the riversides. The design concepts would be deliberated in stage 2 of the public engagement exercise to be conducted later.

Provision of a stadium at Kai Tak Development

77. Mr IP Kwok-him enquired about the progress of the Administration's proposal of constructing a stadium at KTD. SDEV advised that the Kai Tak Outline Zoning Plan, which was approved in 2007, had included the provision of a stadium. She said that the project was under the purview of the Home Affairs Bureau ("HAB"), and advised that to dovetail with the development of the Shatin to Central Link by the MTR Corporation Limited, HAB's plan was to bring in the stadium under the last phase of KTD in around 2021.

Odour problem at the waterfront of Kai Tak

78. While welcoming the Administration's efforts to clean up contaminated sediment at Kai Tak approach channel and Kwun Tong typhoon shelter, Dr Priscilla LEUNG expressed grave concern about problems associated with the highly polluted seawater and the odour at To

Kwa Wan and Hung Hom waterfronts. Referring to a recent study conducted by the Open University of Hong Kong ("OUHK") which had revealed that the level of Escherichia coli in the water sample taken near Hoi Sham Park in To Kwa Wan was 377 times above the acceptable level, she said that the level was unacceptable and stressed the need for the Administration to take immediate measures to tackle the problem as an integral part in pursuing KTD.

79. Head (Kai Tak Office) said that the Administration attached great importance to the impact of KTD's works on the quality of neighbouring seawater in the Victoria Harbour, and had set up 19 monitoring stations for taking samples in monitoring the water quality. He said that the Administration was also concerned about the findings of the study undertaken by OUHK as they differed from the survey results obtained by the Administration. He assured members that the Administration would endeavour to look into the odour problem at To Kwa Wan waterfront and identify the possible causes of the problem. He advised that while the Drainage Services Department would follow up with illegal connection of sewers into stormwater drains causing discharge of untreated sewage into the Victoria Harbour, the Environmental Protection Department would take enforcement actions as and when necessary. The responsibility of clearing refuse at sea rested with the Marine Department.

Environmental Impact Assessment for public works projects

80. Mr James TO declared that he was a non-executive director of the Board of Directors of URA. In the light of the recent High Court judgment which ruled in favour of the applicant of the judicial review against the Environmental Impact Assessment ("EIA") reports on local works projects to be implemented for the construction of the Hong Kong-Zhuhai-Macau Bridge, Mr TO expressed concern on the impact of the court judgment on other public works projects involving EIA studies and enquired whether the Administration had reviewed EIA studies in KTD projects to see if any follow-up action would be necessary.

81. SDEV advised that she was unable to give a concrete answer to Mr TO's question as the Environment Bureau was considering the court judgment and it would take some time for the Administration to map out the way forward. She said that the Administration had been conducting EIA studies for works projects in a careful and serious manner, and in accordance with the relevant legislation. She further assured members that the Administration would not take the judicial review case lightly and would

assess its impact on completed EIA studies for projects. Mr James TO remarked that it was necessary for the Administration to consider taking suitable follow-up actions for affected EIA studies when it decided on lodging an appeal or otherwise against the court judgment.

82. The Chairman concluded the discussion on the item. He said that members were in general supportive to the Administration's proposal to submit the funding application of the three projects to PWSC and FC.

VIII Revitalization of industrial buildings -- An update and mid-term review

(LC Paper No. CB(1)1909/10-11(06) -- Administration's paper on revitalisation of Industrial Buildings -- An Update and Mid-term Review

LC Paper No. CB(1)1909/10-11(07) -- Paper on revitalization of industrial buildings prepared by the Legislative Council Secretariat (Background brief))

83. SDEV said that the Administration had started a mid-term review on the package of new measures launched with effect from 1 April 2010 under the policy initiative to revitalize vacant and under-utilized industrial buildings. The objective of the review was to identify policy or implementation issues that would need to be addressed to encourage and facilitate better use of the existing stock of industrial buildings to support Hong Kong's changing social and economic needs. The Administration aimed to complete the review in the latter half of 2011. She took the initiative to update members on the progress of implementing the new measures at the present meeting in order to seek their views and comments on the areas and direction of the review early and enable the review to be conducted in an interactive manner with the Panel. The Administration would report to the Panel on the results of the review at a later stage.

84. SDEV reported that by the end of March 2011, the Administration had received 37 applications for wholesale conversion and 10 applications for redevelopment of industrial buildings, among which 13 applications for wholesale conversion and seven applications for redevelopment had been approved. Taking into account that the new measures had only been

implemented for a year and redevelopment or wholesale conversion of old industrial buildings were constrained by fragmented ownership in these buildings, the Administration considered the response and progress so far encouraging. She pointed out that the Lands Department had set up a dedicated team to centrally process applications under the new measures and the Development Opportunities Office had been providing one-stop consultation and coordination services to conversion or redevelopment projects. Other government departments, including the Building Department and the Transport Department had also put in place additional measures to facilitate wholesale conversion of industrial buildings.

85. On the constraints for redevelopment or wholesale conversion of under-utilized industrial buildings, SDEV said that fragmented ownership remained the major hurdle and attributed to it the modest number of applications received so far. She remarked that, before introduction of the policy initiatives to revitalize old industrial buildings, there had already been views from stakeholders for the Administration to allow partial conversion of an industrial building or conversion on a floor-by-floor basis. However, the Administration was concerned that mixed industrial and commercial uses in an industrial building would give rise to fire safety problems and hence had not incorporated the proposal in the package of new measures.

86. As regards preliminary views from stakeholders on the new measures, SDEV advised that the majority focused on issues related to wholesale conversion and existing restrictions on various aspects. For example, there were suggestions to relax the existing requirement of retaining the building frame after conversion, allow applicants to make up for the loss in gross floor area during conversion by addition to other parts of the building (including outside the existing building envelope), and increase the flexibility on provision of loading/unloading and car parking facilities in converted buildings, etc. The Administration would continue to gauge stakeholders' views through organizing focus group discussions and seminars. She welcomed members' views on the policy initiatives and areas for improving the new measures.

Measures to address fragmented ownership in industrial buildings

87. Mr LEE Wing-tat did not consider the progress of implementation of the new measures an indication of encouraging response from owners of old industrial buildings. Given the likely benefits of the new measures, such as increase in the property value of the buildings and exemption on wavier

fees, he considered that there should be more applications. Pointing out that fragmented ownership in old industrial buildings remained the major hurdle to wholesale conversion as applications had to be made jointly by all owners in a building and consent of all owners might be difficult to obtain, he urged the Administration to explore the proposal allowing partial conversion of old industrial buildings. While he understood that there were fire safety concerns in respect of mixed industrial and commercial uses in a building, he pointed out that such mixed uses already existed in a number of industrial buildings where units had been turned into premises for commercial activities such as studios and showrooms. He stressed the need for the Development Bureau to study fire safety issues with the Fire Services Department with a view to working out a solution to facilitate partial conversion of industrial buildings in order to address the problem associated with fragmented ownership in industrial buildings. Otherwise, it would be difficult to achieve the objective of the policy initiative of releasing potential land resources to meet social and economic needs.

88. SDEV admitted that fragmented ownership was a major hurdle to wholesale conversion of older industrial buildings. She reiterated concerns about fire safety arising from mixed uses in industrial buildings as revealed by serious fire accidents involving casualties in industrial buildings in recent years and stressed that the Administration would not compromise public safety for economic benefits in revitalizing older industrial buildings. She further referred to cases where the Town Planning Board had approved applications for changes in the use of some floors in industrial buildings subject to provision of floors in the buildings to serve as "buffer floors" thereby addressing the fire safety concerns. However, such an arrangement might not be agreed by the owners of the concerned floors of the buildings. She added that the requirement of consent from all owners for the conversion of an industrial building would be necessary as the conversion would be irreversible during the lifetime of the building or the current lease period after conversion had taken place. The purpose of the requirement was to prevent possible problems, such as fire hazards, caused by mixed uses in the buildings. She assured members that the Administration would strive to think in a wider context in examining suggestions/proposals to improve the package of measures to overcome the obstacles identified.

89. Drawing reference to the experience of the Hong Kong Housing Authority ("HA"), Mr LEE Wing-tat suggested that the Administration should consider engaging fire safety consultants to study if there was room to enhance fire safety measures in industrial buildings to allow partial conversion for mixed industrial and other uses in the buildings. Such

measures could include administrative arrangements, addition of fire safety devices, and enhanced building management. The Chairman said that the main fire safety concern related to the provision of fire escape in the buildings.

Uses of industrial buildings by cultural and creative industries

90. Ms Cyd HO referred to the request from a group of cultural workers for the Administration to optimize the use of industrial buildings to release land to facilitate the operation and development of cultural and creative activities. She said that many cultural workers had set up studios, workshops or rehearsal rooms in industrial buildings because the operation required large space and could not afford the high rents in commercial buildings. However, the use of industrial buildings for art and cultural activities or manufacturing of related products were considered non-compliant with the permitted uses of the buildings. She was aware that the major concern about mixed uses in an industrial building was related to fire escape for users of the non-industrial establishments in the building. It was because unlike the tenants or their employees working in the building, clients of the non-industrial establishments were visitors to the building who were unfamiliar with the environment, and hence the fire escape routes of the building. To address the problem, the group of cultural workers had suggested that the Administration should consider enhancing fire safety measures in industrial buildings of mixed uses, such as requiring the building management to improve the signage and directions for fire escape.

91. Ms Cyd HO further said that cultural workers had highlighted the need for the Administration to take note of the increasing demand for space for art and cultural supporting activities arising from the commissioning of various art performance facilities at the West Kowloon Cultural District. According to the group of cultural workers, a total of over 1.8 million square feet would be required for the use by such supporting activities. On the other hand, Ms HO relayed cultural workers' concern about surge in rents in premises in industrial buildings since announcement of the new policy to revitalize old industrial buildings in the 2009-2010 Policy Address. Moreover, cultural workers leasing premises in industrial buildings had invested in the fitting-out works for the premises to cater for their special needs, such as installing sound-proof partitions for music studios and floors for dance rooms. Most of these cultural workers could not afford relocation to new workplaces frequently. To address the shortage of spacious premises in commercial buildings and the high rental pressure, Ms HO called on the Administration to make available vacant flattered factories built by HA for

use by cultural workers at low rental. She reiterated that with the lack of affordable working space, it would be difficult for the cultural and creative industries to continue to develop. In addition, consideration should also be made to convert vacant primary school premises for use by cultural workers. Ms HO hoped that through the concerted efforts of various departments, suitable land and premises would be transformed to support the cultural and creative industries. The Chairman concurred with Ms HO's views that vacant government premises should be optimized to enhance the use of valuable land resources.

92. SDEV reiterated that the new measures to facilitate the redevelopment or wholesale conversion of old industrial buildings would provide suitable land and premises to meet Hong Kong's economic and social needs, including providing more affordable working space for activities of the cultural and creative industries. The growth of the cultural and creative industries would be important to the development of the West Kowloon Cultural District and enhance Hong Kong's competitiveness as these industries were among the six economic areas which Hong Kong had clear advantages.

93. As regards concern about increases in rental of premises in industrial buildings, SDEV said that results of a survey conducted by the Arts Development Council in 2010 on the current status of industrial buildings for arts activities and future demand had revealed that while some artists using industrial premises were facing rental increases, the same general rise in rentals was also felt by other industries using different types of premises. She said that the Administration noted that there were industrial building owners willing to lease their premises as workshops to artists and cultural workers. Where necessary, the concerned government departments could make the referrals. On the suggestions to address the fire safety concerns due to mixed uses in industrial buildings, SDEV said that the Administration would endeavour to explore possible solutions without compromising public safety. Concerning the suggestion to use vacated factory premises built by HA, SDEV said that HA's flatted factories were not covered by the new package of measures. She advised that HA would redevelop existing flatted factories into public rental housing to meet growing demand for public housing. The Administration would explore other ways to address the need of the creative industries for affordable working space.

IX Any other business

94. There being no other business, the meeting ended at 5:47 pm.

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