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

**Minutes of the 3rd meeting
held in Conference Room 1 of the Legislative Council Complex
on Wednesday, 18 December 2013, at 8:30 am**

Members present:

Ir Dr Hon LO Wai-kwok, BBS, MH, JP (Chairman)
Hon LEUNG Che-cheung, BBS, MH, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Cyd HO Sau-lan
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon Albert CHAN Wai-yip
Hon Michael TIEN Puk-sun, BBS, JP
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Han-pan
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP

Hon Alice MAK Mei-kuen, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

Member absent:

Dr Hon Helena WONG Pik-wan

Public officers attending:

Mr YEUNG Tak-keung	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr WAI Chi-sing, JP	Permanent Secretary for Development (Works)
Mr Thomas CHAN Chung-ching, JP	Deputy Secretary for Development (Planning and Lands) ¹
Ms Anissa WONG, JP	Permanent Secretary for the Environment
Ms Joyce HO Kwok-shan	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Ms Joyce NG Suet-ye	Chief Estate Surveyor (Acquisition) Lands Department
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr FONG Siu-wai	Assistant Director (Property Services) Architectural Services Department
Mr CHAN Chi-chiu, JP	Director of Drainage Services
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Dr Ellen CHAN Ying-lung, JP	Assistant Director (Environmental Infrastructure) Environmental Protection Department
Mr LAU Ka-keung, JP	Director of Highways
Mr Jimmy CHAN Pai-ming	Project Manager (Major Works) Highways Department
Mr Raymond KONG Tai-wing	Chief Engineer (1) (Major Works) Highways Department
Mr Eric HUI Kwok-sun, JP	Assistant Director (2) Home Affairs Department
Mr Frankie CHOU Wing-ping	Chief Engineer (Works) Home Affairs Department

Ms Eva YAM Ya-ling	Deputy Secretary-General (1) University Grants Committee Secretariat
Mr Anchor TSE Lap-wa	Chief Maintenance Surveyor (School Premises Maintenance) (Acting) Education Bureau
Dr LEE Kin-wang	Head of Estates, Health and Safety Division, Vocational Training Council
Mr KOK Che-leung	Assistant Director (Subventions) Social Welfare Department
Mr Kenneth WOO Chi-man	Chief Executive Officer (Subventions/Planning) Social Welfare Department
Mr Enoch LAM Tin-sing, JP	Director of Water Supplies
Mr Timothy CHENG Leung-kit	Chief Systems Manager (Governance and Resources) Office of the Government Chief Information Officer
Mr Kenneth WONG Hung-keung	Chief Civil Engineer (1) Transport and Housing Bureau
Ms Susie HO Shuk-ye, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG Chi-cho, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr Aaron LIU Kong-cheung	Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)A
Mr Roy TANG, JP	Director of Broadcasting
Mr TAI Keen-man, JP	Deputy Director of Broadcasting (Programmes) Radio Television Hong Kong
Miss Leonia TAI Shuk-yiu, JP	Deputy Director of Broadcasting (Developments) Radio Television Hong Kong
Mr LAM Kwai-sang	Chief Project Manager (103) Architectural Services Department

Clerk in attendance:

Ms Annette LAM	Chief Council Secretary (1)3
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Staff in attendance:

Mr Andy LAU	Assistant Secretary General 1
Ms Sharon CHUNG	Chief Council Secretary (1)6
Ms Connie HO	Senior Council Secretary (1)3
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

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The Chairman reported that one capital works project of \$13,000 million had been endorsed by the Public Works Subcommittee ("PWSC") in the 2013-2014 session so far. He further advised that five items were on the agenda for the meeting, which if endorsed would involve a total amount of \$26,413.2 million.

2. The Chairman then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the item. He also drew members' attention to Rule 84 of RoP on voting or withdrawal in case of direct pecuniary interest.

Capital Works Reserve Fund Block Allocations

PWSC(2013-14)27 — Block allocations for Heads 701 to 711 under the Capital Works Reserve Fund

3. The Chairman advised that the proposal was to seek approval of a total allocation of \$12,232.8 million for 2014-2015 for the block allocations under the Capital Works Reserve Fund ("CWRF") and an increase in the approved allocation for Subhead 4100DX under Head 704 for 2013-2014 by \$55.2 million from \$232.5 million to \$287.7 million.

4. The Chairman further advised that the Panel on Transport and the Panel on Development had been consulted on the proposal on 15 and 26 November 2013 respectively and members of the Panels supported the proposal. Pursuant to the Panels' requests, the Administration had provided supplementary information to the Panel on Transport and the Panel on Development on 4 and 10 December 2013 respectively. The gists of the Panels' discussions had been tabled at the meeting.

5. As regards the block vote under Head 710 - Computerization, the Chairman said that the Office of the Government Chief Information

Officer had consulted the Panel on Information Technology and Broadcasting on the proposed allocation on 11 November 2013 and Panel members supported the proposal. Pursuant to the Panel's request, the Administration had provided supplementary information on 9 December 2013. The gist of the Panel's discussion had been tabled at the meeting.

Proposed removal of the "Southeast New Territories landfill extension – consultancy study for design and construction" from the list of projects under CWRP Head 705 Subhead 5101 DX

6. The Chairman said that a letter dated 13 December 2013 had been received from Mr Gary FAN requesting that the "Southeast New Territories ("SENT") landfill extension – consultancy study for design and construction" ("the proposed consultancy study") be removed from the list of projects under CWRP Head 705 Subhead 5101 DX in Annex 5C to PWSC(2013-14)27. Mr FAN's letter had been issued to members for information on 17 December 2013. The Chairman invited the Administration to respond to Mr FAN's proposal.

7. Principal Assistant Secretary (Treasury) (Works), Financial Services and Treasury Bureau ("PAS(Tsy)(W), FSTB") responded that the Administration sought funding for CWRP block allocations on a lump-sum basis once every year. Within the lump-sum approved for each CWRP block allocation, FC had delegated to the Administration the power to approve expenditure on individual projects subject to the respective financial ceiling. At present, there were a total of 26 block allocations under CWRP, of which 21 were subject to a financial ceiling of \$30 million in spending on each item. She said that the purpose of the present proposal (PWSC(2013-14)27) was to seek FC's approval for the provisions for each of the block allocation Subheads of the respective Heads of expenditure under CWRP. As regards the minor works projects to be funded by CWRP as listed out in the Annexes to the paper, they were not part of the funding proposal for FC's approval. In other words, the purpose of PWSC(2013-14)27 was not to seek FC's funding approval for the individual projects listed.

8. Permanent Secretary for the Environment ("PS for Env") added that the Administration noted the views of individual members on the SENT landfill extension project. The proposed consultancy study was part of the preliminary work of the SENT landfill extension project and it would cover studies on contract procurement and ground investigation, etc. PS for Env assured members that while the tendering procedures would proceed, the Administration would only award the contract for the consultancy study upon securing FC's funding approval for the main works of the SENT landfill

extension project. The Administration planned to consult the Panel on Environmental Affairs ("EA Panel") again on the project in early 2014 before seeking PWSC's support and FC's approval for the funding proposal.

9. Pointing out that the SENT landfill extension project was highly controversial, Mr Gary FAN requested the Chairman to urge the Administration to revise the list of minor works projects by removing the proposed consultancy study. He said that if the Administration refused to do so, the Subcommittee should vote on that item separately. The Chairman advised that as explained by the Administration, the list of minor works projects was not part of the funding proposal for FC's approval and the Administration would have the liberty to revise the list during the course of the year to cater for changing circumstances or evolving needs. In addition, as mentioned in the Administration's supplementary paper submitted to the Panel on Development, i.e. LC Paper No. CB(1)397/13-14(01), the conduct of the proposed consultancy study, tentatively scheduled for commencement in the third quarter of 2014, was subject to FC's funding approval for the SENT landfill extension project. In the light of the above and with reference to the Subcommittee's prevailing practice regarding the handling of block allocations proposals, the Chairman considered that it might not be appropriate for the Subcommittee to vote on individual items funded by the block allocations separately. The Chairman then invited members' views on Mr Gary FAN's proposal.

10. Referring to the proposed study on the technical issues related to the potential near-shore reclamation site at Ma Liu Shui, a minor works project under Head 705 Subhead 5101 CX in Annex 5B to PWSC(2013-14)27, Dr Fernando CHEUNG enquired if the study would only be carried out upon FC's approval of the funding for the major works of the reclamation project. Director of Civil Engineering and Development responded that the proposed study was the advance work of the near-shore reclamation project at Ma Liu Shui for establishing the feasibility of the reclamation project. The Administration would draw up a funding proposal for the major works of the reclamation project for FC's consideration if the project was found feasible according to the outcomes of the proposed study. Expressing his opposition to reclamation at Ma Liu Shui, Dr Fernando CHEUNG requested that the funding for the proposed study be voted on separately.

11. Pointing out that the minor works projects funded by block allocations were mainly the preparatory studies for major capital works projects, the funding of which would need FC's approval on a project-by-project basis later on, Mr IP Kwok-him considered it not necessary for the Subcommittee to examine each minor works project under the block allocations proposal. He opined that the proposal should be dealt with in accordance with the

authorization of FC in respect of block allocations and did not support Mr Gary FAN's proposal of voting separately on individual items.

12. Mr WU Chi-wai enquired if the proposed separate voting on individual projects under the block allocations proposal would be in conflict with the authorization made by FC, under which the Administration had been authorized to approve the expenditure of minor works projects subject to the approved ceiling of \$30 million. PAS(Tsy)(W), FSTB explained that to enable members of FC and PWSC to make better use of their time and concentrate on the more important and higher value projects, the Administration sought funding for CWRP block allocations on a lump-sum basis once every year. Within the lump-sum approved for each CWRP block allocation Subhead, FC had delegated to the Administration the power to approve expenditure on individual projects subject to the respective financial ceiling. The arrangement provided the Administration with the needed flexibilities in carrying out works projects of smaller scales. In the light of the above, PAS(Tsy)(W), FSTB reiterated that the proposed list of projects was not part of the funding proposal for FC's approval.

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13. Having considered members' views on the matter and taking into account the Administration's explanation regarding FC's authorization on approval of minor works projects expenditure, the Chairman ruled that the funding proposal for block allocations should be dealt with in accordance with the prevailing practice of the Subcommittee and that individual minor works items would not be voted on separately. In response to Mr Gary FAN's enquiry about the details of FC's authorization, the Administration undertook to provide background information on the establishment and operation of the CWRP block allocations system.

14. Dr Fernando CHEUNG opined that the existing approval mechanism for block allocations proposals had rendered it difficult for members to monitor the Administration's expenditure on individual minor works projects, in particular the more controversial ones, such as the SENT landfill extension project and the near-shore reclamation at Ma Liu Shui in the present proposal. Dr CHEUNG proposed that the approval mechanism for CWRP block allocations proposals should be reviewed so as to allow separate voting on individual projects.

15. Mr Gary FAN did not agree with the Administration that the proposed list of minor works projects was not part of the block allocations proposal for FC's approval. As the funds allocated to individual projects would make up the total amount of block allocations, it was important for PWSC members to exercise prudence over the approval of the present proposal. Mr FAN said he respected the Chairman's ruling over his proposal. He stressed that, in

his view, the proposal of removing the proposed consultancy study from the list of projects under CWRP Head 705 Subhead 5101 DX or having the item be voted on separately was in line with RoP, although the proposal was not accepted by the Chairman and the Administration had refused to revise the block allocations proposal by withdrawing the project in question. Mr FAN considered it more appropriate for the Administration to put forward the proposal on the consultancy study together with that on the main works of the SENT landfill extension project for PWSC's consideration in early 2014, after the measures to improve the environment in the vicinity of SENT landfill had proved to be effective.

16. The Chairman said that Mr Gary FAN's stance over the proposed consultancy study and the SENT landfill extension project was clear. Pointing out that the block allocations mechanism had provided the Administration with the needed flexibilities in the implementation of minor works projects, the Chairman considered it necessary to maintain its operation. On the other hand, the Chairman noted the concerns of individual members over the monitoring of minor works projects which were associated with some controversial major capital works projects. He said that the Subcommittee would perform its gate-keeping role over individual major capital works projects when the Administration put forward the funding proposals for such projects for the Subcommittee's consideration prior to seeking FC's approval. The Chairman held the view that the Subcommittee should strike a balance between project funding monitoring and operation efficiency, and the issue of whether the approval mechanism for block allocations proposals should be reviewed might be deliberated in other occasions.

17. Dr Kenneth CHAN declared that he was an employee of the Hong Kong Baptist University ("HKBU"). He added that his employment with the university bore no direct or indirect pecuniary interests with the proposed minor works project of "Spatial Reorganization at Shaw Tower and Au Shue Hung Memorial Library" in relation to HKBU under Head 708 Subhead 8100 EX in Annex 8B to PWSC(2013-14)27. While expressing his understanding over the Chairman's ruling of adhering to the prevailing practice of the Subcommittee in handling CWRP block allocations funding proposals, Dr Kenneth CHAN suggested that the Administration should address members' concerns over particular projects by following up the issues with the relevant Panels. The Chairman said that it was an established practice that the Panels should deliberate policy issues and PWSC the funding proposals. He had reiterated to the Administration that it should maintain close communication with the Panels on the policy issues associated with the major capital works projects. PS for Env said to address the concerns raised by members of EA Panel, the Administration had been following up a

package of proposals on improving the operation of landfills and enhancing waste management. Some of these proposals involved funding support to retrofit refuse collection vehicles and legislative amendments to the Waste Disposal Ordinance, which had been approved or were being scrutinized by LegCo. The Administration would strive to obtain EA Panel's support for the proposed SENT landfill extension project. At the request of Mr Gary FAN, PS for Env undertook to keep the Panel abreast with progress of the proposed consultancy study and the planning of the SENT landfill extension project.

18. Mr Abraham SHEK declared that he was an Independent Non-executive Director of the MTR Corporation Limited.

19. The item was voted on and endorsed.

Head 703 – Buildings

PWSC(2013-14)28 69KA New Broadcasting House of Radio Television Hong Kong

20. The Chairman advised that the proposal was to upgrade 69KA to Category A at an estimated cost of \$6,055.6 million in money-of-the-day ("MOD") prices for the construction of the New Broadcasting House ("New BH") of Radio Television Hong Kong ("RTHK") in Area 85, Tseung Kwan O ("TKO"). The Panel on Information Technology and Broadcasting had been consulted on the proposal on 11 November 2013 and Panel members raised no objections to the proposal in principle. The gist of the Panel's discussion had been tabled at the meeting. Pursuant to Panel members' request, the Administration had provided supplementary information on 10 December 2013.

The project cost

21. Mr WONG Kwok-hing sought explanation about the almost 4-fold increase in the project cost of the New BH from \$1.6 billion to \$6 billion. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") responded that as mentioned in the LegCo Brief on Public Service Broadcasting and the Future of Radio Television Hong Kong submitted on 22 September 2009, the construction of a New BH in TKO would cost an estimate of \$1.6 billion, subject to the detailed architectural design and accommodation requirements. That was based on an update of the results of the first preliminary project feasibility study ("PPFS") conducted in 2000 which estimated that the cost of the project was around \$1.5 billion at that time. However, the

accommodation requirements for the New BH proposed in the 2000 cost estimate and the 2009 update had not taken into account the new requirements in respect of the various new services that RTHK was tasked to undertake to fulfill the role of the public service broadcaster ("PSB") of Hong Kong. RTHK's new role and functions were decided after a review and public consultation in 2009-2010. The new services would involve additional accommodation and manpower required for the Radio & Corporate Programming Division, the Television & Corporate Businesses Division and the Newsroom arising from the launch of digital audio broadcasting ("DAB") and digital terrestrial television ("DTT") broadcasting services, and the establishment of a digital media asset management ("MAM") system. PSCED(CT) stressed that the cost estimate in 2000 and the latest cost estimate in 2013 were based on totally different service requirements. The cost estimate based on the first PPFS carried out in 2000 and the latest cost estimate based on the new service requirements of RTHK as at September 2013 price level without taking into account the price adjustment factor were \$2,345.2 million and \$5,006.2 million respectively. Pointing out that such an abrupt increase in the project cost was unreasonable as compared with the costs of other Government projects for the provision of public services, Mr WONG Kwok-hing indicated that he would not support the funding proposal.

22. Mr Michael TIEN and Ms Emily LAU held the view that the Administration should have informed LegCo and the public in a timely manner of the changes in the estimated project cost of the New BH, instead of seeking LegCo's approval of a huge increase in the cost at such a late stage. Mr TIEN said that the Administration had committed mistakes in communication. It should have updated LegCo in 2010 on the latest cost estimate of the New BH project, which was \$1,900 million based on the PPFS conducted in 2000, and in 2011 the updated estimate at about \$4,400 million with reference to the new services to be undertaken by RTHK to fulfill its role of being the PSB of Hong Kong. He added that, if the Administration was concerned that the disclosure of the estimate of \$4,400 million would push up the tender price under the proposed "design-and-build" contract procurement mode, it might consider taking up the architectural design of the project and contracting out only the construction works.

23. PSCED(CT) reiterated that the two estimates, one announced in 2009 and the other in 2013, were based on totally different sites and service requirements and therefore should not be compared directly. She explained that, as mentioned in paragraph 28 of the LegCo Brief submitted in 2009, the construction of a New BH at TKO based on the first PPFS conducted in 2000 was roughly estimated to be around \$1,600 million, which was subject to

detailed architectural design and accommodation requirements. Having regard to the new requirements expected of RTHK as enshrined in the Charter of RTHK, a fresh Technical Feasibility Statement had been prepared in 2011 based on a new set of project design requirements for a New BH at the current site in TKO Area 85. The cost estimate prepared in 2011 with the Building Works Tender Price Index as at the third quarter of 2010 was \$4,412 million. Whether there was miscommunication was subject to different views. Mr Michael TIEN said that it would be difficult for him to support the funding proposal.

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24. While expressing support for the development of a new BH in view of the dilapidated conditions of the existing BH of RTHK on Broadcast Drive, Miss CHAN Yuen-han considered the justifications provided by the Administration for the drastic increase in the construction cost insufficient. At her request, the Administration would provide a detailed breakdown on the increase in the construction cost with the corresponding justifications.

Admin

25. Mr Alan LEONG said that members belonging to the Civic Party supported improving the accommodation and facilities of RTHK to enable it to fulfill its mission as a PSB serving the people of Hong Kong and he was keen to see that RTHK would not eventually become a tool of the Government for political propaganda. He enquired about the reasons for the drastic increase of about \$1,400 million in the cost of building works and how the increase was related to RTHK's switching from the existing analogue services to DAB services. The Administration undertook to provide supplementary information in this regard.

Admin

26. Mr Tony TSE said that while he supported the development of a new BH, he considered that the justifications given for the huge increase in the construction cost insufficient. He was also concerned that, given the huge project cost involved and the adoption of the "design-and-build" procurement mode, the contract bidders might provide a lavish design which was not needed by the New BH. At his request, the Administration would provide supplementary information on the detailed justifications for the increase in the cost estimates for the piling works, building works and building services works of the New BH and whether the proposed design of the New BH could be improved to lower the construction cost.

Construction unit cost

27. Mr Albert CHAN said that with a site area of 30 600 m², the construction cost of the New BH including contingencies was about \$160,000 per m². He sought justifications for such a high cost. Director of Broadcasting ("D of B") explained that the construction floor area ("CFA") of

the project was about 84 436 m². The estimated construction unit cost, represented by the building and the building services costs, was \$36,688 per m² of CFA in September 2013 prices. This unit construction cost had included various specialist architectural, building services and structural designs which were unique to the New BH project, such as special lighting platforms and other fixed facilities for studios, and the associated broadcasting facilities, etc. If the costs of these specialist facilities were deducted, the estimated unit construction cost would be adjusted to \$30,688 per m² of CFA in September 2013 prices. This was comparable to other recent Government building projects such as the West Kowloon Law Courts (PWP No. 31LJ), the unit construction cost of which was \$30,672 per m² of CFA upon adjustment to September 2013 prices. Director of Architectural Services ("D Arch S") added that the construction unit cost provided in the paper for the New BH project was represented by two components, namely the building works cost and the building services works cost. This was because the costs of other components including site works, piling works, drainage works and external works were directly affected by the topography, geology as well as developments and facilities in the vicinity, the relative weighting of these costs to the total costs varied considerably across different projects. Hence, the Administration would not normally include these costs when making comparisons on the basis of construction unit cost.

28. Mr LEUNG Che-cheung declared that he was a member of the RTHK Programme Advisory Panel ("PAP"). Pointing out that the construction cost of the Central Government Offices at Tamar was just \$26,000 per m² of CFA, Mr LEUNG enquired about the justifications for the substantially higher construction cost of the New BH, which was about \$72,000 per m² of CFA.

29. D Arch S responded that the construction cost of the Central Government Offices quoted by Mr LEUNG was possibly calculated according to the price level of 2007. He said that the Building Works Tender Price Index had increased by over 50% from 2007 to the present. The construction unit cost of the New BH, represented by the building works cost and the building services works cost, as indicated in paragraph 15 of the paper, was \$36,688 per m² of CFA in September 2013 prices.

30. Dr CHIANG Lai-wan said that based on the construction unit cost per m² of CFA at the price level of 2013 (second quarter), i.e. ranging from \$18,400 to \$25,100, provided by the consulting firm Rider Levett Bucknall, for high quality offices, the total construction cost of the New BH should be in the range of \$1,600 million to \$2,100 million only. Dr CHIANG urged the Administration to exercise stringent cost control over the New BH project and to consider every possible measure to reduce the project cost, such as the undertaking of site supervision work by the staff of the Architectural Services

Department, instead of contracting out the work, to help achieve a saving of about \$60 million.

Admin

31. Mr IP Kwok-him said that members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported improving the facilities and accommodation of RTHK but had reservation over the funding for the project in light of its huge cost. Mr IP considered that the funding proposal was unreasonable as the construction unit cost of the New BH was substantially higher than that of other recently approved Government projects such as the Centre of Excellence in Paediatrics (PWSC(2013-14)6) and a 30-classroom primary school at Site 1A-4 at Kai Tak Development (PWSC(2013-14)8). At his request, the Administration would provide supplementary information on the justifications for the construction unit cost of the New BH.

Admin

32. Mr Abraham SHEK agreed that the project cost estimate in 2000 and the latest estimate in 2013 were based on totally different sites and service requirements and they should not be compared directly. He opined that the Administration should explore various options for minimizing the project cost. At his request, the Administration would provide supplementary information on the justifications for the increase of \$378.7 million in the cost estimate for furniture and equipment; a comparison of the construction costs among the New BH and other Government buildings; feasibility of building additional storeys for the New BH to serve as Government offices to lower the construction unit cost; feasibility of acquiring an old factory building and converting it into a New BH to save capital costs; and a comparison of the provisions of television ("TV") broadcasting facilities among the New BH and other major local TV broadcasting service providers.

Space requirements

33. Mr Charles MOK declared that he was a member of the RTHK PAP. Noting that the area of the new site of the New BH at TKO Area 85 would increase by about 77% comparing with the original site at TKO Area 86, he queried whether RTHK was in genuine need of such a large site for its operation. D Arch S advised that with the enlarged area in the new project site, the design and the accommodation of the facilities of the New BH could more effectively address the operational needs of RTHK in respect of the implementation of various new services. In response to Mr MOK's enquiry over the increase in the construction cost in relation to the enlarged site, the Chairman said that while the area of the new project site had increased by 77%, the cost increases arising from the changes in design requirements and construction cost were 30% and 40% respectively.

Admin

34. Mr CHAN Kam-lam and Dr Elizabeth QUAT commented that the ratio of the net operational floor area ("NOFA") to CFA of the New BH, which was about 33% under the current proposal, was relatively low. Mr CHAN and Dr QUAT considered that the Administration should review the design of the New BH with a view to improving the ratio of NOFA to CFA to maximize space utilization. Noting that the "design-and-build" contract procurement mode would be adopted for the New BH project, Mr CHAN Kam-lam cautioned the Administration that a modest design for the New BH should be used so as to minimize the project cost and that stringent cost control should be exercised over the project. Mr CHAN indicated that, based on the explanation for the huge increase in the project cost given in the paper, he would not support the funding proposal. He was worried that if the New BH was to be proceeded in accordance with the current proposal, it would eventually turn out to be a white elephant.

35. Mr MA Fung-kwok enquired about the justifications for the proposed increase in the areas of the News Centre, engineering and MAM, information technology ("IT") and new media technical facilities of 495% to 696% under the planned accommodation arrangements of the New BH. Mr MA considered the expansion of the area for engineering and MAM unreasonable as less space should be required for the storage of programme materials, such as film and tapes, with the development of digitization. Mr Christopher CHUNG held a similar view, adding that the Administration should consider transferring the master copies of film rolls of selected television programmes produced on film to the Hong Kong Film Archive for better preservation.

36. Deputy Director of Broadcasting (Programmes) ("DD of B(P)") explained that the additional areas for the News Centre were to make up for the serious shortfall in the current provision for staff accommodation and necessary facilities and to cater for the provision of TV news in the future. Besides, the space provision for the engineering and MAM would be enhanced to support the development of various new services, particularly DTT and MAM. Additional storage space would be required as the original copies of programmes would be retained even after the contents had been digitized and stored in digital format. He supplemented that the increase in the area for IT and new media technical facilities was to meet the space requirement for upgrading IT facilities to the present-day standards and enhancement of new media programme production.

Broadcasting facilities and equipment

37. Dr Elizabeth QUAT expressed grave concern over the abrupt increase in the project cost of the New BH and sought justifications for the provision of five studios for TV programme production of different sizes. At her

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Admin request, the Administration would provide the long-term development plan of the DTT broadcasting services of RTHK, including the number of programmes to be produced, the hours of production output, as well as the technical capability and competency required for programme production, to justify the proposed provision of DTT broadcasting facilities, in particular the large-sized/capacity studios, in the New BH. Addressing the concerns of Admin Mr Christopher CHUNG and Dr QUAT, the Administration would also provide supplementary information on the annual recurrent expenditure arising from the New BH project.

Admin 38. Noting that pre-fabricated radio and TV studios were commonly used in overseas cities such as Toronto, Mr Albert CHAN asked for information about the comparison of construction costs of the studios in the New BH and other major cities. He requested that the Administration should provide supplementary information on the respective unit costs of pre-fabricated studios for TV and radio broadcasting (inclusive of all necessary facilities and equipment) in major overseas cities.

39. Mr TAM Yiu-chung questioned whether the facilities of the New BH would be over advanced, thereby making it a lavish project. D of B responded that only \$760 million out of the total project cost of some \$6,000 million would be allocated for the procurement of broadcasting facilities and equipment, the specifications of which would be drawn up in accordance with the technical standards or specifications laid down by the Communications Authority based on the prevailing international standards. In response to Mr TAM's further enquiry on whether the provision for the procurement of broadcasting facilities and equipment at \$760 million was an over-estimate taking in view that the prices of broadcasting equipment would go downward over time, D of B said that in the relevant tendering exercises, RTHK would only set out in the tender documents the technical requirements but not the brands/models/suppliers of the concerned facilities and equipment. The tender results should represent the market prices. D of B informed members that as announced by the Television Broadcasts Limited ("TVB") in 2003, the total cost of the broadcasting equipment of the TVB City in TKO was \$600 million.

40. Mr TAM Yiu-chung enquired if the existing broadcasting facilities and equipment of RTHK would be disposed of upon the commissioning of the New BH. D of B advised that about 40% of the proposed provision of \$760 million would be expensed on the procurement of new broadcasting facilities and equipment for the implementation of new services to be provided by RTHK as approved by the Chief Executive in Council in 2009, while the remaining 60% was for the replacement of existing facilities and equipment, most of which had already reached the end of their service life.

Admin

He added that RTHK would avoid procuring new broadcasting facilities and equipment in the next five years as far as possible prior to the commissioning of the New BH. Addressing the concerns of Mr CHAN Kam-lam and Mr CHAN Han-pan, the Administration would provide supplementary information on the arrangement for the existing broadcasting facilities, including whether they would be relocated to the New BH for use, whether RTHK had a procurement plan in the short term for replacement of those facilities and equipment which might become faulty after relocation, and the relevant expenditures to be incurred.

Admin

41. Ms Cyd HO opined that RTHK's town office in the Queensway Government Offices should be retained upon the commissioning of the New BH to facilitate the operation of RTHK and the site of the existing BH on Broadcast Drive should be deployed for use by tertiary education institutions. Ms HO also expressed concerns on the office space provision for RTHK staff in the New BH; the increase in the staffing establishment for providing expanded news services; the relocation plan for those broadcasting facilities currently housed in containers in the existing BH; and whether the ground conditions of the New BH site had been adversely affected by the operation of the nearby Southeast New Territories landfill, thereby leading to an abrupt increase of \$187.5 million in the cost of piling works. The Administration would provide supplementary information to respond to Ms HO's concerns.

Admin

42. Mr CHAN Han-pan said that according to a media report, the construction costs of the DTT broadcasting facilities of the New BH, TVB, Asia Television Limited and Hong Kong Television Network Limited were \$296,000, \$20,000, \$12,000 and \$21,000 per m² respectively. He queried about the justifications for the remarkably high cost of the facilities of the New BH. At his request, the Administration would provide written information on the justifications.

Separate power supply and fire service systems for different blocks

43. Mr MA Fung-kwok opined that while the TV block and the Radio block would be housed under one roof in the New BH, the effectiveness of the provision of separate fire services, electricity supply and telecommunication systems for the two blocks to ensure continuity of broadcasting services in case of emergency was in doubt. He was of the view that the TV block and the Radio block should be housed in different buildings for better avoidance of the risks to service disruption. Mr Christopher CHUNG expressed a similar view, adding that the facilities should be located in different locations to mitigate the concerned risks.

44. D Arch S responded that the New BH would comprise three blocks, namely the TV block, the Radio block and the Administration block. The three blocks would be equipped with separate power supply and fire service systems. Accommodation of the three blocks in separate buildings was not feasible in view of site constraints. The broadcasting system, data transmission system and its associated building services installation in the New BH would adopt dual feed power supply, i.e. when there was a failure of the primary power supply system or undergoing maintenance, another path would take over to maintain continued operation. The purpose of these installations was to ensure continuity of broadcasting services in case of emergency or power failure.

Accommodation of a data centre in the New BH

45. Mr Charles MOK suggested that, to save costs, RTHK should consider hiring the storage services of external data centres which were located in close proximity to the New BH. Mr Christopher CHUNG and Miss CHAN Yuen-han expressed a similar view. DD of B(P) responded that the New BH would be provided with a server room for internal use and for saving the data concerning all systems, media and the daily operation. Due to copyright concerns, RTHK would accommodate the database of its programmes within the precincts of the New BH. Nevertheless, RTHK had been hiring server capacity and services from two Internet service providers ("ISPs"). The data centres of these two ISPs were of Tier 3 level. Addressing the concerns of Mr Charles MOK, Mr Christopher CHUNG and Miss CHAN Yuen-han, the Administration would provide supplementary information on the justifications for setting up an in-house data centre in the New BH instead of hiring storage services from external data centres. A cost comparison between the aforesaid options would be given.

Admin

46. At 10:25 am, the Chairman extended the meeting by 15 minutes from 10:30 am to 10:45 am to allow sufficient time for discussion.

Proposed withdrawal of the funding proposal

47. In view of the large number of queries raised by members on the funding proposal and that there were other agenda items to be dealt with in the meeting, Mr Abraham SHEK suggested that the Administration withdraw the paper and revise the proposal. PSCED(CT) responded that the validity of the tenders for the New BH project would expire in March 2014. If the tender exercise had to be re-conducted, the project would be delayed for 18 to 24 months and the progress of RTHK's implementation of new services would be seriously hindered. Before deciding on whether to

withdraw the funding proposal, she would like to listen to the views of other members on the proposal and strive to provide the required supplementary information to address members' concerns. Ms Emily LAU, Mr IP Kwok-him, Miss CHAN Yuen-han and Mr Michael TIEN were of the view that discussion on the item should be continued and that members should be allowed to raise questions on the funding proposal regardless of whether the Administration would withdraw the proposal or not. The Chairman decided that the Subcommittee would continue the deliberation on the proposal and an additional meeting would be arranged to deal with the remaining items on the agenda.

Editorial independence of RTHK

48. Ms Emily LAU indicated her support for improving the accommodation for RTHK staff and replacing the obsolete broadcasting equipment. She expressed her understanding over the increase in the project cost in the light of the escalating construction cost. However, she cast doubt on whether RTHK could fulfill its role as the PSB of Hong Kong given that it remained a Government department. She said that staff of RTHK had lots of grievances over the interference on the editorial independence of RTHK by the Administration. D of B responded that the editorial independence of RTHK was stated clearly in the Charter of RTHK and if a civil servant felt that he/she had been directed to act in a way that he/she considered in conflict with his/her professionalism or political neutrality, he/she might lodge a complaint in accordance with the established procedures. At her request, the Administration would provide information on the complaints lodged by RTHK's staff on the Administration's interference on the editorial independence of RTHK, and the views from the public questioning the capability of RTHK in fulfilling its mission as the PSB of Hong Kong.

Admin

Promoting the development of the local cultural sector

49. Miss CHAN Yuen-han said that given the huge investment in broadcasting facilities and equipment in the New BH, the current plan of RTHK in supporting the development of local arts and cultural organizations through the use of its new TV channels was inadequate. At her request, the Administration would provide supplementary information on RTHK's plans in promoting the development of the local arts and cultural sector with the launch of DTT broadcasting services.

Admin

Development of DAB and DTT services

50. Mr WU Chi-wai opined that it would be more desirable for the proposed Broadcasting History Display Room to be set up in one of the

existing buildings of RTHK in the urban area instead of the New BH in TKO to facilitate the public's visits. He enquired if RTHK would enhance the DAB services and provide more public broadcasting channels upon the commissioning of the New BH. D of B responded that at present, RTHK could only produce two hours of new programmes per day for the DAB services due to insufficient facilities. Upon the commissioning of the New BH, there would be additional facilities to enhance the DAB services. RTHK would continue to develop the services and conduct regular reviews with a view to providing quality programmes for the public. On the provision of public broadcasting channels, RTHK had launched the Pilot Project for Community Involvement Broadcasting Service ("CIBS") with a funding of \$45 million approved by the Finance Committee in 2012. The 1st Quarter service of the Pilot Project for CIBS had been launched between July and October 2013, and the 2nd Quarter service had also been launched in October 2013 up to January 2014. Since the launch of CIBS, RTHK had received 123 applications in total and 57 of them had been approved. The types of approved programmes covered themes such as education, arts and culture, politics and current affairs, ethnic minorities and social affairs. In response to Mr WU's enquiry on whether RTHK would have its own TV broadcasting channels upon the commissioning of the New BH, D of B replied that RTHK would have three channels to provide DTT broadcasting services.

Written responses to Mr Christopher CHUNG's letters regarding the funding proposal

Admin 51. At the request of Mr Christopher CHUNG, the Administration would provide a written response to the question raised in his letter dated 15 November 2013 regarding the potential impact of the launch of RTHK's DTT broadcasting services on the local TV market. The Administration would also provide a written response to Mr CHUNG's letter dated 16 December 2013 regarding the funding proposal.

(Post-meeting note: The Administration provided a supplementary information note to respond to members' questions and concerns on the construction of the New BH and the operation of RTHK raised at the meeting. The Chinese and English versions of the note were issued to all members of the Finance Committee vide LC Paper No. PWSC25/13-14(01) on 30 and 31 December 2013 respectively.)

Continuation of discussion on the funding proposal

52. Responding to the Chairman's enquiry, PSCED(CT) said that the Administration had decided not to withdraw the proposal and requested that

the discussion on the proposal be continued at a future meeting of PWSC. The Chairman advised that he would consider convening an additional meeting before a scheduled meeting on 22 January 2014 to deal with the funding proposal on the New BH and the remaining items.

(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, an additional meeting and a fallback meeting had been scheduled for 3 and 7 January 2014 respectively to discuss the funding proposal on the New BH (PWSC(2013-14)28) and PWSC(2013-14)29. Members were informed of the above arrangement vide LC Paper No. PWSC23/13-14 on 24 December 2013. The other two items, i.e. PWSC(2013-14)30 and PWSC(2013-14)31, would be deferred to the meeting on 22 January 2014.)

Any other business

53. There being no other business, the meeting ended at 10:45 am.

Council Business Division 1
Legislative Council Secretariat
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