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Legislative Council

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(These minutes have been
seen by the Administration)

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

**Minutes of the 4th meeting
held in Conference Room 1 of the Legislative Council Complex
on Friday, 3 January 2014, at 3:43 pm**

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 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 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 Helena WONG Pik-wan
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 attending:

Hon James TIEN Pei-chun, GBS, JP

Members absent:

Hon CHAN Kam-lam, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau

Public officers attending:

Mr YEUNG Tak-keung	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr CHAN Chi-ming	Deputy Secretary for Development (Works) ²
Mr Thomas CHOW Tat-ming, JP	Permanent Secretary for Development (Planning and Lands)
Ms Anissa WONG, JP	Permanent Secretary for the Environment
Ms Jasmine CHOI Suet-yung	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mr Gregory SO Kam-leung, GBS, JP	Secretary for Commerce and Economic Development
Ms Susie HO Shuk-yee, 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)
Mr LEUNG Koon-kee, JP	Radio Television Hong Kong
Ms Sheron LI Wing-yi	Director of Architectural Services
	Assistant Director (Quantity Surveying)
	Architectural Services Department
Mrs Sylvia LAM YU Ka-wai	Project Director (1)
	Architectural Services Department
Mr LAM Kwai-sang	Chief Project Manager (103)
	Architectural Services Department

Clerk in attendance:

Mr Derek LO	Chief Council Secretary (1)5
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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

Action

1. The Chairman advised that the meeting would last two hours and end at 5:43 pm. The meeting was to deal with two unfinished items carried over from the meeting of 18 December 2013 involving a proposed allocation of \$13,989.9 million in total. He said that if the proposals were approved, the cumulative number of projects approved by the Public Works Subcommittee ("PWSC") in the 2013-2014 session would be four, while the total amount of funding approved would be \$39,277.9 million, of which \$35,527.0 million was related to capital works projects.
2. The Chairman further advised that any unfinished items of the present meeting would be carried over to the meeting of the Subcommittee scheduled for 7 January 2014, from 8:30 am to 10:30 am.
3. The Chairman 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.

Head 703 – Buildings**PWSC(2013-14)28 69KA New Broadcasting House of Radio Television Hong Kong**

4. The Chairman advised that the proposal was to upgrade 69KA to Category A at an estimated cost of \$6055.6 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"). In response to members' requests, the Administration had, on 30 December 2013, provided a supplementary information paper (LC Paper No. PWSC25/13-14(01)), to answer members' questions raised at the meeting on 18 December 2013 in connection with the funding proposal. Furthermore, on 2 January 2014, the Administration had provided a written response to Mr Christopher CHUNG's letter dated 30 December 2013. Mr CHUNG's letter and the Administration's written response had been issued to members vide LC Paper No. PWSC28/13-14.

Opening remarks by Secretary for Commerce and Economic Development

5. Secretary for Commerce and Economic Development ("SCED") recapitulated the background of the need for the construction of a New BH for RTHK. He said that the Chief Executive in Council had decided in 2009 that RTHK should be tasked to take up the mission as the public service broadcaster ("PSB") in Hong Kong. After a 3-month public consultation exercise that followed, RTHK's way forward as well as its scope of services were subsequently confirmed. The design of the New BH was proposed on the basis of the operational requirements arising from RTHK's new scope of services. SCED further said that members of the Panel on Information Technology and Broadcasting had, at its meeting in October 2009, welcomed the Administration's decision on the way forward of RTHK, including the construction of a New BH. The Administration had provided detailed supplementary information in respect of the questions and concerns raised by members at the PWSC meeting on 18 December 2013. SCED appealed for members' support for the funding proposal.

Presentation by Director of Broadcasting and Director of Architectural Services

6. With the aid of a powerpoint presentation, Director of Broadcasting ("D of B") and Director of Architectural Services ("DArchS") briefed

members on a comparison between the provision of major facilities in the existing BH and the proposed New BH, a comparison between the construction costs and facilities of the proposed New BH and the TVB City of the Television Broadcasts Limited ("TVB"), the basis on which the project cost estimate for the New BH had been worked out, the construction unit cost of the project, the net operational floor area ("NOFA") and the construction floor area ("CFA") on each floor of the New BH, the direction of RTHK's programme production and future developments, etc.

(Post-meeting note: The powerpoint presentation materials were circulated to members vide LC Paper No. PWSC31/13-14 on 6 January 2014.)

7. D of B said that owing to the escalation in construction costs in recent years, the Administration had recently proposed that the provisions for price adjustments for two capital works projects, namely, the Central-Wan Chai Bypass and Island Eastern Corridor Link (579TH) and Liantang/Heung Yuen Wai Boundary Control Point and associated works - site formation and infrastructure works (19GB) ("the LT/HYWBCP project"), be increased by about \$7,000 million and about \$3,000 million respectively. He highlighted that the estimated project cost of the New BH under the current proposal was only \$5,000 million excluding price adjustment and the validity of the tenders for the project would expire on 20 March 2014. If the tender exercise had to be re-conducted, the project would be delayed by 18 to 24 months and the cost of construction would have to be re-estimated based on the revised project scale. In view of all the uncertain factors (including inflation, salaries, commodity prices, etc) associated with a delay in the commencement of the construction works, the construction costs of the project by then might not be reduced in proportion to the revised project scale.

The project cost

8. The Chairman opined that, the Administration should provide detailed information about RTHK's future programme production, in particular the estimated number of hours of programmes that would be produced and the production budget, as compared with the output of other local broadcasting organizations, so as to justify the proposed scale of the New BH project.

9. D of B said that at this stage it was difficult to give concrete information about RTHK's production output after the New BH was commissioned. There was scope for increasing the current output of RTHK in terms of quantity. With additional broadcasting facilities at the proposed New BH, RTHK would aim to provide more new programmes on the digital

audio broadcasting ("DAB") channels. On digital terrestrial television (DTT) service, subject to the feedback of the public, the Administration would extend the broadcasting hours with the facilities at the New BH, applying for additional resources where appropriate. D of B added that while TVB had a staff force of about 4 500 and an annual programme production output of 16 500 hours, RTHK had a TV programme production team of about 360 members and pledged programme production output of 1 300 hours per year. Both the manpower establishment and production output of RTHK's TV Division were about 8% of those of TVB. In his view, it should be fair to say that the work efficiency of RTHK in respect of TV programme production was comparable to that of a commercial broadcaster. The Chairman commented that while the TVB City's CFA was only 30% larger than that of the proposed New BH, the number of staff accommodated and the production output far exceeded those of RTHK.

10. Ms Emily LAU and Dr Helena WONG indicated that members belonging to the Democratic Party would support the funding proposal as the New BH could bring the accommodation and facilities of RTHK up to the present-day standards to enable it to fulfill its mission of PSB in Hong Kong. Dr WONG said that while a number of public works projects with cost overrun would have their applications for increases in approved project estimate ("APE") put forward to the Subcommittee later, members of the Subcommittee should apply the same standards when vetting all these funding proposals and should not be particularly stringent with the present proposal. She said that the construction costs of the New BH might escalate further should it be put up for re-tendering. Mr Charles MOK expressed a similar view.

11. With regard to project cost control, DArchS advised that the Architectural Services Department ("ArchSD") had engaged consultants to carry out site investigation, landfill gas hazard assessment, preliminary environmental review, micro-climate study, landfill odour study and traffic impact assessment at the tender preparation stage to mitigate the financial risk of the tenderers. ArchSD had also engaged consultants on acoustic and vibration, and electronic and telecommunications equipment installation to assist in the compilation of design specifications, and clearly set out these requirements in the tender documents. In the light of the above, the Administration was confident that the project could be completed within its APE.

12. Miss Alice MAK said that members belonging to The Hong Kong Federation of Trade Unions supported the construction of a New BH and replacement of the obsolete facilities of RTHK but had great reservation over the huge project cost. Miss MAK considered the comparison of the

construction unit cost of the New BH with other Government buildings presented by the Administration inappropriate and unconvincing, as these buildings were not of the same nature. Referring to the construction unit cost of the private office buildings of \$18,400 to \$22,000 per m² (of CFA), given in Appendix 2 of the Administration's supplementary information paper, she said the construction cost of the proposed New BH was too high. Miss MAK enquired if there was any room to reduce the scale of the project as well as the project cost. She said that it would be difficult for her to support the funding proposal as the justifications for the project cost were insufficient. Mr MA Fung-kwok, Dr Elizabeth QUAT and Mr Abraham SHEK also opined that the Administration should have provided in the supplementary information paper a comparison of the project cost of the New BH with that of similar facilities of other local broadcasters so that the comparison could be made on an equal basis.

13. Miss CHAN Yuen-han said that according to the comments of some professionals in the related fields, the construction cost of the project at about \$3,600 million was on the high side. She urged the Administration to explore with the tenderers concerned the feasibility of extending the validity period of the tenders beyond their expiry on 20 March 2014 to make available more time for resolving the issues involved.

14. Mr WONG Kwok-hing opined that the almost 4-fold increase in the estimated project cost of the New BH from the estimate made in 2009 was unreasonable and the Administration had not provided sufficient justifications in its supplementary information paper. He requested the Administration to trim the project cost by reducing the scale of the project. SCED responded that as the present estimate of \$6,055.6 million was derived based on RTHK's basic operational service requirements and had made reference to the tender results received, the Administration considered it an appropriate cost estimation. Mr WONG said that he could not support the funding proposal.

15. Mr Michael TIEN declared that he had participated in the production of an RTHK TV programme. He was of the view that RTHK, being the PSB of Hong Kong, should be provided with adequate accommodation and facilities. Referring to the powerpoint presentation, he enquired about the reason for the difference of \$600 million in the construction cost between the TVB City (\$3,000 million) and the proposed New BH (\$3,600 million) (at the 2013 price level), as well as the possible inflation of the total project cost of the latter should it be trimmed to, say about \$4,800 million, after a re-tendering exercise was completed.

16. D of B responded that the cost difference might be due to the lower cost of site foundation works of the TVB City as the majority of the building

structures therein were low in height, as well as the cost incurred by the provision of media asset management ("MAM") facilities in the proposed New BH. Citing the case of the LT/HYWBCP project, the provision for price adjustment of which had increased by \$3,000 million in just 18 months after the approval of its APE, D of B advised that the project cost of the proposed New BH upon re-tendering was likely to escalate by a great extent.

17. In response to Mr Charles MOK's enquiry about the reasons for the relatively high construction costs of Government's projects compared with those of the private sector, DArchS advised that apart from meeting the user department's operational needs, public works projects adopted higher standards than those required under the law in respect of provision of public facilities, such as barrier-free access. Moreover, the Administration would take into account mitigation of adverse environmental impacts and selection of materials which would be less maintenance intensive in the design and construction of public works projects. These factors led to higher construction costs.

18. Dr Elizabeth QUAT 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 proposal in light of the huge project cost. They were worried that the New BH would eventually turn out to be a white elephant if the project was to be proceeded with under the current proposal. Owing to insufficient justifications provided by the Administration for the huge project cost, Dr QUAT said that members of the Democratic Alliance for the Betterment and Progress of Hong Kong would not support the funding proposal. She urged the Administration to refine the project design and provide more detailed information to address members' concerns.

19. Mr IP Kwok-him opined that the proposed estimated project cost at about \$6,000 million was unacceptable. He said that many members of the public, including the professionals, were gravely concerned about the high cost of the project and considered it a waste of public resources. He urged the Administration to take heed of such a strong public view.

20. Mr Albert CHAN said that, from the perspective of control of costs for public works projects, it would be difficult for him to accept the project cost estimate of the proposed New BH at about \$6,000 million. He requested the Administration to provide further justifications for the estimate. Deputy Director of Broadcasting (Programmes) ("DD of B(P)") explained that the NOFA of the proposed New BH had increased from about 15 000m² to about 27 000m² upon the change of the project site and such a space provision had undergone the stringent assessment of the Property Vetting

Committee. He said that the project cost estimate of \$6,055.6 million was derived based on RTHK's requirements for basic operational facilities but not an extravagant design or unnecessary facilities, and had made reference to the tender results received.

21. Mr Abraham SHEK declared that he was the representative of the Functional Constituency of Real Estate and Construction in LegCo, and Non-executive Director of two construction companies, but he did not know whether the two companies had submitted tenders for the New BH project. Mr SHEK said that the Administration should have explained clearly to members that the original project cost estimate of about \$1,600 million made in 2009 and the latest one of about \$6,000 million made in 2013 for the proposed New BH project were derived from totally different bases. Without good explanation, it would be difficult for the Administration to obtain the support of members for the funding proposal. He stressed that LegCo Members had the responsibility to monitor public expenditures and therefore had to consider whether the New BH would be value-for-money. In his view, it was not appropriate to compare the project cost of the proposed New BH with that of the TVB City, as the cost of the latter would be covered by TVB's profit return over a period. Mr SHEK requested the Administration to consider withdrawing the funding proposal for revision.

22. SCED responded that as the project cost estimates for the proposed New BH made in 2009 and 2013 were based on totally different service requirements, it was inappropriate to compare the two estimates. Upon deducting the provisions for furniture and equipment, contingencies and price adjustment, the construction cost of the proposed New BH was only about \$3,600 million.

23. Mr WU Chi-wai opined that, to control the project scale, the Administration should consider delivering the New BH in phases. Additional floors could be constructed at a later stage if there were genuine needs.

Construction unit cost

24. Mr Alan LEONG said that members belonging to the Civic Party would support the funding proposal in the light of the imminence of the expiry of the tender validity period of the project in March 2014. He however commented that the Administration should provide sufficient information to explain the increases in the building works and building services works costs (items (c) and (d) respectively in Appendix 1 to LC Paper No. PWSC25/13-14(01)) of the project. The Administration agreed to provide an itemized breakdown on the increases in the aforesaid costs and provide justifications for the increases.

25. Mr Frankie YICK said that comparing with the all-inclusive construction cost of residential units, at about \$4,000 per square foot, as well as the construction cost of the broadcasting centre of the Hong Kong Television Network Limited at about \$800 million, both the construction unit cost of the proposed New BH, at \$36,688 per m² of CFA, which only included the building works and the building services works costs, and the total project cost were unreasonably high. He remarked that the practice for public works projects to exclude provisions for price adjustment and contingencies from the construction costs was completely different from the practice in the private sector.

26. DArchS explained the reason for the construction unit cost of public works projects to be represented by the building works cost and the building services works cost. The costs of other components, such as site works, piling works, drainage works and external works, were site specific depending on site constraints, site environment, facilities in the vicinity, topography, underground and geology conditions, thus comparison amongst projects would not be meaningful. The relative weighting of these costs to the total costs varied considerably across different projects. For the proposed New BH project, the building works cost and the building services works cost accounted for about 80% of the total construction costs. He clarified that the construction unit cost of the New BH also included the consultants' fee, as the project had adopted the design-and-build mode.

27. Mr IP Kwok-him said that the information about the construction unit costs of the proposed New BH and other major Government projects provided by the Administration were confusing. According to his calculation, the construction unit costs of the proposed New BH and the Tamar development project were \$7,172 per m² and \$2,560 per m² respectively.

Broadcasting facilities and equipment

28. Mr Christopher CHUNG queried the need for providing six live broadcast studios for analogue broadcasting services in the proposed New BH, taking in view that the service would be phased out in the near future. He also did not support the provision of an additional large-sized TV production studio at the New BH, as it was expected that it would mainly be used for the production of election forums for councils at different levels, which would be held only once every four years. He opined that, as most of RTHK's TV programmes would not be live broadcast ones, there was no need to have five TV studios at the New BH. Mr MA Fung-kwok held the view that RTHK had not leveraged on the advantage of housing radio and TV

broadcasting facilities under one roof in the proposed New BH. He said that there should be room for reducing the number of radio and TV production studios in the proposed New BH, as the large studios for sound broadcasting service, if not frequently used, could be deployed for the production of TV programmes.

29. DD of B(P) responded that some of the equipment of the continuity studios for the existing analogue broadcasting services was in fact digital equipment which would be able to support both analogue service (i.e. the AM and FM channels) and DAB service. With the commissioning of the New BH, the total number of RTHK's TV production studios would increase by one only. He advised that the large studios for sound and television broadcasting services would be put into frequent use for the production of different types of programmes. Mr CHUNG said that five of the proposed continuity studios for analogue broadcasting service at the New BH were not necessary facilities.

30. Pointing out that production/broadcasting studios were special facilities of which the evaluation of the construction costs needed expert knowledge, Mr Tony TSE opined that the Administration should provide the Subcommittee with information and independent analyses on the construction costs of production/broadcasting studios separately, instead of providing the construction costs of the offices and the studios in a lump sum. Offices and production/broadcasting studios were two types of facilities which were not comparable in terms of construction costs. He said that in the absence of the details and professional analyses on the construction costs of the broadcasting facilities in the proposed New BH, he was not convinced that the Administration had the ability to judge whether such costs were reasonable.

Dual feed power supply and data transmission system

31. Mr Christopher CHUNG did not accept the justifications given in the Administration's supplementary information paper for providing dual feed power supply, dual feed data transmission system and separate fire service systems for different blocks at the proposed New BH. He considered such a provision redundant. DD of B(P) explained that in view of the importance of public service broadcasting to the general public, it was necessary to ensure that the radio and TV broadcasting services were not disrupted. Therefore, 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. In recent years, the Administration had adopted the dual power supply arrangement in major and important projects,

such as the Central Government Offices. The purpose of these installations was to ensure continuity of broadcasting services in case of emergency or power failure. The sources of the dual power supply would come from different power supply stations in TKO.

Accommodation of a data centre in the New Broadcasting House

32. Mr Christopher CHUNG did not agree to the Administration's argument that the database of RTHK programmes should be accommodated within the precincts of the proposed New BH due to copyright concerns. He also opined that with the digitization of programme materials, the storage space required in the New BH should be greatly reduced. Dr Elizabeth QUAT and Mr MA Fung-kwok expressed a similar view. Mr MA questioned the need for the provision of about 20 000 square feet of storage space for programme materials in the New BH.

33. DD of B(P) explained that programme materials in RTHK's archives were of prime historical and cultural significance. While some raw materials had already been digitized, industry practice required that the master copies should be kept properly to guard against possible damage to the digital copies. RTHK had digitized some archived programme materials such as certain 16 mm film tapes worthy of preservation, and had transferred the master copies to the Hong Kong Film Archive for preservation. That said, quite a large proportion of RTHK's media assets were yet to be digitized and therefore required a reasonable amount of storage space. Mr Charles MOK opined that the Administration should consider keeping some important programme materials in outside data centres to diversify the risks of loss or damage. Dr Elizabeth QUAT held a similar view, saying that the Administration should not put all eggs in one basket.

34. DD of B(P) said that hiring services from outside data centres applying cloud technology could be considered for the storage of multimedia contents. However, the annual expenditure to be incurred would be as high as \$200 million. Therefore, this option was not cost-effective in the long run. Mr Christopher CHUNG opined that the Administration should provide information about the recurrent cost of maintaining a data centre in the New BH for comparison. Mr Charles MOK suggested that the Administration should consider storing the multimedia contents in the central data centre of the Administration to be developed by the Office of the Government Chief Information Officer to reduce the storage cost.

Net operational floor area

35. Mr Frankie YICK queried whether the ratio between NOFA and CFA was the best indicator to show the efficiency of use of space. Given that NOFA did not include areas for communal facilities such as toilets, bathrooms and refuse rooms, etc., it could not reflect whether there was wastage in the floor space for such facilities. DArchS responded that the NOFA on each floor of the proposed New BH was given for members' information because it fully represented the floor area actually allocated to the users of a building for carrying out the intended activities. The ratio between NOFA and CFA varied according to the design of each floor of the New BH. A comparison of the ratio between NOFA and CFA of the New BH with that of other Government major buildings showed that the New BH had a higher ratio than the Cruise Terminal Building and ancillary facilities at Kai Tak and the West Kowloon Law Courts Building.

36. At 5:30 pm the Chairman extended the meeting by 15 minutes to 5:58 pm to allow sufficient time for discussion.

Design-and-build contract procurement mode

37. Mr Michael TIEN opined that the Administration should have disclosed in 2011 the updated project cost estimate for the proposed New BH, at about \$4,400 million, taking into account the new services to be undertaken by RTHK to fulfill its role of being the PSB of Hong Kong. He enquired about the Administration's reason for not doing so. Dr Elizabeth QUAT said that the Administration had misled the public regarding the cost for RTHK to assume the role of PSB in Hong Kong by quoting an outdated project cost estimate for the New BH.

38. Permanent Secretary for Commerce and Economic Development (Communications and Technology) responded that the project cost estimate of \$4,400 million was an internal estimate of ArchSD, the disclosure of which before the tendering exercise might push up the tender price under the proposed design-and-build contract procurement mode for the project. Mr Michael TIEN urged the Administration to critically review the adoption of the design-and-build contract procurement mode for public works projects in the light of the problems arising from the project cost of the proposed New BH project. Mr Christopher CHUNG also requested the Administration to consider separating the contracts for the design and the construction works of the project. Mr TAM Yiu-chung said that, with reference to the experience of some other public works projects, the design-and-build contract procurement mode had ended up as a means for the contractors to profiteer.

Programme production plan

39. Pointing out that currently there was a lack of platforms for public policy discussion offered by commercial TV broadcasters, Ms Emily LAU and Dr Helena WONG opined that RTHK, being the PSB of Hong Kong, should strengthen its services in this regard, such as providing 24-hour news services and more discussion programmes on policy issues. Mr WU Chi-wai enquired about RTHK's plan in enhancing its programme production upon the commissioning of the New BH.

40. D of B responded that, with additional broadcasting facilities at the New BH, RTHK aimed at providing 24-hour DAB service. At present, four of the five DAB channels simulcast the existing four AM channels (namely, Radio 3, Radio 5, the Putonghua Channel and BBC World Service) to improve sound quality. Owing to insufficient facilities, only two hours of new programmes were produced every day for DAB service. In respect of DTT service, D of B advised that at the initial stage, RTHK TV 31 (main channel) would broadcast 8.5 hours daily (from 5 pm to 1:30 am) every Monday to Friday, and 13.5 hours daily (from 12 noon to 1:30 am) every Saturday and Sunday. As to whether RTHK would extend the broadcasting hours of its DTT channels in future, RTHK would gauge public feedback on its DTT service one year after the trial run of the channels, and would apply for additional resources under the prevailing mechanism when necessary. D of B said that, with the addition of a large TV studio at the proposed New BH, more public forum programmes could be produced. RTHK's plan was to produce news programmes in Chinese and English of 3 hours and 15 minutes each day upon the commissioning of the New BH. Should there be public demand for RTHK's 24-hour TV news service, RTHK could provide the service with a 15% increase in the recurrent operating costs of the TV news department.

41. Ms Emily LAU said that it was public expectation that RTHK would be independent, professional and objective in discharging its role and functions of being the PSB of Hong Kong despite the fact that it remained a Government department. In this connection, Ms LAU asked D of B about the expected quality and quantity of RTHK's programmes as compared with those of other overseas PSBs when RTHK was provided with enhanced facilities in future at the New BH. D of B responded that the quality of RTHK's programmes was on par with that of its counterparts overseas. However, it would not be appropriate to compare the quantity of the programmes among RTHK and other PSBs, such as BBC and NHK, which were of a much larger scale. The annual recurrent operating costs of BBC and NHK were over \$30,000 million and \$50,000 million respectively, while

that of RTHK was just \$754.3 million.

42. Ms Cyd HO said that she did not agree that RTHK could perform the functions of a PSB given that it remained a Government department with an Administration Officer being its Chief Editor. Expressing her dissatisfaction over the quality of the programmes produced by the two commercial free TV broadcasters and based on the consideration that RTHK, a Government-owned broadcaster, should be able to provide TV services in areas not adequately covered by commercial broadcasters, Ms HO said that she would support the funding proposal despite her dissatisfaction with RTHK's management. However, Ms HO was concerned about the programming directions and plans of RTHK's DTT service. She enquired about the measures that would be put in place to safeguard the production freedom of the programme production staff. SCED responded that paragraphs 4 and 5 of the RTHK Charter had clearly set out the purposes and mission of RTHK as the PSB of Hong Kong. At the request of Ms HO, the Administration would provide information on the aforesaid issues raised by her.

Admin

Other issues and concerns

43. Ms Emily LAU enquired about the efforts made by SCED in securing members' support for the funding proposal. SCED responded that members of the Subcommittee were mainly concerned about the cost-effectiveness of the New BH project. In this connection, the Administration had explained thoroughly to members the service requirements of RTHK and the details of construction costs of the project. As the project cost estimate of \$6,055.6 million was derived based on RTHK's operational requirements arising from the new services and had made reference to the tender results received, the Administration considered it a fair market price.

44. Dr Kenneth CHAN declared that he hosted some of RTHK's discussion programmes and had entered into contracts with RTHK in this respect.

45. The Chairman put the item to vote. At the request of Ms Emily LAU, the Chairman ordered a division. Ten members voted for and 15 members voted against the item. The voting results were as follows:

For:

Mr James TO

Ms Emily LAU

Ms Cyd HO

Mr Alan LEONG

Mr Michael TIEN

Mr WU Chi-wai

Mr Charles Peter MOK

Dr Kenneth CHAN

Mr Albert CHAN
(10 members)

Dr Helena WONG

Against:

Mr TAM Yiu-chung
Mr Abraham SHEK
Mr WONG Kwok-hing
Mr IP Kwok-him
Mr Frankie YICK
Mr Gary FAN
Mr MA Fung-kwok
Mr CHAN Han-pan
(15 members)

Miss CHAN Yuen-han
Mr LEUNG Che-cheung
Miss Alice MAK
Dr Elizabeth QUAT
Dr CHIANG Lai-wan
Mr Christopher CHUNG
Mr Tony TSE

46. The Chairman declared that the item was negated by the Subcommittee.

Any other business

47. There being no other business, the meeting ended at 5:51 pm.