

**立法會**  
***Legislative Council***

LC Paper No. CB(1)1457/13-14  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/DEV/1

**Panel on Development**

**Minutes of meeting**  
**held on Tuesday, 25 February 2014, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Dr Hon LAU Wong-fat, GBM, GBS, JP (Chairman)  
Hon Tony TSE Wai-chuen (Deputy Chairman)  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Cyd HO Sau-lan  
Hon CHAN Hak-kan, JP  
Hon CHAN Kin-por, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing  
Hon Gary FAN Kwok-wai  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan  
Dr Hon Kenneth CHAN Ka-lok

Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

**Member attending** : Hon LEE Cheuk-yan

**Member absent** : Dr Hon LAM Tai-fai, SBS, JP

**Public officers attending** : **Agenda item IV**

Mr WAI Chi-sing  
Permanent Secretary for Development (Works)

Mr Albert LAM Kai-chung  
Deputy Secretary for Development (Works)1

Mr John KWONG Ka-sing  
Chief Assistant Secretary (Works)1  
Development Bureau

**Agenda item V**

Mr Thomas CHOW Tat-ming, JP  
Permanent Secretary for Development (Planning & Lands)

Mr Thomas CHAN Chung-ching, JP  
Deputy Secretary for Development (Planning & Lands)1

Mr CHAN Chi-ming  
Deputy Secretary for Development (Works) 2

Mr HON Chi-keung, JP  
Director of Civil Engineering and Development

Mr Ambrose CHEONG Siu-yau  
Assistant Director (Administration)  
Civil Engineering and Development Department

**Agenda item VI**

Mr Eric MA Siu-cheung, JP  
Under Secretary for Development

Mr Thomas CHAN Chung-ching, JP  
Deputy Secretary for Development (Planning & Lands) 1

Mr Michael CHAN Chun-fung  
Principal Assistant Secretary (Planning and Lands) 5  
Development Bureau

Mr WONG Ming-to, JP  
Project Manager (New Territories North and West)  
Civil Engineering and Development Department

Mr LAW Man-tim  
Chief Engineer/Project Division 2 (New Territories North  
and West)  
Civil Engineering and Development Department

Ms Jacinta WOO Kit-ching  
Assistant Director/New Territories  
Planning Department

**Clerk in attendance** : Ms Sharon CHUNG  
Chief Council Secretary (1)6

**Staff in attendance** : Mr Anthony CHU  
Senior Council Secretary (1)6

Mr Fred PANG  
Council Secretary (1)6

Ms Christina SHIU  
Legislative Assistant (1)6

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**I Confirmation of minutes**

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|------------------------------|---|
| (LC Paper No. CB(1)926/13-14 | -- Minutes of special meeting on 16 November 2013 |
| LC Paper No. CB(1)927/13-14  | -- Minutes of meeting on 20 December 2013)        |

The minutes of the special meeting on 16 November 2013 and the regular meeting on 20 December 2013 were confirmed.

**II Information papers issued since the last meeting**

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|----------------------------------|---|
| (LC Paper No. CB(1)803/13-14(01) | -- Issue raised at the meeting between Legislative Council Members and Wong Tai Sin District Council members on 5 December 2013 relating to replanning and redevelopment of Ngau Chi Wan Squatter Area  |
| LC Paper No. CB(1)816/13-14(01)  | -- Administration's response to the letter dated 3 January 2014 from Dr Hon Kenneth CHAN Ka-lok on suspension of water supply in the Western District on 1 January 2014 and replacement of aged water mains (LC Paper No. CB(1)676/13-14(01)) |
| LC Paper No. CB(1)841/13-14(01)  | -- Referral memorandum dated 28 January 2014 from the Public Complaints Office on the relocation of residential care homes for the elderly affected by the North East New Territories New Development Areas Project                           |
| LC Paper No. CB(1)842/13-14(01)  | -- Administration's response to the letter dated 9 January 2014 from Hon KWOK Wai-keung   |

- on the design of new residential buildings and safety of workers engaged in the maintenance of external walls (LC Paper No. CB(1)739/13-14(01))
- LC Paper No. CB(1)879/13-14(01) -- Letter dated 7 February 2014 from Hon TANG Ka-piu and Hon Alice MAK on fresh water supply at remote villages
- LC Paper No. CB(1)918/13-14(01) -- Referral from the Public Accounts Committee on issues relating to small house grants in the New Territories
- LC Paper No. CB(1)933/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Wan Chai District Council members on 9 January 2014 relating to perfecting the signboard control system
- LC Paper No. CB(1)937/13-14(01) -- Administration's paper on progress report on Kai Tak Development
- LC Paper No. CB(1)941/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Kwun Tong District Council members on 23 January 2014 relating to pedestrian accessibility of the facilities in the peripheral areas of the United Christian Hospital expansion project
- LC Paper No. CB(1)949/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Tuen Mun District Council members on 5 December 2013 relating to unauthorized columbaria in Tuen Mun)

2. Members noted that the above information papers had been issued since the last meeting.

### **III Items for discussion at the next meeting**

(LC Paper No. CB(1)925/13-14(01) -- List of outstanding items for discussion

LC Paper No. CB(1)925/13-14(02) -- List of follow-up actions)

3. Members agreed that the next regular meeting scheduled for Tuesday, 25 March 2014, at 2:30 pm would be extended to end at 6:30 pm to discuss the following items proposed by the Administration --

- (a) PWP Item Nos. 401DS, 402DS & 195WC -- Feasibility study on relocation of Sham Tseng sewage treatment works to caverns, relocation of Sai Kung sewage treatment works to caverns, and relocation of Diamond Hill fresh water and salt water service reservoirs to caverns;
- (b) PWP Item No. 399DS -- Relocation of Sha Tin sewage treatment works to caverns;
- (c) PWP Item No. 768CL -- Strategic studies for artificial islands in the Central Waters;
- (d) PWP Item No. 770CL -- Planning, engineering and architectural study for topside development at Hong Kong Boundary Crossing Facilities Island of Hong Kong–Zhuhai–Macao Bridge; and
- (e) Revision of fees for services under the purview of the Buildings Department.

(*Post-meeting note:* Due to time constraints, the item "PWP Item No. 43CG -- Greening Master Plans for the New Territories" originally scheduled for discussion at the meeting on 25 February 2014 was deferred to the meeting on 25 March 2014. Members were informed of the arrangement vide LC Paper No. CB(1)1034/13-14 on 4 March 2014.)

4. The Deputy Chairman expressed concern about the late provision of discussion papers for the meeting. He said that the Panel usually had many

discussion items for one meeting, to allow sufficient time for members to prepare for the meetings, it was preferable to provide some of the discussion papers to members well before the meeting and as soon as possible. The Chairman asked the Clerk to convey the Deputy Chairman's concerns to the Administration.

#### **IV Challenges to delivery of the Capital Works Programme**

(LC Paper No. CB(1)925/13-14(03) -- Administration's paper on challenges to delivery of the Capital Works Programme

LC Paper No. CB(1)925/13-14(04) -- Paper on Capital Works Programme prepared by the Legislative Council Secretariat (Background brief)

5. Permanent Secretary for Development (Works) ("PS/DEV(W)") briefed members on the major challenges faced by the Administration in delivering the Capital Works Programme ("CWP") in the light of recent concerns on potential bunching of infrastructure projects. With the aid of a powerpoint presentation, PS/DEV(W) elaborated on the issues relating to infrastructure investment, forecast of overall construction outputs, project cost estimation, challenges in project delivery and the measures taken to meet the challenges.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1001/13-14(01) by email on 26 February 2014.)*

#### Delivery capacity of the construction industry

6. Noting that investment on CWP was expected to exceed \$70 billion annually in the next few years, Dr KWOK Ka-ki expressed concerns on the huge amount of the investment. He said that the bunching of infrastructure projects in recent years had led to escalating construction costs and tightening construction labour situation and queried whether the Administration would take measures to regulate and prioritize the implementation of public works projects ("PWPs") under CWP.

7. Mr Albert CHAN said that the large number of Government buildings, including public housing buildings, constructed 30 years ago would need to undergo major maintenance works in the next few years.

These works, together with the infrastructure projects commenced, the public and private housing projects to be delivered under the Administration's initiatives to increase housing supply, and the Hospital Authority's plan to undertake a number of works projects, would create a great demand for construction resources. He opined that the Administration should conduct an assessment timely on whether the volume of construction works required in the public and private sectors in the near future was within the delivery capacity of the local construction industry.

8. In reply, PS/DEV(W) advised that under the Administration's annual resource allocation exercise, in considering the funding requests submitted by policy bureaux, the Administration had all along taken into account the assessment on the delivery capacity of the construction industry prepared by the Development Bureau ("DEVB"). Based on the assessment, priorities would be accorded to individual projects. He continued that as projected from the current estimates, from now until end-2017, Hong Kong needed to make full use of the Supplementary Labour Scheme ("SLS") to address the shortage of construction manpower. Beyond 2017, following the adjustment to the training programmes, there would be sufficient local construction workers to cater for the forecast level of construction outputs at that time. As regards the suggestion for postponing projects to minimize the construction peak, PS/DEV(W) explained that, as the forecast overall construction expenditure for the next 10 years would be steadily maintained at a high level, deferring worthwhile projects might run the risk of creating a more acute construction peak several years later, which might result in even higher project prices. In response to Mr CHAN's further enquiry, PS/DEV(W) advised that the annual construction expenditure forecast for 2018-2019 was \$190 billion.

#### Planning for public works projects

9. The Deputy Chairman was concerned about the Administration's planning for PWPs. He cautioned the Administration that fluctuating construction volumes and unstable employment situations would have an adverse impact on the development of the construction industry. If the delivery capacity of the industry could not cater for the tremendous increase in the construction volume, the Administration would have no choice but to postpone the completion dates of certain works projects.

10. Mr WU Chi-wai did not subscribe to the Administration's view that spreading out the planned works projects across different times in the near future would not help lower the construction prices. He considered that the



Administration should provide more information to support its argument. He held the view that construction prices had increased because contractors needed to build in additional risk premiums in their bids for PWP contracts to protect themselves from possible losses caused by shortage of workers and project delays.

11. PS/DEV(W) replied that works projects undertaken by the private sector also accounted for the increasing construction outputs. While the Administration had strived to regulate the construction volume generated from PWPs, the volume of private sector investment was in general affected by factors like economic outlook and market conditions, which were out of the control of any single entity. He added that, among the factors leading to the delay in some PWPs, some of them, such as judicial reviews and longer public consultation time, were beyond the Administration's control.

12. Mr CHAN Kam-lam opined that delays in infrastructure projects due to judicial review, legal challenges and extensions of public consultation periods had given rise to increases in construction expenditure. He cited the case of Kai Tak Development as an example and said that the project had gone through a long period of consultation. Consequently, the commencement of the project had been delayed for years. In response to Mr CHAN's enquiry about the Administration's measures to speed up the implementation of PWPs, PS/DEV(W) advised that the Administration would put more efforts in preliminary studies before launching the relevant public consultation exercises, with a view to facilitating more effective and meaningful public discussions.

#### Level of construction outputs

13. The Panel noted the Administration's explanation that the share of the construction sector to GDP had been declining in the period from 1998 to 2007. The share in 2013, at 3.6%, was the lowest among the neighbouring developed economies. Mr CHAN Kam-lam said that despite the low rate of the share, the Administration's investment on infrastructure had been on the rise over the recent years. He opined that it was not appropriate to compare the share of the construction sector to GDP in Hong Kong with that of the neighbouring developed economies like Japan, Australia and Singapore, as these countries were economies of a much larger scale. PS/DEV(W) responded that the statistics on infrastructure investment and the share of the construction sector to GDP over the past five years or so reflected that infrastructure investment in Hong Kong was relatively inadequate.

14. Ir Dr LO Wai-kwok considered that the comparison between Hong Kong and other economies in respect of the construction sector's contribution to GDP was useful for assessing the adequacy of local infrastructure investment. In his view, given that the scale of the economy of Hong Kong was comparable to that of many countries and major cities, the total funding of \$620 billion approved by the Finance Committee ("FC") for CWP in the past 10 Legislative Council ("LegCo") sessions was not a large sum. Ir Dr LO remarked that there was a close relationship between works expenditures and the livelihood of construction workers. It was the aspiration of the industry stakeholders that the construction outputs in Hong Kong could be maintained at a stable level.

#### Estimation and control of project costs

15. Mr YIU Si-wing enquired, given that the Administration was aware of the increasing trend of the costs of manpower and materials, and there was a provision for price adjustment in the estimated cost of each works project, why recently there had been requests from the Administration for increasing the approved project estimates ("APEs") of some PWPs, such as the site formation and infrastructure works for Liantang/Heung Yuen Wai Boundary Control Point.

16. PS/DEV(W) responded that the cost of a project shown in a funding application to LegCo was only an estimate based on the available information and latest situation at the time of the application. The actual expenditure was subject to the tendering results of the works contract. In case there were any unforeseen circumstances leading to changes in prices, the original project estimate would become inadequate. In these circumstances, the Administration would inevitably need to seek LegCo's approval for additional funding. He advised that although some PWPs had required increases in their respective APEs, there were also cost reductions in some other projects. He stressed that the Administration's estimation of project costs was generally reliable.

17. The Deputy Chairman emphasized the importance for the Administration to ensure the accuracy of the project cost estimates when submitting the relevant funding applications to LegCo for approval. Noting that the Administration had asked the Works Departments to set up committees to vet the estimates of all PWPs under their purview, he was concerned whether these Departments would earmark excessive funding when working out the estimates.

18. PS/DEV(W) replied that the estimates of PWPs were vetted by dedicated committees of Works Departments comprising staff who were not responsible for the projects concerned. The committees would ensure that the estimates had taken into account the updated unit cost database as well as the latest trend of labour cost, material costs, etc. In response to the Deputy Chairman's enquiry on whether members of these committees had professional knowledge about project costs, PS/DEV(W) advised in the affirmative.

19. Dr KWOK Ka-ki said that the cost overrun in some works projects of which the revised funding proposals had been submitted recently to the Panel or the Public Works Subcommittees, such as the Liantang/Heung Yuen Wai Boundary Control Point project and the Central-Wan Chai Bypass project, was alarming. He was concerned that there were loopholes in the existing project cost estimation mechanism that might induce contractors to submit bids with unreasonably low prices in order to secure the contracts, but to ask for additional payments afterwards. Noting that from 2009 to 2013, there was a 60% increase in the construction cost of Government offices, which was much higher than that for schools and hospitals, Dr KWOK enquired about the reasons behind the substantial differences. In reply, PS/DEV(W) advised that the 60% increase was only an average rate. At Dr KWOK's request, the Administration would provide the relevant details about the increase in the construction cost of Government offices during the said period.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1) 1138/13-14(01) on 21 March 2014.)*

20. Referring to the information provided by the Administration that the increase in the risk premiums in contractors' bids was one of the factors that had contributed to the 59% increase of the Building Works Tender Price Index over the period from 2009 to 2013, Mr CHAN Hak-kan enquired about the measures that the Administration would take to help reduce the impact of this factor. PS/DEV(W) explained that in bidding a works contract, tenderers might add risk premiums to their bids to cater for the project risks, such as project complexity and time uncertainty, that they might face. One of the measures to reduce such risks to the tenderers was to divide a contract into several contracts of smaller amount. Moreover, the Administration had adopted the New Engineering Contract ("NEC") form in some pilot public works contracts to advocate collaboration in risk management by the contracting parties.

Procurement measures

21. Mr CHAN Hak-kan and Mr YIU Si-wing asked whether the NEC form could prevent project cost overrun. Mr CHAN enquired, in particular, whether the Administration would bear less additional cost in the event of cost overrun if the NEC form had been adopted.

22. PS/DEV(W) replied that the NEC form could put in place a pain share/gain share mechanism under which the Administration and the contractor shared the difference between the actual construction cost and the final target cost. Such NEC form would encourage contractors to mitigate at an early stage the consequence when the risk was materialized. However, it was not a mechanism to enhance the accuracy of project cost estimation. On the actual ratio for the sharing of the cost difference between the Administration and the contractor under the NEC form, PS/DEV(W) advised that the arrangement was determined by the Administration on a contract-by-contract basis having regard to factors such as the scale and the nature of the project. Under the current NEC pilot public works contracts, it was stipulated that the Administration would share the gain with the contractor on a 50:50 basis. To limit its financial liability, the Administration only shared the overspending up to 10% above the final target cost.

23. Ir Dr LO Wai-kwok expressed support for the Administration's new procurement-related initiatives, including assessing the contractors' capability based on relevant experience without the 24-month minimum probationary period requirement, dividing a large project into several small contracts, etc. At his request, the Administration undertook to provide more information about the NEC form, including the background for introducing the form, the arrangements for sharing and management of risks, whether and how the form could reduce project costs, and how it would help achieve better collaboration between the contracting parties.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1) 1138/13-14(01) on 21 March 2014.)*

24. Dr KWOK Ka-ki cited the Administration's proposal on the construction of the new Broadcasting House of Radio Television Hong Kong as an example and remarked that the design-and-build ("D&B") procurement method adopted for the project might have led to its high cost. He

considered that the Administration should review whether the cost of a works project could be lowered if its design work and building works were undertaken by different contractors. He asked whether it was an established practice for DEVB to advise individual Works Departments on the cost implications of a procurement method before the latter decided to adopt the method.

25. PS/DEV(W) said that DEVB had provided all Works Departments with the details about the works contract procurement methods that might be used, including D&B, "first design then build", etc. In determining the procurement approach to be adopted, Works Departments would take into account, among others, the nature of the project concerned and the estimated cost involved. He advised that other than the procurement method, there were a variety of factors, such as the way in which the estimated cost had been worked out, that might cause an increase in project cost.

#### Construction manpower

26. The Panel noted that according to the information of the Construction Industry Council ("CIC"), more than 40% of the registered workers were aged 50 or above. Mr WU Chi-wai was concerned about the ageing of the construction workforce and the shortage of new entrants to the construction industry, which would make it difficult for the industry to handle the large volume of infrastructure works in the next few years. He suggested that the Administration should study how to distribute the volume of construction works evenly over the next few years so that it would not exceed the delivery capacity of the construction workforce and the costs of PWPs could be maintained at a stable level.

27. Mr YIU Si-wing enquired about the measures that the Administration would adopt to address the problem of shortage of construction workers. PS/DEV(W) replied that more young people had been attracted to join the industry since the launching of enhanced training programmes and publicity initiatives in 2010. It was anticipated that, despite the enhanced training initiatives, the industry would need about 10 000 additional skilled workers in the next few years. With due regard to the principle of not affecting the employment and reasonable income levels of local construction workers, the Administration would make full use of SLS, which allowed employers with genuine difficulties in finding suitable staff locally to import workers. He advised that the Administration was drawing up proposals to shorten the processing time for the applications under SLS and would discuss the proposals with the Labour Advisory Board ("LAB") in March 2014.

28. Mr YIU Si-wing enquired whether there were cases in which delays in PWPs had been caused by shortage of construction workers. PS/DEV(W) advised that as from the records provided by Works Departments, among the ongoing public works contracts, there were some contractors' claims for extension of time and monetary compensation due to shortage of construction manpower. Mr YIU requested the Administration to provide the details about the claims.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1) 1138/13-14(01) on 21 March 2014.)*

29. The Panel noted both the optimistic and the conservative predictions of annual overall construction outputs made by CIC for the period 2012-2013 to 2022-2023, the details of which were given in the powerpoint presentation. According to the conservative prediction, the annual overall construction outputs had reached the peak in 2012-2013 and would go downward in the next few years. Pointing out that lay-off had started among the construction workers for the Guangdong-Shenzhen-Hong Kong Express Rail Link (Hong Kong section) project, Mr LEE Cheuk-yan held the view that the Administration should make reference to the conservative scenario when making a forecast of the demand for construction manpower. He saw no necessity for importation of construction workers as the demand for such workers was expected to go down.

30. PS/DEV(W) replied that under the optimistic forecast of the volume of overall construction outputs in the coming years, the shortage of construction manpower in Hong Kong would persist until 2017. He added that the forecast had not yet taken into account the additional construction volume arising from the implementation of the new initiatives to increase land and housing supply in the 2014 Policy Address. To keep track of the changes in construction outputs and manpower supply, the Administration would continue to conduct relevant reviews on a half-yearly basis.

31. Ms Cyd HO said that Members belonging to the Labour Party did not support importation of workers. She pointed out that there was no lack of construction workers who were still receiving daily wages and wage arrears in the industry were not uncommon. To enable workers to have stable incomes, the Administration should promote long-term employment for construction workers.

32. PS/DEV(W) responded that the Administration had encouraged employees in the construction industry to offer long-term employment contracts to workers. However, it was noted that some workers preferred to work as much as they could so as to earn more rather than entering into a fixed-term employment contract. If workers had multi-faceted skills, they would have greater job security as they could handle a variety of tasks assigned by their employers. He continued that in the deliberations on whether to allow importation of skilled workers, the Administration and LAB attached great importance to safeguarding reasonable income levels for local workers. Considering that there had been concerns about the accuracy of the data compiled by the Census and Statistics Department on the median monthly earning of construction workers, the Administration, in collaboration with relevant labour unions, would carry out on a half-yearly basis surveys on the earnings of construction workers for individual trades which were in acute manpower shortage.

33. Mr LEUNG Che-cheung noted that up to December 2013, of the 4 500 trainees who had joined the Enhanced Construction Manpower Training Scheme ("ECMTS"), only about 3 500 had completed the course and graduated. He cast doubt on how the training programmes conducted by the Administration and CIC could cater for the future demand for construction manpower. Stressing the importance to protect the interest of local workers from being affected by importation of labour, Mr LEUNG enquired about the number of imported workers required by the industry at the present stage to address the shortage of manpower.

34. PS/DEV(W) advised that as the training places for construction workers would be about 8 000 annually in the next four years, about 30 000 additional workers could be provided in around 2017 to meet the demand of the construction industry. In response to Mr LEUNG's concern on whether all the ECMTS graduates would join the industry, PS/DEV(W) said the latest image tracking survey had revealed that more young people were willing to join the construction industry. The Administration would continue to take enhanced measures to attract new blood to the construction industry.

35. Miss CHAN Yuen-han and Mr Albert CHAN were concerned that the construction quality in Hong Kong would be compromised if the delivery capacity of the construction industry could not cater for the tremendous increase in the construction volume. Miss CHAN highlighted that although there were currently 320 000 registered workers in the construction industry, a considerable number of them who were aged 50 or above were without

employments. She urged the Administration to work out practicable measures to improve the employability of these workers.

36. PS/DEV(W) replied that the Administration had all along been making its best efforts in addressing the issues arising from shortage of construction workers. To keep track of the manpower situation, CIC had conducted a survey in collaboration with relevant labour unions. The results of the survey showed that, of the 320 000 registered construction workers, about 240 000 were in service. Based on the responses of some 20 000 registered construction workers to a telephone survey, most of the in-service workers worked five days a week, and workers for individual trades which were in acute manpower shortage worked almost 6 days a week. As the room for further tapping the pool of in-service workers was very limited, the Administration was considering the possible ways to attract some of the 70 000 workers who had left the workforce to re-enter the industry. For the under-employed or unemployed construction workers, a free online employment platform, JobsNet, had been launched to facilitate the matching between them and employers.

37. Ms Cyd HO enquired whether the Administration had taken into account the number of construction workers who had worked in Macao and returned to seek employments in Hong Kong. She suggested that instead of performing miscellaneous low-skilled tasks, female construction workers should be given the chance to carry out other work such as painting, electrical and cement works etc. She urged the Administration to step up publicity to promote gender equality in the construction industry.

38. PS/DEV(W) replied that the Administration had started to keep track of the ages and skills of construction workers since 2007. It was anticipated that the shortage of construction manpower would persist until 2017. Thereafter, through adjusting the training programmes, the Administration would be able to regulate the manpower supply to ensure that changes in the construction volume and the increase of returning workers, such as those from Macao, would not adversely affect the employment situation of in-service workers. He continued that the construction industry did not resist the recruitment of women workers. Some of them currently took part in painting, electrical works, bar bending, etc.

39. Mr LEE Cheuk-yan said that there were complaints lodged by workers who had joined the construction industry after completing training at CIC that they were only given general tasks at construction sites and did not have the opportunities to make advancement in their work. He



considered that, to make good use of investment in human resources, employers should offer guidance and opportunities to new entrants.

### Material prices

40. Taking in view that the price of sand was high and the Administration was taking forward the initiative to produce glass sand from recycled glass materials for making eco-blocks for pavements, Ms Cyd HO asked whether glass sand could be used as construction materials, replacing sand, in construction works. PS/DEV(W) responded that although construction materials could be manufactured from recycled glass materials, they could not be put into wide use due to the limited supply of such materials.

41. Mr LEUNG Che-cheung enquired about the impact of appreciation of renminbi over the past few years on the prices of construction materials. PS/DEV(W) replied that construction material costs contributed to a 11.6% increase in total project costs. The rate had taken into account the appreciation of renminbi.

## **V Manpower increase for implementing initiatives to increase land supply and redistribution of responsibilities among directorate posts in the Development Bureau and Civil Engineering and Development Department**

(LC Paper No. CB(1)925/13-14(05) -- Administration's paper on manpower increase for implementing initiatives to increase land supply and redistribution of responsibilities among directorate posts in the Development Bureau and Civil Engineering and Development Department)

42. Permanent Secretary for Development (Planning & Lands) ("PS/DEV(P&L)") and Director of Civil Engineering and Development ("DCED") briefed the Panel on the Administration's proposal to create the following posts to lead teams dedicated to taking forward the multi-pronged strategy to increase land supply through land production and site tracking --

- (a) one permanent Administrative Officer Staff Grade B post in the Planning and Lands Branch ("PLB") of the Development Bureau ("DEVB") (to be designated as "DS/DEVB(P&L)3");
- (b) one supernumerary Government Engineer post in the Works Branch of DEVB up to 31 March 2019; and
- (c) two supernumerary Chief Engineering posts in the Civil Engineering and Development Department ("CEDD") up to 31 March 2019.

43. PS/DEV(P&L) and DCED also sought the Panel's support for the consequential redistribution of responsibilities among directorate posts and re-organization in DEVB and CEDD. The details were set out in the Administration's paper (LC Paper No. CB(1)925/13-14(05)). Subject to the Panel's support, the Administration would seek the endorsement of the Establishment Subcommittee ("ESC") in April 2014 and the approval of FC of the proposal.

#### Justifications for the additional manpower

44. Mr Albert CHAN pointed out that in the past 12 months, the Administration had submitted a number of proposals on the creation of permanent and supernumerary directorate posts. There was a suspicion that the Government was creating new posts for its supporters. Taking in view that in the 1990's, the Administration's annual housing production target was 80 000 to 90 000 units, whereas the present target was only 30 000 units, he cast doubt on whether the proposed creation of the new posts was justifiable. He requested that, to facilitate members' consideration of the proposal, the Administration should provide a comparison between the existing establishment of staff involved in the implementation of the Administration's initiatives to increase land supply and the establishment in the 1990s for the implementation of the Airport Core Programme, during the commencement stage and at the peak of the construction works, with a breakdown by directorate and non-directorate posts.

*(Post-meeting note: The Administration's supplementary information was circulated to members on 24 March 2014 vide LC Paper No. CB(1)1145/13-14(01).)*

45. PS/DEV(P&L) assured members that the Administration had put in place stringent procedures for vetting staffing proposals. The procedures not

only involved the assessment of the bureaux/departments concerned, but also the scrutiny by the Financial Services and the Treasury Bureau and the Civil Service Bureau. To create new posts, the concerned bureaux/departments must provide full and sufficient justifications. He undertook to provide more details about the directorate and non-directorate posts to be created in DEVB and the concerned departments in 2014-2015 for carrying out the initiatives to increase land supply, including their ranks and duties.

*(Post-meeting note: The Administration's supplementary information was circulated to members on 24 March 2014 vide LC Paper No. CB(1)1145/13-14(01).)*

46. Mr LEUNG Kwok-hung said that the proposal on the large number of new posts to be created reflected that there had been difficulties for the Administration to implement the initiatives to increase land supply. He was concerned that eventually, despite the increase in manpower, the Administration's efforts would bear no fruit. He asked about the respective numbers of potential sites and disposed sites that the Administration had successfully identified or developed for housing development.

47. PS/DEV(P&L) responded that land resources were required for implementing a number of the Administration's policy initiatives and sustaining the social and economic development of Hong Kong, including increasing housing supply. The community generally agreed that there was an acute shortage of land and housing supply and the problem had to be timely addressed. To ascertain the development feasibility of the newly identified potential housing sites, provide sufficient infrastructure and facilities, and/or mitigate the potential impacts arising from the proposed developments, if any, it would be necessary to carry out the required technical and professional assessments/studies. Therefore, sufficient technical and professional grade staff would be required to support these assessments/studies and other relevant works. He stressed that the Administration would strive to optimize the development potential of all planned sites.

The new Deputy Secretary post

48. Mr WU Chi-wai queried the justification for creating a permanent Deputy Secretary ("DS") post at DEVB (designated as DS/DEV(P&L)3). While agreeing that DEVB and the departments involved in the work on increasing land supply were facing heavy workloads, he was of the view that it might be more appropriate to create a supernumerary DS post. Since the workloads for DEVB arising from the initiatives to increase land supply would be reduced over time when some land development projects were completed in the near future, a permanent DS post might not be necessary. Moreover, through reviewing the need for the supernumerary post from time to time, LegCo Members would be able to monitor the progress of the Administration's work in land development. He also asked about the division of responsibilities and coordination between the incumbent DS responsible for increasing land supply and the proposed DS/DEV(P&L)3.

49. Mr IP Kwok-him also sought explanation from the Administration on the need to create a permanent DS post instead of a supernumerary one, albeit his view that additional manpower at the directorate level was required to lead the Administration's work on expanding land resources. He also enquired whether the work on planning and land administration could be separated between the incumbent DS/DEV(P&L)1 and the proposed DS/DEV(P&L)3, i.e. one to be responsible for planning and the other for land administration, so that the demarcation of duties between the two posts could be clear.

50. PS/DEV(P&L) said that during the previous economic downturn, the Governments of the past terms had slowed down the pace of land use planning and development, which had eventually led to the current shortage of land supply, in particular the supply of large pieces of developable land. The current-term Government aimed at establishing a land reserve such that land could be made available for different uses in a timely manner to meet the needs for housing and other uses. However, the development of a land reserve took time. At present, the workload arising from the policy initiatives to increase land supply in the short-, medium- and long-term was already very heavy for one DS, namely DS(DEV(P&L)1, to handle. It was thus necessary to have another officer at the directorate level to share the workload of the incumbent DS(DEV(P&L)1. Separately, he stressed that the Administration had an established mechanism under which the bureau/department concerned would consider the most suitable grading and duration for a new post, taking into account the operational needs and the nature of work.

51. PS/DEV(P&L) further advised that presently there were two DSs in PLB of DEVB. While DS/DEV(P&L)1 was responsible for all planning and land related work in PLB, DS/DEV(P&L)2 was already fully occupied with his existing work on the building safety and urban renewal fronts. The workload being undertaken and supervised by DS/DEV(P&L)1 had already exceeded his capacity and that of his team. Meanwhile, to increase housing land supply in the short- to medium- term, one of the major measures was to amend the statutory plans of about 150 potential housing sites before they could be made available for housing development for providing over 210 000 flats. The proposed DS/DEV(P&L)3 would be responsible for leading the relevant departments in converting these sites to residential and other uses. After the creation of the DS/DEV(P&L)3 post, DS/DEV(P&L)1 would focus on the overall land supply and land use planning strategies, as well as the various territory-wide planning studies and land use reviews. On segregating planning work from land administration in PLB, he advised that there would be practical difficulties, as issues relating to land administration would normally be involved during the land planning and supply process.

Professional and technical support to the team led by the proposed new Deputy Secretary

52. While supporting that more resources should be provided to the Administration for taking forward the initiatives to increase land supply, the Deputy Chairman expressed concern about the adequacy of non-directorate professional support to the proposed new team to be led by the proposed DS/DEV(P&L)3 in PLB. Noting that only one Administrative Officer and three engineering grade supernumerary directorate posts would be created under the present proposal, he asked whether the Administration had adequate directorate support of other professional grade staff, such as surveyors and planners, to cope with the additional workload. He stressed that good work planning was essential to meeting the public's aspiration for more housing supply.

53. Sharing the Deputy Chairman's view, Ir Dr LO Wai-kwok highlighted the importance of the support from all relevant professional grade staff because their work was complementary to one another's. He opined that the Administration should review the manpower situation of all relevant professional grades to ascertain that sufficient resources had been provided to handle the increased workload arising from the Administration's multi-pronged measures to increase land supply. He pointed out that the housing and land shortage problem was attributable to the insufficient land

development work undertaken by the previous terms of Government. While expressing support for the Administration's proposal on the creation of new posts and a dedicated team to undertake the initiatives to increase land supply, he said that there was public expectation that the team could produce results.

54. PS/DEV(P&L) responded that apart from the four posts to be created under the present proposal, the Administration would also enhance the non-directorate staffing in DEVB and various departments in support of the short-, medium- and long-term land supply initiatives by creating about 220 non-directorate posts in 2014-2015. The details of the grades and duties of these new posts, most of which to be filled by professional and technical grade staff, were set out in Enclosure 20 to the Administration's paper.

55. PS/DEV(P&L) added that the Administration had been prudent in applying for funding for new posts, which involved the use of public monies. The relevant bureau/department had already examined their operational needs before putting forward the present proposal. The staffing support to the new posts had also been considered. In reply to the Deputy Chairman's enquiry, PS/DEV(P&L) said that the proposed DS/DEV(P&L)3 would be an Administrative Officer who would be responsible for policy formulation and implementation. He would be underpinned by two Principal Assistant Secretaries and a cross-disciplinary team, composed of relevant professional and technical grade personnel, to provide the necessary professional expertise and technical support. In this connection, PS/DEV(P&L) undertook to provide the details of the composition, including the number of personnel and their respective grades, of the new cross-disciplinary team within PLB.

*(Post-meeting note: The Administration's supplementary information was circulated to members on 24 March 2014 vide LC Paper No. CB(1)1145/13-14(01).)*

56. Dr Fernando CHEUNG supported the initiatives to increase housing land supply to address the imminent housing need of the public. As the additional full annual average staff costs for all the four proposed directorate posts and 220 non-directorate posts in 2014-2015 would exceed \$210 million, he expressed concern about the expenditure, taking in view that many development projects were only at the planning stage and might not materialize eventually. He queried why a substantial increase in manpower was proposed at this stage, when some major land development projects had not yet had the support of LegCo and the public. In reply, PS/DEV(P&L)

stressed that the Administration could not jump the gun, as the 2014-2015 Estimates to be released on 26 February 2014 would contain the funding proposals for these new non-directorate posts, which had to be approved by LegCo. Many of the 220 new non-directorate posts were required for conducting or supporting the various planning and engineering studies, as well as technical assessments/studies at different stages, which might straddle a long period and thus require a long-term manpower planning.

#### Provision of a database on land resources

57. Dr Fernando CHEUNG considered that the Administration had not been forthcoming in providing information on existing land resources to facilitate the public's monitoring of the use of such. With an increase in manpower resources, the Administration should provide a database on land resources in Hong Kong, including the location, land use, status and area of each site, for public access. Dr CHEUNG said that he would not support the present proposal if the Administration was not prepared to set up such a database. As regards the Administration's work on implementing the proposed New Development Areas ("NDAs") projects, he said that the planning information provided by the Administration had not included the economic activities and social attributes of the existing communities in the affected areas. He suggested that, with improved manpower resources, the Administration should make public such information so that LegCo Members and the public could compare the social and economic characteristics of the areas before and after development.

58. PS/DEV(P&L) advised that one of the main responsibilities of DS/DEV(P&L)<sup>3</sup> was to improve the information systems so as to further enhance inter-bureau and inter-departmental coordination in site tracking and land production. As regards town planning information about individual sites, he pointed out that it could be obtained from the website of the Planning Department. Besides, when the Administration conducted a planning study on the development of an area, a survey would be conducted on the current land uses, the economic and social activities in the area, the demographic features of the community, etc., at a particular time. The results of such surveys would be made public.

59. In concluding the discussion on the item, the Chairman invited members to indicate if they supported that the Administration's proposal be submitted to ESC. Mr WU Chi-wai reiterated his view that the proposed DS/DEV(P&L)<sup>3</sup> post should be a supernumerary post rather than a permanent post. Dr Fernando CHEUNG said that the Labour Party did not

support the proposal, since a number of land development projects had not yet been endorsed. Mr CHAN Kam-lam said that, in view of the urgency to deal with the land and housing shortage problem, the Democratic Alliance for the Betterment and Progress of Hong Kong supported the proposal. Of the members present, seven members indicated support, four members showed objection and one member abstained. The Chairman concluded that the Panel supported the submission of the proposal to ESC for consideration.

**VI PWP Item No. 747CL -- Advance site formation and engineering infrastructure works at Kwu Tung North New Development Area and Fanling North New Development Area -- Detailed design and site investigation**

(LC Paper No. CB(1)925/13-14(06) -- Administration's paper on PWP Item No. 747CL -- Advance site formation and engineering infrastructure works at Kwu Tung North New Development Area and Fanling North New Development Area -- Detailed design and site investigation

LC Paper No. CB(1)925/13-14(07) -- Paper on the proposed Kwu Tung North and Fanling North New Development Areas prepared by the Legislative Council Secretariat (Background brief))

60. The Chairman declared that he owned land in Kwu Tung North ("KTN") and Fanling North ("FLN"). He said that the Rules of Procedure ("RoP") of the Legislative Council ("LegCo") did not prohibit a committee chairman from chairing a discussion on an item on which he had direct or indirect pecuniary interest, or where there was a role conflict. He sought members' views on his continuing to chair the meeting. Members raised no objection.

61. Under Secretary for Development ("USDEV") briefed members on the proposal to upgrade part of public works project ("PWP") Item No. 747CL to Category A at an estimated cost of \$342.6 million for engaging consultants to undertake detailed design and site investigation for the advance site formation and engineering infrastructure works in the KTN



New Development Area ("NDA") and the FLN NDA ("the Advance Works"). The details of the proposal were given in the Administration's paper (LC Paper No. CB(1)925/13-14(06)). He advised that the final development proposals for the KTN and FLN NDAs ("the two NDAs") had been promulgated in July 2013 and the Administration would implement the development proposals in phases for full completion by 2031. The Administration planned to submit the funding proposal for the endorsement of the Public Works Subcommittee ("PWSC") on 19 March 2014 with a view to seeking the approval of FC in May 2014. Subject to FC's approval, the Administration planned to commence the proposed detailed design and site investigation in August 2014 for completion by end-2020.

*[At the juncture, some people shouted in the public gallery. The Chairman asked them to keep quiet.]*

62. With the aid of a powerpoint presentation, Project Manager (New Territories North and West), Civil Engineering and Development Department ("PM(NTN&W)/CEDD") briefed members on the details of the proposed Advance Works.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1001/13-14(02) by email on 25 February 2014.)*

63. The Chairman reminded members that in accordance with Rule 83A of RoP of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects. Under Rule 84 of RoP, a member should not vote upon any question in which he had a direct pecuniary interest except under certain circumstances as provided for in Rule 84.

#### Timeframe for the delivery of the project

64. Mr CHAN Kin-por and Mr YIU Si-wing expressed support for the funding proposal. Mr CHAN opined that the development of the two NDAs should be implemented as early as possible. Mr YIU said that it was necessary for the Administration to secure land resources for housing development to address the serious housing shortage problem.

65. Mr CHAN Kam-lam considered it important to proceed with the development project for the two NDAs timely to expedite housing supply. He was concerned about the timetable of the delivery of the project and the

fallback arrangement in case there were delays in implementing the development proposals. Noting that the proposed detailed design and site investigation for the Advance Works were anticipated to be completed by end-2020, he enquired whether it was possible to compress the programme for the detailed design and site investigation .

*[At the juncture, some people shouted in the public gallery. The Chairman asked them to keep quiet.]*

66. PM(NTN&W)/CEDD replied that subject to the approval of FC for the funding, the Administration would start the proposed detailed design and associated site investigation for the Advance Works in August 2014. He explained that as it would take time for the Administration to complete the relevant statutory procedures and preparation for land clearance, and there was a need to carry out soil remediation in KTN, 2018 was the earliest time to commence the Advance Works. He advised that by prioritizing the relevant works contracts, major housing sites, in particular public housing sites, could be formed first and made available for the Hong Kong Housing Authority to commence the construction programme for the subsidized housing units in around 2019 to tie in with the first population intake in 2023. He assured members that during the detailed design stage, the Administration would continue to review whether there was room for expediting the development project. Mr YIU Si-wing remarked that as it would take about six years to complete the detailed design and site investigation for the Advance Works, the Administration should make clear to the public the details of the work to be undertaken during the period.

#### Impacts of the development proposals on the existing residents and farmers

67. Dr Fernando CHEUNG stated that Members belonging to the Labour Party objected to the funding proposal. He opined that the development proposals for the two NDAs would cause injustice as it would bring benefits to large business conglomerates at the expense of the interests of grassroots residents and farmers in the area. He stressed that, in the planning stage, the Administration should have taken into account local residents' requests for maintaining the existing economic activities and social network in the area. He considered it unacceptable for the Administration to proceed with its land clearance plan in the area with no regard to the needs and interests of the affected non-indigenous residents and farmers as well as their demand for "no relocation, no demolition". He enquired about the Administration's plan to arrange village resite for the affected residents and agricultural rehabilitation for the farmers. Miss Alice MAK cautioned that the

Administration should pay due regard to the aspiration of some existing small business operators in the area, such as the long-established soy sauce factories, for continuation of their businesses.

68. Mr CHAN Chi-chuen opined that the public engagement exercise for the North East New Territories ("NENT") NDAs project conducted by the Administration was a failure. He queried why the Administration pressed ahead with the project amid strong objecting views. Mr Gary FAN said that since 2004, 90 hectares of residential and commercial sites in Hong Kong had been converted for hotel developments to cope with the increasing number of visitors. He queried the validity of the Administration's claim that there was a shortage of housing land. Mr FAN said that instead of implementing the development of the two NDAs as a whole, the Administration had divided the development project into smaller ones and take forward advance works on Government land first so as to avoid strong resistance from the local residents.

69. USDEV responded that the two NDAs would be the major source of medium- to long-term housing supply of Hong Kong for meeting the housing needs, especially public housing, of Hong Kong. The two NDAs would provide a total of about 60 000 new flats including 36 600 subsidized housing units. The works under the present funding proposal involved site formation and associated engineering infrastructure for about 16 000 housing flats, of which more than 80% were subsidized housing units. In addition to providing housing land supply, the NDAs would also provide land for economic uses. The Administration had already made it clear that the request for "no relocation, no removal" could not be acceded to. To ensure timely provision of the necessary infrastructure, the Administration had to start the proposed detailed design and site investigation for the Advance Works in August 2014.

70. USDEV further advised that since the announcement of the final development proposals for the two NDAs in July 2013, the Development Bureau ("DEVB") had conducted a series of briefing and communication sessions with relevant stakeholders including rural committees, village representatives and villagers, operators and residents of the residential care homes for the elderly at Dills Corner Garden, shop operators and business associations, agricultural organizations, farming households and various concerns groups and individuals, etc. Their concerns and suggestions were being actively considered by DEVB in collaboration with other relevant bureaux. He assured members that, while proceeding with the detailed design and site investigations for the Advance Works of the NDAs, the

Administration would continue to liaise with the affectees to address their concerns. Moreover, during the detailed design stage, community liaison teams would be set up to assist in communication with stakeholders and handling of the issues arising from the project.

*[At the juncture, some people shouted in the public gallery. The Chairman asked them to keep quiet.]*

#### Statutory town planning procedure

71. Mr CHAN Hak-kan said that while the Administration was proceeding with the implementation of the two NDAs before the Town Planning Board ("TPB") had approved the relevant draft outline zoning plans ("OZPs"), there were queries from the public on whether the Administration had complied with the relevant procedure. Dr Fernando CHEUNG said that 90% of the representations submitted to TPB in respect of the draft OZPs for the two NDAs were objections. In his view, as TPB's approval for the draft OZPs was still pending, it was not appropriate to endorse the funding proposal.

72. USDEV replied that in line with the usual arrangements for works projects, the technical preparations for the NDAs project would proceed in parallel with other implementation process, including the statutory planning process and preparation for land clearance, so as to shorten the implementation time for the project and make available land for housing developments as early as possible. If the aforementioned process was to be taken sequentially, the timeframe for the implementation and delivery of the project would be much prolonged. Examples of development projects for which the parallel approach had been adopted included the Development of Anderson Road Quarry Site, Kai Tak Development ("KTD"), Wan Chai Development Phase II, etc.

73. Mr CHAN Chi-chuen said it was unacceptable for the Administration to start the implementation of the NDAs project before TPB had approved the relevant draft OZPs. He was concerned that the Administration might intend to exert pressure on TPB with the approval, if granted, of the Finance Committee for the funding proposal. He said that the examples cited by USDEV of works projects taking the parallel approach were inappropriate, as they did not face strong objections as the two NDAs development proposals did. Mr Gary FAN opined that the parallel approach adopted by the Administration was in breach of procedural justice. He held the view that the Administration should not take forward the development of two NDAs as

there was a lack of public support for the project and the relevant statutory town planning procedure had yet to be completed.

### Agricultural rehabilitation

74. Mr WU Chi-wai and Dr Fernando CHEUNG were concerned about the efficacy of the Administration's work in helping the farmers affected by the NDAs project to continue their agricultural activities. Mr WU opined that although the Administration had identified about 34 hectares of fallow farmland in Kwu Tung South that might be suitable for agricultural rehabilitation/resite, affected farmers might not consider it practicable to relocate their farms to the area as it was uncertain whether the landlords would lease out the farmland to them for a long period. He enquired whether the Administration would resume private fallow agricultural land and lease it out to the affected farmers. He held the view that in the absence of an effective agricultural rehabilitation policy, it would be difficult for the Administration to carry out development projects in the New Territories.

*[At the juncture, some people shouted in the public gallery. The Chairman asked them to keep quiet. Mr CHAN Kam-lam raised a point of order. He said that the Chairman should tell the observers in the public gallery to keep quiet when observing the meeting and that if they interrupted the meeting, the Chairman might order them to be removed from the public gallery. The Chairman said that the observers in the public gallery should keep quiet and he would take appropriate action if they interrupted the meeting.]*

75. USDEV replied that the Administration would put forward a special agricultural land rehabilitation scheme to facilitate genuine farmers affected by the NDAs project to re-establish their farming practices. The Agriculture, Fisheries and Conservation Department would take a proactive stance in liaising with the land owners in Kwu Tung South to match up those who were willing to rent out/sell their farmland with these farmers. Moreover, the Administration was considering the suggestion of leasing out Government land under short-term tenancy to the affected farmers. USDEV explained that as the proposed site formation works at the two NDAs would not commence until 2018, DEVB would continue to work closely with the Food and Health Bureau to explore options to facilitate agricultural rehabilitation for the affected farmers.

Site investigation works undertaken by a private developer

76. Dr Fernando CHEUNG, Mr CHAN Chi-chuen and Mr Gary FAN said that a private developer was conducting site investigation and drilling works within the area to be covered by the NDAs, creating nuisances to the local villagers and possibly causing damage to the farmland nearby. They were concerned whether the developer's act had violated the law. Mr CHAN and Mr FAN queried whether the Administration had colluded with the developer on the matter. USDEV said he had noticed that there had been media reports about the matter. He undertook that the Administration would follow up and find out whether the works concerned had been carried out in compliance with the relevant rules and procedures.

Arsenic in Kwu Tung North

77. Mr CHAN Hak-kan said that according to media reports, contaminated soils were found in KTN. He was concerned that the issue, if remained unresolved, would cause delay to the project or an increase in the project cost. He enquired whether the present funding proposal included the provision for the investigation and follow-up on the contaminated soil problem. PM(NTN&W)/CEDD replied that as part of the NENT NDAs Planning and Engineering Study, the Administration had already carried out land contamination assessment, including arsenic testing, in the area. The relevant report of the Environmental Impact Assessment had pointed out that the health risks associated with the existence of arsenic in KTN would be acceptable during the construction and operational stages given that appropriate solidification treatment for the soil would be carried out. He supplemented that the funding proposal had included a provision of \$41 million for carrying out site investigation works. Part of it would finance the works to collect more samples to investigate in detail the arsenic distribution in the area and determine the appropriate remediation methods.

District cooling system

78. Mr CHAN Hak-kan said there were concerns about whether the district cooling system ("DCS") to be provided in KTD could achieve cost-effectiveness as the connection to DCS by private residential developments in KTD was not mandatory. In view of the Administration's plan to provide DCS in KTN NDA, he urged the Administration to carefully consider the matter in light of the experience gained in KTD. PM(NTN&W)/CEDD replied that according to a rough estimate of the cooling demand of the non-domestic uses in the future KTN NDA, the cost

of providing district cooling services at the area could only be recovered over a long time. He advised that a provision had been included in the funding proposal for conducting an investigation study for DCS in order to ascertain whether it was feasible and cost-effective to provide such in KTN NDA. The scope of the study would cover the initial designs for the system, the costing model, financial analysis, the procurement mode, cost-effectiveness analysis, etc.

#### The elderly residing at Dills Corner Garden

79. Dr Fernando CHEUNG enquired about the Administration's plan to cater for the need of the elderly at the residential care homes at Dills Corner Garden, Kwu Tung, which would be affected by the implementation of the KTN NDA project. USDEV responded that the Administration understood the needs and concerns of those living in the residential care homes for the elderly ("RCHEs") at Dills Corner Garden. In accordance with the established policy, the Social Welfare Department ("SWD") would provide those affected elderly residents under its Enhanced Bought Place Scheme ("EBPS") with alternative EBPS places in other EBPS RCHEs. For those elders not covered by EBPS, SWD would assist them in case it was difficult for them to find alternative places in other RCHEs.

80. Mr CHAN Han-pan said that he would propose a motion demanding the Administration to retain or relocate the RCHEs at Dills Corner Garden. He opined that as the elderly living in these RCHEs had built up a closely-knitted community and their family members might be residing in nearby areas, it might not be suitable to make transfer arrangements for these elders to other residential care homes far away from KTN. He considered that given the size of the future KTN NDA, it should not be difficult for the Administration to preserve the RCHEs in-situ or reserve space within the NDA to re-provide the RCHEs. Mr CHAN Kam-lam and Mr YIU Si-wing echoed the view of Mr CHAN Han-pan.

81. The Chairman informed members that the motion proposed by Mr CHAN Han-pan had been tabled at the meeting. The Chairman ruled that the motion was directly related to the agenda item under discussion and invited members to consider whether the motion should be proceeded. Members raised no objection. The Chairman said that the motion would be dealt with at the meeting.

82. Mr Frederick FUNG said that during a discussion with Government officials on the impact of the KTN NDA project on the RCHEs at Dills

Corner Garden, the Administration had asserted that it would proceed with the clearance of the RCHEs to make way for the project and would not consider other options. He criticized that the Administration had paid little regard to the concerns of the affected elders. Pointing out that the RCHEs were currently providing more than 1 000 places for the elderly in a tranquil village environment, he queried whether the Administration could ensure that all the affected elders, once transferred to other residential care homes, would live in a similar environment. Mr FUNG urged the Administration to consult and work out acceptable arrangements for the affected elders.

83. Miss Alice MAK pointed out that the elderly who did not have family members to depend on would need to stay at residential care homes for the rest of their lives. She urged the Administration to adopt an open attitude to suggestions for resolving the problem.

84. Mr Gary FAN said that he and Mr CHAN Chi-chuen would move an amendment to Mr CHAN Han-pan's motion and that the intent of the amendment was to urge the Administration to retain the RCHEs at Dills Corner Garden. He considered that it was undesirable to re-provide the RCHEs at other sites, as this could not address the aspiration of the elderly at Dills Corner Garden for "no relocation, no demolition" but would only facilitate the Administration to expedite the development of the two NDAs.

85. Dr Fernando CHEUNG said that he would move an amendment to Mr CHAN Han-pan's motion. The intent of the amendment was to urge the Administration to retain or re-provide in-situ RCHEs at Dills Corner Garden.

86. USDEV responded that in collaboration with SWD, DEVB had met with the representatives from the RCHEs at Dills Corner Garden and explained to them the development proposals for the two NDAs. The Secretary for Development had also visited the RCHEs to obtain first-hand information on the situation of the elders and the operators. USDEV explained that as the site formation works at the two NDAs would not commence until 2018, there was sufficient time for the Administration to continue to discuss with the operators and residents of the RCHEs the most suitable arrangement. He assured members that the Administration would not exclude at this stage any options to cater for the need of the elderly at these RCHEs and would provide as much assistance to them as practicable and in a fair manner, while ensuring the proper use of public monies. Deputy Secretary for Development (Planning & Lands)<sup>1</sup> added that under the final development proposal for KTN NDA, the existing site of the RCHEs at Dills Corner Garden was located at the south of the proposed Kwu Tung railway



station. The site formed an important part of the KTN NDA's future town centre. Even if the RCHEs could be retained in-situ, the living environment of the residents would be seriously affected by the construction works to be undertaken in the surrounding areas in the construction stage of the project.

87. Mr CHAN Kin-por and Mr CHAN Han-pan emphasized that it was important for the Administration to pay heed to the impact of the construction works in future on the RCHEs at Dills Corner Garden when working out the arrangement for the elders concerned. Mr CHAN Han-pan opined that, to allow flexibility for the Administration to provide a desirable living environment for the affected elders in future, the option of re-providing the RCHEs in nearby sites within KTN NDA should be considered.

Motions proposed by members

88. Mr CHAN Han-pan moved the following motion, which was seconded by Mr CHAN Hak-kan:

(Translation)

"That this Panel demands that the Government should retain or relocate the residential care homes for the elderly at Dills Corner Garden."

89. Mr Gary FAN and Mr CHAN Chi-chuen moved the following amendment to Mr CHAN Han-pan's motion:

(Translation)

"That this Panel demands that the Government should retain the residential care homes for the elderly at Dills Corner Garden."

90. Dr Fernando CHEUNG said he would also move an amendment to Mr CHAN Han-pan's motion.

*[The Chairman ordered that the meeting be suspended for five minutes to allow some time for Dr CHEUNG to provide his amendment in writing to Panel members. The meeting resumed at 6:17 pm.]*

91. Dr Fernando CHEUNG moved an amendment as follows:

(Translation)

"That this Panel demands that the Government should retain or re-provide in-situ the residential care homes for the elderly at Dills Corner Garden."

92. The Chairman advised that in view of the text of the original motion and the two amendments, the Panel would first vote on the amendment by Mr Gary FAN and Mr CHAN Chi-chuen, and if the amendment was passed, Dr Fernando CHEUNG's amendment and Mr CHAN Han-ban's original motion would not be put to vote. Mr Gary FAN requested a division. Four members voted for and nine members voted against. The voting results were as follows:

*For*

Mr Frederick FUNG  
Mr CHAN Chi-chuen

Mr Gary FAN  
Dr Fernando CHEUNG

(4 members)

*Against*

Mr CHAN Kam-lam  
Mr CHAN Kin-por  
Mr YIU Si-wing  
Miss Alice MAK  
Ir Dr LO Wai-kwok

Mr CHAN Hak-kan  
Mr IP Kwok-him  
Mr CHAN Han-pan  
Dr CHIANG Lai-wan

(9 members)

93. The Chairman declared that the amendment proposed by Mr Gary FAN and Mr CHAN Chi-chuen was negatived.

94. The Chairman put Dr Fernando CHEUNG's amendment to vote. Dr Fernando CHEUNG requested a division. Four members voted for, nine members voted against. The voting results were as follows:

*For*

Mr Frederick FUNG  
Mr CHAN Chi-chuen

Mr Gary FAN  
Dr Fernando CHEUNG

(4 members)

*Against*

Mr CHAN Kam-lam  
Mr CHAN Kin-por  
Mr YIU Si-wing  
Miss Alice MAK  
Ir Dr LO Wai-kwok

Mr CHAN Hak-kan  
Mr IP Kwok-him  
Mr CHAN Han-pan  
Dr CHIANG Lai-wan

(9 members)

95. The Chairman declared that the amendment proposed by Dr Fernando CHEUNG was negated.

96. The Chairman put Mr CHAN Han-pan's original motion to vote. Mr CHAN Han-pan requested a division. 11 members voted for, no member voted against and 1 member abstained from voting. The voting results were as follows:

*For*

Mr CHAN Kam-lam  
Mr CHAN Hak-kan  
Mr IP Kwok-him  
Mr CHAN Han-pan  
Dr Fernando CHEUNG  
Ir Dr LO Wai-kwok

Mr Frederick FUNG  
Mr CHAN Kin-por  
Mr YIU Si-wing  
Miss Alice MAK  
Dr CHIANG Lai-wan

(11 members)

*Against*

(0 member)

*Abstain*

Mr Gary FAN

(1 member)

97. The Chairman declared that the motion moved by Mr CHAN Han-pan was carried.

*(Post-meeting note:* The Panel on Welfare Services had included a discussion item on "Rehousing matters relating to RCHes (including

the privately-run RCHEs at Dills Corner Garden) affected by the North East New Territories New Development Areas Project" in the agenda of its meeting on 14 April 2014. The agenda was issued vide LC Paper No. CB(2)1047/13-14 on 17 March 2014. The discussion was subsequently re-scheduled to 12 May 2014.)

Submission of the proposal to the Public Works Subcommittee

98. The Chairman enquired whether members supported the submission of the funding proposal on PWP Item No. 747CL to PWSC. He put the question to vote. Dr Fernando CHEUNG requested a division. Nine members voted for, four members voted against and no member abstained. The voting results were as follows:

*For*

Mr Tony TSE (Deputy Chairman)	Mr CHAN Kam-lam
Mr CHAN Hak-kan	Mr CHAN Kin-por
Mr IP Kwok-him	Mr YIU Si-wing
Mr CHAN Han-pan	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	

(9 members)

*Against*

Mr Frederick FUNG	Mr Gary FAN
Mr CHAN Chi-chuen	Dr Fernando CHEUNG

(4 members)

*Abstain*

(0 member)

99. The Chairman concluded that the proposal was carried.

100. Members agreed that due to time constraints, the discussion on Item VII, i.e. "PWP Item No. 43CG - Greening Master Plans for the New Territories", be deferred.

(*Post-meeting note:* At the request of the Administration and with the concurrence of the Chairman, the above discussion item was carried forward to the regular meeting on 25 March 2014. Members were informed of the arrangement vide LC Paper No. CB(1)1034/13-14 issued on 4 March 2014.)

**VII Any other business**

101. There being no other business, the meeting ended at 6:25 pm.

Council Business Division 1  
Legislative Council Secretariat  
20 May 2014