

立法會
Legislative Council

LC Paper No. CB(1)2014/13-14
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of meeting
held on Tuesday, 22 April 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
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, 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 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 Fernando CHEUNG Chiu-hung
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

Members absent : Hon Cyd HO Sau-lan
Hon CHAN Kin-por, BBS, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki

Public officers attending : **Agenda item IV**

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

Mr CHONG Wing-wun
Principal Assistant Secretary (Planning & Lands)¹
Development Bureau

Mr CHENG Ting-ning, JP
Project Manager (New Territories East)
Civil Engineering and Development Department

Mr Eric CHIANG Nin-tat
Chief Engineer/New Territories East 2
Civil Engineering and Development Department

Mr SOH Chun-kwok
District Planning Officer/Shia Tin, Tai Po and North
Planning Department

Agenda item V

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

Mr LAW Kin-wai
Principal Assistant Secretary (Planning and Lands)
Development Bureau

Ms Olga LAM Wai-ha
Assistant Director/Estate Management
Lands Department

Agenda item VI

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

Mr LIU Chun-san
Principal Assistant Secretary (Works)2
Development Bureau

Mr Robin LEE Kui-biu
Deputy Head of Civil Engineering Office
(Port & Land)
Civil Engineering and Development Department

Mr LEE Man-chow
Chief Engineer/Port Works
Civil Engineering and Development Department

Mr David LO Kwok-chung
Chief Engineer/Islands
Civil Engineering and Development Department

Ms Amy CHEUNG Yi-mei
Assistant Director/Territorial
Planning Department

Mr David LAM Chi-man
Chief Town Planner/Strategic Planning
Planning Department

Agenda item VII

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

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

Mr LAM Sai-hung
Head of Civil Engineering Office
Civil Engineering and Development Department

Mr WONG Kin-por
Chief Engineer/Boundary Control Point
Civil Engineering and Development 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
Senior Council Secretary (1)8

Ms Christina SHIU
Legislative Assistant (1)6

Action

I Confirmation of minutes

(LC Paper No. CB(1)1246/13-14	-- Minutes of meeting on 28 January 2014
LC Paper No. CB(1)1247/13-14	-- Minutes of joint meeting with the Panel on Housing on 29 January 2014)

The minutes of the regular meeting on 28 January 2014 and the joint meeting with the Panel on Housing on 29 January 2014 were confirmed.

II Information papers issued since the last meeting

(LC Paper No. CB(1)1252/13-14(01)	-- Administration's paper on relocation of existing facilities of Water Supplies Department in Mong Kok
-----------------------------------	--

LC Paper No. CB(1)1259/13-14(01) -- Letter dated 10 April 2014 from Hon Gary FAN Kwok-wai on discovery of historical remains at the works site of Shatin to Central Link)

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)1248/13-14(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1248/13-14(02) -- List of follow-up actions)

3. Members agreed that the next meeting scheduled for Tuesday, 27 May 2014 at 2:30 pm be extended to end at 5:00 pm and the following items proposed by the Administration be discussed --

- (a) PWP Item No. 347WF -- Reprovisioning of Harcourt Road fresh water pumping station;
- (b) PWP Item No. 065TR -- Detailed feasibility study on Environmentally Friendly Linkage System for Kowloon East; and
- (c) Planning and engineering study for housing sites in Yuen Long South -- Investigation -- Preliminary Outline Development Plan and Stage 2 Community Engagement.

(Post-meeting note: Due to time constraints and with the concurrence of the Chairman, two items, namely, "Planning and Engineering Study on Future Land Use at the Ex-Lamma Quarry Area at Sok Kwu Wan, Lamma Island -- Feasibility Study: Stage 2 Community Engagement and Draft Recommended Outline Development Plan" and "PWP Item No. 769CL -- Pilot study on underground space development in selected strategic urban areas", originally scheduled for discussion at the special meeting on 5 May 2014 had been deferred to the meeting on 27 May 2014. The meeting had also been extended to end at 6:30 pm. Members were informed of the above

meeting arrangements vide LC Paper Nos. CB(1)1327/13-14 and CB(1)1398/13-14 issued on 28 April and 9 May 2014 respectively.)

IV PWP Item No. 756CL -- Ma On Shan Development -- roads, drainage and sewerage works at Whitehead and Lok Wo Sha, phase 2

(LC Paper No. CB(1)1248/13-14(03) -- Administration's paper on 756CL -- Ma On Shan development -- roads, drainage and sewerage works at Whitehead and Lok Wo Sha, phase 2)

4. Under Secretary for Development ("USDEV") briefed members on the Administration's proposal to upgrade 756CL to Category A, at an estimated cost of \$243 million in money-of-the-day ("MOD") prices, for the construction of additional infrastructure to support various planned developments at Whitehead, Ma On Shan. Details of the proposal were set out in the Administration's paper (LC Paper No. CB(1)1248/13-14(03)). The Administration planned to seek the endorsement of the Public Works Subcommittee ("PWSC") in May 2014 with a view to seeking the funding approval of the Finance Committee ("FC") in June 2014. Subject to FC's funding approval, the construction works were planned to commence in December 2014 for completion in June 2017.

5. 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 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.

Planning issues

6. Mr Albert CHAN expressed support for rezoning the waterfront site at Whitehead headland for "Recreation". He opined that it was essential to reserve certain sites for providing infrastructure and community facilities according to the characteristics and environment of the sites. The Administration should not indiscriminately develop small pieces of land for residential use. He asked about the views of the public and the Sha Tin

District Council ("Sha Tin DC") received by the Administration on the rezoning of the waterfront site.

7. District Planning Officer/Sha Tin, Tai Po and North, Planning Department ("DPO/PlanD(STN)"), replied that to maximize the development potential of the Whitehead headland, the Administration had reviewed the land use in 2012. The proposed amendments included the rezoning of the Comprehensive Development Area ("CDA") site into different CDA and "Recreation" sites with increased development intensity to facilitate early implementation by phases. Planning and developing a vast piece of land would take a long time. After rezoning, the 15-hectare land rezoned as "Recreation" and the residential developments near Wu Kai Sha Station would be developed separately. Sha Tin DC had no objection to the rezoning of the sites, though some DC members had expressed concern about the environmental and traffic impacts as well as the need for the provision of necessary infrastructure and community facilities. PlanD would liaise with relevant departments to ensure that there would be no adverse impact on the existing residents.

8. In response to Mr Albert CHAN's enquiry about the facilities to be provided at the "Recreation" site, DPO/PlanD(STN) said that the Home Affairs Bureau was undertaking some advance work. Detailed planning for the site would be done at a later stage. At present, part of the site was used as a velodrome for cycling training purpose. The public would be consulted on the proposed use of the site in due course.

9. Noting that a proposed sewage pumping station would be constructed under the present proposal, Mr WU Chi-wai asked whether the Administration would consider designating the beach at Lok Wo Sha Lane as a public bathing beach for the enjoyment of the residents in the area if the water quality improved.

10. Project Manager (New Territories East), Civil Engineering and Development Department ("PM/CEDD(NTE)") advised that the present proposal included the construction of a sewage pumping station and sewers mainly to convey sewage generated from the CDA sites at Whitehead to sewage treatment works to ensure no water pollution by sewage. The water quality of the beach at Lok Wo Sha Lane might need a separate study. At Mr WU Chi-wai's request, the Administration undertook to invite representatives from the Leisure and Cultural Services Department to attend the relevant PWSC meeting so as to provide the following information:

- (a) Whether the Administration would consider designating the beach at Lok Wo Sha Lane as a public bathing beach after the construction of a sewage pumping station and sewers in Lok Wo Sha and Whitehead area for the treatment of sewage in the area; and
- (b) Recreational/sports facilities planned to be provided by the Leisure and Cultural Services Department at the site currently zoned "Recreation" at Whitehead.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1413/13-14(01) on 14 May 2014.)

Connectivity between the Comprehensive Development Areas and Wu Kai Sha Station

11. The Deputy Chairman enquired about the accessibility of the two CDAs, and the connectivity between the CDAs and Wu Kai Sha Station. He stressed the importance for the design of the pedestrian linkages in the area to be planned in a holistic approach to cater for the needs of the residents and to avoid duplication of provision of facilities.

12. DPO/PlanD(STN) advised that a pedestrian walkway would be provided between Whitehead at the waterfront and Wu Kai Sha MTR Station via the residential development at Lok Wo Sha. Future developers of the CDAs would be required to provide good connectivity with the local pedestrian networks. However, to allow the developers some flexibility in designing the pedestrian networks to blend in with the environment, detailed requirements would not be specified in the outline zoning plans. A master layout plan ("MLP") for each CDA, including the external linkage between the area and facilities in the vicinity, would be prepared for the consideration of the Town Planning Board ("TPB"). TPB and the relevant Government departments would monitor the implementation of the developments in the CDAs to ensure that they would comply with the MLP.

13. Given that there would be new housing developments and hence an increase in the population in the area, Mr Gary FAN queried whether the proposed 24-hour public pedestrian walkway to Wu Kai Sha Station could cope with the increased pedestrian flow.

14. Ms Emily LAU enquired about the time it would take to walk from the CDAs to Wu Kai Sha Station. She suggested that the Administration should study the feasibility of installing a travelator, like the one connecting the MTR Tsim Sha Tsui Station and East Tsim Sha Tsui Station, on the walkway to facilitate the pedestrians carrying heavy loads or with mobility problems. DPO/PlanD(STN) estimated that it would take around 10 minutes to walk from the CDAs to Wu Kai Sha Station. As regards the use of travelator, he and USDEV explained that provision of travelator was more suitable and cost-effective for a longer distance and places with high pedestrian flows, such as the walkways in the airport and railway stations. The Administration had not considered the use of travelator for the present project in view of the relatively low pedestrian flow as well as the high capital and recurrent costs to be incurred.

15. Noting that lift and staircase would be provided to connect the footbridge across Yiu Sha Road and the ground level, Mr LEUNG Che-cheung was concerned about the possible low usage of the lift due to the long waiting time. He opined that pedestrians might prefer to traverse Yiu Sha Road on the ground level. He suggested that consideration could be given to installing escalators. As regards the site zoned "Recreation", he considered that the public would use private vehicles or public road transport to go directly to the recreational/sports facilities and the Administration's estimation of the peak pedestrian flow at 5 500 pedestrians per hour for the footbridge would be on the high side. As such, he expressed concerns about the usage of the footbridge.

16. PM/CEDD(NTE) advised that the design capacity of the footbridge as well as the lift would be able to cope with the estimated peak pedestrian flow. After the completion of the footbridge, railings would be installed at the road junction so that the pedestrians would not be able to cross Yiu Sha Road on the ground level near the footbridge. The footbridge would be the most direct access between the CDAs, the site zoned as "Recreation" and Wu Kai Sha Station. He noted Mr LEUNG Che-cheung's suggestion of escalator provision.

17. In concluding the discussion on the item, the Chairman said that the Panel supported the Administration's proposal to seek the endorsement of PWSC for upgrading the project (PWP Item No. 756CL) to Category A.

V Proposed amendments to Land (Miscellaneous Provisions) Ordinance (Cap. 28)

(LC Paper No. CB(1)1248/13-14(04) -- Administration's paper on proposed increase in penalties relating to unlawful occupation of unleased Government land under Land (Miscellaneous Provisions) Ordinance (Chapter 28)

LC Paper No. CB(1)1248/13-14(05) -- Paper on proposed amendments to the Land (Miscellaneous Provisions) Ordinance prepared by the Legislative Council Secretariat (Background brief))

18. USDEV briefed members on the Administration's proposal to amend the Land (Miscellaneous Provisions) Ordinance ("LMPO") (Cap. 28) to increase the penalties for offences relating to unlawful occupation of unleased Government land as well as introducing an additional daily fine with a view to enhancing the deterrent effect against the relevant offences, taking into account the views and recommendations in the reports of the Audit Commission and the Public Accounts Committee published in 2012 ("the Recommendations"). The details of the proposal were set out in the Administration's paper (LC Paper No. CB(1)1248/13-14(04)). The Administration planned to introduce the Amendment Bill into LegCo in the 2013-2014 legislative session.

Measures to tackle unlawful occupation of unleased Government land

Overall review of management of unleased Government land

19. The Deputy Chairman said that proper management of unleased Government land was very important as it would be very difficult for the Administration to clear the unauthorized structures on the land which had been occupied for a long time; moreover, resuming the land might cause conflicts and involve public resources. In this connection, he suggested that the management of unleased Government land, not only the penalties for offences relating to unlawful occupation of such land, should be reviewed. The review should include aspects such as enforcement, manpower,

streamlining the procedures and issuing guidelines for the staff and the public.

20. Principal Assistant Secretary (Planning and Lands), Development Bureau ("PAS/DEV(P&L)") responded that the Administration attached great importance to the proper management of Government land. Following the Recommendations, a review had been conducted on the subject. The Lands Department ("LandsD") had implemented various improvement measures. Internal circulars had been issued on improving the priorities in the handling of land control cases so as to enhance land control actions. LandsD had also commenced the upgrading of the Land Control Information System to strengthen the monitoring of land control cases. The project was expected to be completed in 2014. In addition, LandsD would step up regular risk-based inspection for black-spot sites and would seek views/advice from other Government departments, such as the Home Affairs Department, and DCs, as appropriate. The proposal to increase the penalties and introduce a daily fine for offences relating to unlawful occupation of unleased Government land was another measure geared towards strengthening the control and management of Government land.

21. Assistant Director/Estate Management, Lands Department ("AD/LandsD(EM)"), added that due to the large area of unleased Government land, it would be impractical for LandsD to spend a lot of manpower to conduct regular inspection. LandsD had already increased the frequency of patrol on black-spot sites and would fence off sites as appropriate to prevent unauthorized entry and unlawful occupation. LandsD had also strengthened its enforcement work upon receipt of complaints or referrals on suspected cases. The Deputy Chairman suggested that high technology, such as aerial photography, should be adopted by the Administration to enhance the efficiency of land control and management.

22. Miss CHAN Yuen-han expressed disappointment on the late introduction of the proposal to increase the level of penalties for offences relating to unlawful occupation of unleased Government land. She said the issue of insufficient deterrent effect of the level of penalties had been raised back in 2004. She called on the Administration to take action to improve its work in land control and management expeditiously. While supporting the proposed legislative amendments, Miss CHAN and Mr WU Chi-wai requested the Administration to provide information about other improvement measures taken by LandsD in response to the Recommendations of the Audit Commission and the Public Accounts Committee on the subject.

(*Post-meeting note*: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1549/13-14(01) on 3 June 2014.)

Manpower of the Lands Department for the control and management of Government land

23. Miss CHAN Yuen-han recalled that a team in LandsD which was responsible for managing land in the New Territories ("NT") was disbanded in the late 1990's when the then Government had to cut down the size of the civil service establishment. Since then, the problem with unlawful occupation of unleased Government land in the NT had become rampant. She considered that there was a laxity on the part of LandsD in the control and management of Government land. Noting that the Administration had handled around 11 000 cases of unlawful occupation of Government land in 2013 but 6 000 were still outstanding at the end of the year, she queried whether LandsD had sufficient manpower to handle all the cases and take enforcement actions. She suggested that the Administration should consider developing the unleased Government land for housing and other purposes to address the housing shortage problem. Her concern on insufficient manpower in LandsD was shared by Mr IP Kwok-him.

24. Mr LEUNG Che-cheung said that Mr Albert CHAN had unlawfully occupied unleased Government land for his personal use before. While expressing sympathy for the difficulties faced by LandsD in its land control work due to the low deterrent effect of the existing penalties, he queried the effectiveness of increasing the penalty level given the lack of manpower to take enforcement actions. He opined that LandsD should undertake a review on its manpower situation. As LandsD would only take action upon receiving complaints and the cases might subsequently be regularized, i.e. short-term tenancies ("STTs") granted to the occupiers, Mr LEUNG considered that the existing enforcement work of LandsD was unsatisfactory.

25. Mr Albert CHAN clarified that while there were media reports alleging that he had unlawfully occupied Government land, the land concerned had not been fenced off. He suggested that, to deter unlawful occupation of Government land, occupiers of unleased Government land should be required to pay the market rental value of the land. He considered that the existing policy was tilted towards the rich.

26. AD/LandsD(EM) said that LandsD would take appropriate land control actions on unlawful occupation of Government land depending on the actual circumstances of the case. In accordance with LMPO, LandsD would first post a notice at the site of unlawful occupation of unleased land, requiring the occupation to cease before a specified date. In most cases, the occupation had ceased as required. If the occupation did not cease by the specified date, LandsD would arrange to have the structures/objects occupying the unleased land removed/cleared by contractors. Prosecution would be initiated against the occupier if there was sufficient evidence which warranted so doing. LandsD would consult legal advice in light of the circumstances. The handling of such cases would take time. As at the end of 2013, some 6 000 cases were still being processed by LandsD. From 2009 to 2013, LandsD had on average 208 staff members who were responsible for land control as well as other duties, such as tree management and roadside publicity materials management. There had been a slight increase in the manpower for land control work in recent years.

27. Miss CHAN Yuen-han was not satisfied with the Administration's reply. She held the view that the Administration had not formulated a comprehensive strategy to tackle unlawful occupation of Government land.

Enforcement actions against unlawful occupation of Government land

28. Mr CHAN Chi-chuen expressed support for the proposal to increase the penalty level but was concerned about the effectiveness of LandsD's enforcement work, taking in view that only 21 cases had been convicted from 2008 to 2011. He queried why the penalty level had not been revised since 1972, whereas the property prices had risen dramatically during the period. He enquired about the average time taken to process a case and whether the Administration would be prone to tolerating unlawful occupation of unleased land after the introduction of a daily fine.

29. PAS/DEV(P&L) said that, as pointed out by LandsD, it was impractical to regularly patrol and inspect all the unleased land over the territory. LandsD would take action when it discovered unlawful occupation of unleased land during its patrols or when it received complaints or information about such occupation through media reports. If the unlawful occupation fell under the purview of other departments, the case would be referred to them for necessary follow-up action. The number of convicted cases did not reflect the full picture of LandsD's work and efforts on land control and management. AD/LandsD(EM) added that, as the cases were different, it was difficult to provide the average time for

completing a case. Priority would be given to those cases in which safety issues were involved.

30. Mr IP Kwok-him agreed to the proposal to increase the penalty level. He opined that, given that land was a precious resource, unlawful occupation of Government land undermined public interests. He urged the Administration to adopt a multi-pronged approach to strengthening land control, such as encouraging the public to report suspected cases. He asked about the time allowed by the Administration for the occupier to cease unlawful occupation of land after a notice had been posted according to LMPO.

31. PAS/DEV(P&L) advised that under LMPO, there was no stipulated timeframe for the occupier to cease the unlawful occupation after the notice had been posted. LandsD would allow a reasonable period for the occupier to rectify the situation, depending on individual circumstances. AD/LandsD(EM) supplemented that the general principle was that the occupier should clear the structure as soon as possible. If complex structures had been erected at the site, the time allowed for the removal would be longer.

32. Mr CHAN Han-pan pointed out that there were cases in which the occupier ceased occupation after a statutory notice had been posted but the same occupier re-occupied the land some time later. He asked whether LandsD was required to post a statutory notice each time the land was occupied, even by the same occupier. USDEV advised that, in the circumstances mentioned by Mr CHAN, LandsD would have to post a statutory notice in each case.

33. Dr CHIANG Lai-wan said that some people might have inadvertently used unleased land in the rural areas for planting or general storage. She was concerned whether the proposed increase in the penalty level would cause hardship to these people.

34. USDEV advised that members of the public should not occupy any unleased Government land unless with proper permission by the land authority. It was imperative that enforcement actions were taken in a fair and impartial manner. LandsD would allow sufficient time for the occupier to rectify the situation after the statutory notice was posted at the relevant site.

35. Pointing out that there were a number of fly-tipping cases on unleased Government land in the NT causing pollution to the environment, the Deputy Chairman enquired whether the Administration would deal with these cases pursuant to LMPO. In reply, PAS/DEV(P&L) advised that LandsD would liaise with the relevant Government departments, as appropriate, to handle such cases. Actions pursuant to the relevant ordinances would be taken, depending on the circumstances of the cases.

Level of penalties for offences relating to unlawful occupation of unleased Government land

36. Mr IP Kwok-him suggested that Administration should consider increasing the level of penalties for unlawful occupation according to the size of the land concerned.

37. Mr CHAN Chi-chuen also agreed that the level of penalties and the proposed daily fine should be commensurate with the area of land occupied.

38. USDEV noted members' suggestions. PAS/DEV(P&L) added that the details of the proposed amendments were being finalized and the Administration would take into account all relevant factors as appropriate. In particular, reference would be made to the penalty provisions for offences of a similar nature in other ordinances, specifically the Buildings Ordinance (Cap. 123), the Town Planning Ordinance (Cap. 131) and the Waste Disposal Ordinance (Cap. 354). The principle was that the amendments to the level of penalties should reflect the severity of the offences.

39. Mr CHAN Han-pan expressed appreciation for LandsD's efforts in handling referral cases of unlawful occupation of unleased land. He pointed out that, for some cases in which the occupiers had lived on the land for a long time, resettlement issues might arise. He asked about the level of the maximum fines after the proposed amendments were implemented. He was concerned that too drastic an increase in the level of penalties would create hardship to those occupiers who had occupied a small area of land inadvertently.

40. PAS/DEV(P&L) said that the existing level of penalties for offences relating to unlawful occupation of unleased land under section 6(4) of LMPO, i.e. a maximum fine of \$10,000 and imprisonment for six months, had not been revised since the enactment of LMPO in 1972. The actual amount of fines and term of imprisonment was determined by the Court having regard to the circumstances of individual cases. The existing level of

penalties was no longer able to achieve a deterrent effect. In considering revising the penalty level, reference would be made to the penalty provisions for offences of a similar nature in other ordinances. The Administration would take into account members' views expressed at the meeting in finalizing the details of the proposed amendments.

Regularization of cases of unlawful occupation of Government land and short-term tenancies

41. Citing the cases of villagers who had unknowingly occupied Government land adjoining their village houses for a long time, Mr LEUNG Che-cheung was worried that increasing the level of penalties would only cause hardship to these villagers. He said that the information of all unleased Government land should be published and the public should be allowed to apply for short-term uses of such land. In response, PAS/DEV(P&L) said that LandsD had maintained a list of Government sites which could be used for short-term greenery or community purposes through application. The list, updated regularly, was available on the website of LandsD. Relevant information was also circulated to the concerned DCs on a regular basis.

42. Mr CHAN Han-pan and Miss CHAN Yuen-han suggested that the Administration should consider putting up suitable unleased Government land for STTs to the public to make better use of precious land resources as well as obviate the need for regular inspection and patrol. In reply, USDEV said that the Administration's policy was that, where the long-term use of a site was yet to be determined or was not yet due for implementation, LandsD might put the site to appropriate temporary use(s) through STTs. At Miss CHAN's request, the Administration would provide, with a breakdown by 18 districts, information (e.g. locations, areas, uses of individual sites) about unleased Government land (i) that had been held through STT (with the tenancy duration); (ii) that was available for STT; and (iii) that was suitable for mid-term or long-term development, and the plans for such developments.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1549/13-14(01) on 3 June 2014.)

43. Mr LEUNG Kwok-hung said he had received requests for assistance from small business operators who could not successfully bid for leases of Government land through open tender. In his understanding, it was the

policy of the Administration that Government land would be granted to the party offering the highest bid. Considering that the Administration had a responsibility to assist small enterprises, he disagreed to such a policy. In his view, inconsistent criteria were adopted in the Administration's enforcement actions against cases of unlawful occupation of Government land, as only small enterprises were targeted. He urged that the Administration should exercise more flexibility in granting STTs.

44. Mr CHAN Chi-chuen said that some farmers might have inadvertently occupied Government land adjoining their farmland. He asked whether the Administration, in handling such cases, would adopt a compassionate approach. USDEV replied that, depending on the actual circumstances, LandsD would allow sufficient time for the farmers to cease the unlawful occupation.

45. Mr Gary FAN considered that increasing the penalty level could not fundamentally address the problem of unlawful occupation of unleased Government land. He noted from media reports that there were recent cases of unlawful occupation of unleased land involving the premises owned by the rich who were subsequently allowed to occupy the land through STTs. He opined that the existing regulatory approach favoured the rich. Even if the level of penalties was raised, the deterrent effect was in doubt. He continued that, in a case involving a farmer in Ma Shi Po, the occupation of unleased land was not allowed to be regularized and, instead, the land was subsequently granted to a newly formed company on STT through tender. He queried whether the enforcement action in this case had been carried out in an impartial manner and why the case was not regularized in favour of the original occupier, i.e. the farmer.

46. Sharing similar concerns, Dr Fernando CHEUNG said there were media reports that some cases of unlawful occupation of Government land involving the premises owned by the Chairman and some other rich people were regularized without going through a tender process. In his views, LandsD apparently had adopted different standards in dealing with such cases. The criteria used by LandsD in deciding whether to approve regularization were not transparent. In response to Dr CHEUNG's enquiry, the Chairman said that he would not comment on media reports. While not supporting unlawful occupation of Government land, Dr CHEUNG said he was concerned that increasing the level of penalties would bring hardship to old farmers and villagers who might be inadvertently occupying unleased land. He had reservation with the Administration's proposal. Dr CHEUNG and Mr Gary FAN urged the Administration to explain the criteria for its

different enforcement actions against unlawful occupation of unleased Government land.

47. AD/LandsD(EM) assured members that LandsD would take enforcement actions against unlawful occupation of unleased Government land according to LMPO in an impartial and fair manner irrespective of the identities of the owners. She stressed that any person should not use Government land by "first occupying the land and then applying for regularization". If the party concerned in a particular case submitted an application for regularization, LandsD would process it according to the established procedures and criteria. Generally speaking, where the Government land could be used independently and had a market value, LandsD would consider putting it for short-term use as appropriate through open tender. Out of all the cases of unlawful occupation of Government land, the number of approved regularization applications in the past was relatively few.

48. PAS/DEV(P&L) added that it was the Administration's intention that the levels of penalties should reflect the severity of the relevant offences but should not be unnecessarily harsh. Also, in general, a reasonable time would be allowed for self-rectification. Most of the cases were resolved by the occupier willing to cease the occupation voluntarily. LandsD would take the appropriate enforcement action taking into consideration the circumstances of each case. Prosecution would be considered when the unlawful occupation persisted. At Dr Fernando CHEUNG's request, the Administration undertook to provide supplementary information on enforcement actions taken by LandsD against unlawful occupation of unleased Government land, in particular, under what circumstances the Department would: (i) take clearance action; (ii) regularize the cases by granting STTs to the original occupiers; (iii) put up the concerned site for STTs through public tender; and (iv) initiate prosecution actions.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1549/13-14(01) on 3 June 2014.)

49. On the Ma Shi Po case, AD/LandsD(EM) advised that as the piece of land concerned was capable of separate alienation and had a market value, the Administration considered that the regularization application should not be approved and the STT of the land be granted by open tender. PAS/DEV(P&L) added that the case was being handled by the Public Complaints Office of LegCo and a case conference would be held.

Land Control Information System

50. Noting that improvement work on the Land Control Information System would be completed in 2014 but the use of mobile devices for inspection of sites would not be included, Mr WU Chi-wai asked how the frontline staff of LandsD would carry out their work to investigate cases of unlawful occupation of unleased land. Citing the case of the outsourcing of some of the inspection work by the Buildings Department, he enquired if LandsD would consider using outsourced services for some of its enforcement work. Mr LEUNG Kwok-hung pointed out that the unlawful occupation of unleased land was rampant in Hong Kong and asked if the Administration would use mobile devices to facilitate the daily inspection work of frontline staff.

51. AD/LandsD(EM) advised that as the use of mobile devices were not originally included in the development of the Land Control Information System, a consultant had subsequently been engaged to study the financial feasibility of using such devices to retrieve information from the System. The consultant's findings would be available by end-2014. She confirmed that LandsD had no plan to engage contractors to provide inspection services for unleased Government land. At Mr WU Chi-wai's request, the Administration undertook to provide details about how the frontline staff of LandsD conducted site inspections, including the tools and methods applied, to detect cases of unlawful occupation of unleased Government land.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1549/13-14(01) on 3 June 2014.)

VI PWP Item No. 751CL -- Planning and engineering study on Sunny Bay reclamation

(LC Paper No. CB(1)1248/13-14(06) -- Administration's paper on 751CL -- Planning and engineering study on Sunny Bay reclamation)

LC Paper No. CB(1)1248/13-14(07) -- Paper on proposed near shore reclamation at Sunny Bay prepared by the Legislative Council Secretariat (Background brief))

52. With the aid of a powerpoint presentation, USDEV and Deputy Head of Civil Engineering Office (Port & Land), Civil Engineering and Development Department ("DH/Civil Engineering Office(P&L)/CEDD") highlighted the salient points of the background and results of the two-stage public engagement ("PE") of the study on "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development", as well as the Administration's proposal to upgrade 751CL to Category A at an estimated cost of \$96.0 million in MOD prices for carrying out a planning and engineering study ("the Study") on the proposed reclamation at Sunny Bay, North Lantau and the associated site investigation works. The Administration planned to seek the endorsement of PWSC in May 2014 for upgrading 751CL with a view to seeking funding approval from FC. Subject to the funding approval of FC, the Study and the associated investigation works would commence in August 2014 for completion in August 2016.

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1305/13-14(01) by email on 23 April 2014.)

53. 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 of LegCo, 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.

Reclamation as a way to increase land supply

54. Dr Fernando CHEUNG said that the total area of land to be created by proposed reclamation projects, including the reclamation at Sunny Bay, developing artificial islands in the central waters, the construction of the third runway of the Hong Kong International Airport, etc., would amount to around 3 900 hectares, which would be the reclamation of the largest scale

in the history of Hong Kong. Taking into consideration that there were strong objections to reclamation among the views collected during the Stage 1 PE of the study on "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development", he held the view that, before proceeding with reclamation, the Administration should study all other sources of land supply. He stressed that reclamation should only be the last resort. He and Mr Gary FAN considered that the Administration should first complete the cumulative environmental impact assessment ("CEIA") of the infrastructure works under construction/planning in the western waters before considering individual reclamation projects.

55. USDEV advised that one of the purposes of the Study was to provide scientific information on the impacts of the proposed reclamation at Sunny Bay. DH/Civil Engineering Office(P&L)/CEDD added that since July 2011, the Administration had conducted technical studies and a two-stage PE exercise for "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development". During the Stage 1 PE, there had been wide support for a six-pronged approach for enhancing land supply, including reclamation outside Victoria Harbour. Taking into account the public views on the site selection criteria, five potential near-shore reclamation sites, including Sunny Bay, were identified. In view of the public response and given the relatively small environmental impact of the proposed reclamation at Sunny Bay, the Administration had proposed to take forward the Study. In parallel, a CEIA was being conducted, taking into account the impact of relevant infrastructure works in the western waters, including the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities, the expansion of Hong Kong International Airport into a Three-Runway System and Tung Chung New Town Extension. The CEIA would be completed in the fourth quarter of 2014.

56. Mr Michael TIEN considered that one of the factors that had impeded the development of Hong Kong was the shortage of land. Citing the reclamation works carried out for various purposes in Singapore as successful examples of land development initiatives, he expressed support for the Administration's proposal to explore reclamation as a means to increase land supply. He believed that reclamation was a less controversial approach to creating new land than developing the land where there were existing residents or business operators. Mr TIEN also suggested that, to facilitate economic development in New Territories West, a new railway linking up the proposed artificial island in the central waters, Sunny Bay and Tuen Mun be constructed. In response, USDEV advised that the railway

was the backbone of public transportation in Hong Kong and Mr TIEN's suggestion would be examined under the Study.

57. Mr CHAN Chi-chuen said while he agreed that the Administration should take appropriate measures to increase housing land supply, he would not support those land development projects which would demolish villages that were homes of some people for generations, or exterminate Chinese White Dolphins. He considered it important to strike a balance between conservation and development.

58. Ir Dr LO Wai-kwok said that the Study, which would include an EIA, would provide useful information on the impact of the reclamation works in various aspects, including the impact on Chinese White Dolphins. He opined that a decision on whether to support the reclamation works at Sunny Bay should only be made when the findings of the Study were available. As regards the use of the new land, it should be determined according to the development needs of Hong Kong and the needs of the community. Taking into account that Hong Kong had a serious land shortage problem, he considered that relevant studies should be carried out expeditiously to identify ways to increase land supply.

Use of the reclaimed land

Provision of commercial and tourist facilities

59. Miss Alice MAK pointed out that the proposed reclaimed land at Sunny Bay would not be suitable for housing development due to its vicinity to the airport. The planning intention, according to the Administration, was to develop the area into a leisure and entertainment hub with diversified tourist facilities. She had reservation on whether the Study should adopt this planning intention as a starting point. Given that there were already other projects on Lantau for developing commercial and tourist facilities, she queried the justifications for providing similar facilities at Sunny Bay. She asked if the Administration had studied the actual needs of the community and formulated an integrated planning strategy for North Lantau. She held the view that consideration should be given to using newly reclaimed land at Sunny Bay for developing new industries.

60. Assistant Director/Territorial, Planning Department ("AD/T, PlanD"), said that in view of the strategic location of Sunny Bay, which was near major infrastructures such as the Hong Kong - Zhuhai - Macao Bridge, and the fact that Lantau would become a major hub for air and road

transport, the Administration considered that Sunny Bay had the potential to be developed for providing business and tourism facilities, complementing the existing tourism facilities on Lantau, such as the Hong Kong Disneyland Resort ("HKDR"). The proposed reclamation at Sunny Bay was part of the overall planning for the development of Lantau. The Administration would conduct studies for each development project to determine its market position so as to recommend the most appropriate uses of the land.

61. Mr LEUNG Che-cheung expressed concern that the planned use of the reclaimed land at Sunny Bay would overlap with other developments on Lantau, such as the commercial and tourism developments in the North Commercial District on the Chek Lap Kok Airport Island. Casting doubt on the added value to be generated from the proposed commercial and tourist facilities at Sunny Bay, he asked whether the Administration would instead develop Sunny Bay to be a connecting point for the transport links to the proposed artificial islands in the central waters. AD(T), PlanD advised that as part of the Study, the consultant would conduct a market analysis to examine the strategic location advantage of the related facilities and the ways in which they could complement other commercial and tourist facilities both within or outside Lantau to achieve a synergy effect.

62. Mrs Regina IP expressed support for the Study but shared other members' reservation on developing commercial and tourist facilities on the newly reclaimed land at Sunny Bay. She suggested that consideration could be given to using the land for promoting new high-value-added industries. She expressed concern that Hong Kong's economic activities were homogenous and urged the Administration to formulate a policy to diversify Hong Kong's economic development by promoting new industries. Her views were shared by Mr Michael TIEN.

63. Mr CHAN Han-pan concurred with some members' views that consideration should be given to using the reclaimed land at Sunny Bay for developing new industries. He suggested that the Administration should attach importance to the aesthetics of the coastline at the newly reclaimed area with a view to making it a place for fishing activities. He expressed concern about the impact of reclamation on the water flow at Yam O Wan and asked if water recreation and sports activities could be undertaken there in future.

64. USDEV noted members' views and suggestions. He stressed that the Administration was open to public views on the land uses of the newly reclaimed land. The land uses mentioned in the Administration's paper were

the views received during the PE exercises. The Administration had not excluded any other possible land uses and supported bringing in more activities into the area. He advised that the Study would examine the land uses in detail and any suggestions would be welcome. Necessary measures would be proposed to ensure that the impacts of the development on the existing residents would be minimized.

65. Mr YIU Si-wing expressed disappointment on the lack of plans in the past to divert visitors from the hot spots to other tourist spots. While supporting the present proposal to explore the development of more tourist facilities on Lantau, in the light of the upcoming expansion of HKDR, he asked if there was any coordination between the development at Sunny Bay and HKDR to avoid duplication of facilities.

66. USDEV advised that the synergy effects of the Sunny Bay development and the expansion plan of HKDR would be examined in the Study. AD(T), PlanD supplemented that according to the Deed of Restrictive Covenant relating to HKDR, no internationally branded theme park/amusement park could be provided at Sunny Bay. She reiterated that the Study would include a market analysis to determine the market positions of the proposed developments at Sunny Bay, the scale of the proposed facilities and how they could complement other tourist facilities in the area.

67. Mr Albert CHAN stated opposition to the proposed reclamation at Sunny Bay on the ground that it would destroy the beautiful environment in the area. He asked if the Administration had conducted any studies on the needs of tourists for retail facilities, in particular the needs of the visitors from the Mainland, and provision of tourist facilities in other places in Hong Kong, such as the frontier areas. He was disappointed that the Administration had neglected the log pond industry at Sunny Bay which was unique and had provided many employment opportunities in the past. The industry had been in decline after reclamation at Sunny Bay had been undertaken for the construction of the Lantau Highway. He suggested that the log pond industry at Sunny Bay be revived.

68. Mr WU Chi-wai pointed out that the proposed tourist facilities at Sunny Bay were apparently one of the measures to increase the carrying capacity of Hong Kong. He asked if the Administration had assessed the development of the tourism industry in Hong Kong over the next 10 years, taking into account the development of the retail business in the Mainland, which would affect the number of Mainland tourists visiting Hong Kong.

69. Dr Fernando CHEUNG asked about the amount of land out of the 3 900 hectares of land to be reclaimed to be used for residential purposes. He said that, according to a study by a local organization, it was estimated that only 100 hectares would be used for housing development. Citing the case of HKDR, which had a deficit for the first six years' operation, he queried whether the future tourist facilities at Sunny Bay would be financially sustainable.

70. USDEV clarified that the figure of 3 900 hectares included non-Government projects, such as the expansion of Hong Kong International Airport into a Three-Runway System. At this stage, the Administration proposed to carry out the Study, with an objective, amongst others, to assess the scale and extent of the reclamation and land uses. Before the completion of the Study, the Administration would not jump to any conclusion about the land uses. He stressed that the public would be consulted on the land use plans in due course. AD(T), PlanD added that the market analysis under the Study would examine all relevant factors, including the economic development in the Mainland in the near future.

71. Mr CHAN Chi-chuen said that some Tung Chung residents had expressed objection to further development of tourist facilities on Lantau. He enquired if the Administration had considered the proportions of land to be developed for different purposes, such as entertainment, commercial or industry development, at Sunny Bay.

72. USDEV said that the Study included a market analysis which would provide information on the market demand for determining the most appropriate land use options for the proposed reclaimed land. The Administration would be open-minded to hearing any suggestions. Public engagement activities would be organized as part of the Study. DH/Civil Engineering Office(P&L)/CEDD said that during the Stage 2 PE of the study on "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development", the public had expressed views on the land use of the five proposed near-shore reclamation sites and the issues to be covered in further studies. There were public views that the reclaimed land could be used for leisure and entertainment, tourism-related facilities such as hotels, retail or dining, and so on. The Administration would formulate proposed land use options, based on the preliminary findings of the Study and public views, for further public consultation.

73. Mr LEUNG Kwok-hung opined that Hong Kong was over-dependent on tourism, which was an industry with low added value for economic

development. He supported the development of high value-added industries, such as the information technology industry. Taking into account the slowdown in the economic growth in the Mainland, he queried whether the number of visitors from the Mainland would continue to rise.

74. Mr Gary FAN held the view that tourism development in Hong Kong had not really benefited the general public. From 2003 to 2013, while the number of Mainland visitors had increased by 10 folds, the average personal and household incomes of Hong Kong people had decreased. He queried the rationale for destroying the natural environment to make way for tourism development.

Helicopter base

75. Given the shortage of landing facilities for sightseeing helicopters, Mr YIU Si-wing asked if the Administration would consider making the new helicopter base of the Government Flying Service ("GFS") at Sunny Bay a base for sightseeing helicopters. Mr WU Chi-wai sought clarification from the Administration on whether relocating the helicopter base was to facilitate the EIA for the developments at North Lantau.

76. DH/Civil Engineering Office(P&L)/CEDD said that the existing helicopter base of GFS was at Chek Lap Kok. The existing flight route had imposed development constraints on the north shore of Lantau. The Study would explore the feasibility of developing a helicopter base for GFS at Sunny Bay so as to eliminate the development constraints and hence unleash the development potential of the coastal area of North Lantau, including the Tung Chung New Town Extension.

77. Mr CHAN Han-pan proposed that the Administration should study the impact of the operation of the new GFS helicopter base on the residents of Ma Wan. USDEV replied that the issue would be covered in the Study.

Impact on the environment and Chinese White Dolphins

78. Miss Alice MAK expressed concern about the impact of reclamation at Sunny Bay on the marine ecology and the Chinese White Dolphins. She sought details of the CEIA for the major development projects in the western waters and North Lantau. Mr LEUNG Che-cheung said that although reclamation could provide a vast piece of land, which would facilitate planning work, the adverse environmental impact should not be ignored. He urged the Administration to implement necessary mitigation measures to

minimize the impact of reclamation at Sunny Bay on the marine habitat of the Chinese White Dolphins.

79. Mr Gary FAN was worried that the Administration had adopted promoting economic development and the integration of the Mainland and Hong Kong as the major considerations in taking forward its policy initiatives. He opined that it was necessary to approach the development of North Lantau prudently. The number of Chinese White Dolphins found in Hong Kong waters had decreased from 158 in 2003 to 61 in 2012. Reclamation at Sunny Bay would have a further adverse impact on these Dolphins and their habitat. He asked about the mitigation measures to be taken by the Administration against such an impact and whether the CEIA would cover the cumulative impact of all major infrastructure works, apart from the three proposed reclamation projects at Sunny Bay, Siu Ho Wan and Lung Kwu Tan, on the western waters. Mr WU Chi-wai also asked about the details of the CEIA. Citing the setting up of a reserve area for Chinese White Dolphins in Taiwan, Mr CHAN Chi-chuen urged the Administration to protect the habitat of the Dolphins.

80. USDEV assured members that the Administration was committed to achieving sustainable development with appropriate balance between development and conservation. DH/Civil Engineering Office(P&L)/CEDD supplemented that the Administration was concerned about the cumulative environmental impact of the major infrastructure projects under construction/planning in the western waters. As such, in 2013, a CEIA had been started in view of the three proposed reclamation projects at Sunny Bay, Siu Ho Wan and Lung Kwu Tan to be carried out in the western waters as well as other major projects under construction/planning in the area. The CEIA would examine the impact of all the relevant works on the marine ecology, air and water quality as well as the fisheries industry. The report would be available in the fourth quarter of 2014. A six-month field survey on Chinese White Dolphins had been conducted and it was found that Sunny Bay had only low and probably occasional dolphin use and, therefore, was unlikely to be a hotspot for Chinese White Dolphins. The statutory EIA under the Study would verify the findings as well as examine the environmental impact of reclamation at Sunny Bay in various aspects. According to preliminary assessment, there should be no insurmountable environmental problems arising from the proposed reclamation.

81. Mr Albert CHAN cautioned the Administration that reclamation at Sunny Bay would have an adverse impact on the fish culture zone at Ma Wan. Together with other major infrastructure works under

construction/planning in the western waters, such as the third runway, the proposed reclamation would have disastrous effects on the habitat of the Chinese White Dolphins.

82. Mr CHAN Han-pan said that the Tsuen Wan District Council and the local fishermen had no strong objection to the reclamation proposal.

83. USDEV said that the Administration had consulted the fishermen at Ma Wan on the present proposal and would continue to maintain a close liaison with them during the Study. DH/Civil Engineering Office(P&L)/CEDD supplemented that the fishermen at Ma Wan and Tsuen Wan were consulted, and according to an internal preliminary study with the aid of computer modeling, a 200-metre entrance at Yam O Bay would be able to maintain the sea current flow to eliminate any stagnant waters. The issue would be further examined in the Study in detail.

Site investigation works

84. Given that there were recently a few cases of cost overrun in public works projects, one of which was due to insufficient information on the ground condition, the Deputy Chairman asked if the site investigation works for the present proposal would be enhanced so as to obtain sufficient information about the ground condition and whether the Administration would strengthen its monitoring of the site investigation works.

85. In response, DH/Civil Engineering Office(P&L)/CEDD advised that, due to the multi-disciplinary nature of the Study and the great variations in the water depth in the area, the site investigation works for the Study were complex and demanding. To ensure that the site investigation works could be carried out with adequate resources, 27% of the estimated project cost would be allocated to such works. This proportion was relatively high when compared with that for site investigations works of other public works projects.

Development of Lantau

86. Mr Frederick FUNG recalled that according to the Revised Concept Plan for Lantau published in 2007 ("Revised Concept Plan"), it was recommended that North Lantau would remain as the focus of major economic infrastructures and tourism/recreation developments, while South Lantau should be conserved for green tourism. He asked if the Study would adopt the recommendations as planning constraints for new projects on

Lantau. He also enquired about the scope of the Study. Mr FUNG said that the Hong Kong Association for Democracy and People's Livelihood supported the Revised Concept Plan and stressed that no major development should encroach upon South Lantau. Sharing a similar view, Mr WU Chi-wai asked whether the recommendations in the Revised Concept Plan would be adopted as some of the planning constraints for the development at Sunny Bay.

87. USDEV replied that the possible land use for Sunny Bay as a leisure and entertainment node was in line with the Revised Concept Plan. He indicated that the plan would be a reference when examining the future land use. AD(T),PlanD, added that for all the developments under construction/planning on Lantau, the Administration had maintained the overall principle of the Revised Concept Plan, i.e. that developments would be concentrated in North Lantau, while South Lantau would be conserved as far as practicable. Nevertheless, the Revised Concept Plan would need to be reviewed regularly to take into account new planning circumstances.

88. The Deputy Chairman expressed support for exploring reclamation outside Victoria Harbour as a long-term measure to increase land supply. Given that there were a number of major development projects under construction/planning in North Lantau and the western waters, he asked which party was responsible for coordinating the projects to ensure that they would be planned and developed in a concerted manner. USDEV advised that the Development Bureau ("DEVB") would be responsible for coordinating and setting study directions of the development projects in Lantau. To ensure openness and transparency, DEVB would report the findings of the relevant studies in phases to the Lantau Development Advisory Committee and consult the public at later stage.

Submission of the funding proposal to the Public Works Subcommittee

89. The Chairman invited members to indicate whether they supported the submission of the funding proposal to PWSC for consideration. The Chairman put the question to vote. Mr Albert CHAN requested a division. Fourteen members voted for and five members voted against the proposal. The voting result was as follows:

For

Mr Tony TSE (Deputy Chairman)
Mr CHAN Kam-lam
Mr CHAN Hak-kan

Mr YIU Si-wing
Mr CHAN Han-pan
Miss CHAN Yuen-han

Dr Priscilla LEUNG
Mr IP Kwok-him
Mrs Regina IP
Mr Michael TIEN
(14 members)

Mr LEUNG Che-cheung
Miss Alice MAK
Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok

Against
Mr LEUNG Kwok-hung
Mr Albert CHAN
Mr Gary FAN
(5 members)

Mr CHAN Chi-chuen
Dr Fernando CHEUNG

90. The Chairman concluded that the Panel supported the Administration's submission of the proposal to PWSC for upgrading the Study and associated site investigation works (PWP Item No. 751CL) to Category A.

VII PWP Item No. 19GB -- Liantang/Heung Yuen Wai Boundary Control Point and associated works -- site formation and infrastructure works

(LC Paper No. CB(1)1248/13-14(08) -- Administration's paper on 19GB -- Liantang/Heung Yuen Wai Boundary Control Point and associated works -- site formation and infrastructure works

LC Paper No. CB(1)1248/13-14(09) -- Paper on the Liantang/Heung Yuen Wai Boundary Control Point project prepared by the Legislative Council Secretariat (Updated background brief))

91. The Chairman declared that he owned land in the area related to the agenda item under discussion, i.e., Heung Yuen Wai.

92. The Panel noted that Mr Gary FAN had proposed three motions, which had been tabled at the meeting, on the item under discussion.

(*Post-meeting note*: Soft copies of the three motions (vide LC Paper Nos. CB(1)1302/13-14(01) to (03) respectively) were circulated to members by email on 23 April 2014.)

Meeting arrangements

93. Mr Michael TIEN suggested that, in view of the limited time left for the meeting, if the Panel could not complete the discussion on the item at the meeting, the discussion should be carried forward to the next meeting. However, if the Panel could complete the discussion in time, the Chairman should put the item to vote.

94. Dr Fernando CHEUNG opined that members should not be asked to rush through the deliberation on the proposal. He considered that the Chairman should allow members to ask as many questions as they wished before putting the proposal to vote.

95. Mr IP Kwok-him was of the view that the Panel might not be able to complete the discussion on the item within the remaining time of the meeting, having regard to the number of members who had indicated that they would raise questions on the funding proposal. He said that the Chairman might consider postponing the discussion on the item to a special meeting. The Chairman advised that a special meeting could be arranged on 5 May 2014.

96. Mr LEUNG Kwok-hung proposed that, as the remaining time of the meeting was insufficient for the Panel to deliberate the item, the Panel should not start the discussion on the item at the meeting but defer it to the special meeting to be held on 5 May 2014. The Chairman put Mr LEUNG's proposal to vote. Five members voted for the proposal and seven members voted against. The Chairman concluded that the proposal was negated. He directed that the Panel would proceed to start the discussion on the item and the meeting be extended for 15 minutes.

Briefing by the Administration

97. With the aid of a powerpoint presentation, Director of Civil Engineering and Development ("DCED") briefed members on the Administration's revised proposal to increase the approved project estimate ("APE") of 19GB "Liantang/Heung Yuen Wai Boundary Control Point ("LT/HYW BCP") and associated works -- site formation and infrastructure works" ("the Project") from \$16,253.2 million by \$8,196.6 million to

\$24,449.8 million in MOD ("the Revised Proposal"). The details of the Revised Proposal were given in the Administration's paper (LC Paper No. CB(1)1248/13-14(08)). He said that subject to members' support, the Administration planned to submit the Revised Proposal for the consideration of PWSC in May 2014 and seek the approval of FC in June 2014.

98. DCED advised that at the Panel meeting on 7 January 2014, the Administration had briefed members on the proposal to increase APE of the Project by \$8,550.0 million. Members in general did not support the proposal. In light of members' views at the meeting, the Administration had reviewed the project estimate and evaluated three postponement options for the contract for the construction of the Connecting Road (Northern Section) to review the feasibility of reducing the overall project cost. The findings indicated that the three postponement options would all give rise to even higher expenditures as compared with the original proposal. Moreover, after thoroughly reviewing the scale and scope of the Project, the Administration considered that there was no room for further trimming of the base estimate and project contingency. DCED emphasized that it was necessary to include an appropriate financial provision for project contingency to cater for additional costs due to unforeseen circumstances such as project delay. By way of illustration, DCED advised that some villagers of Chuk Yuen Village affected by the construction of LT/HYW BCP had reflected that they had practical difficulties in moving out from the village before the end of April 2014. Having regard to the views expressed by some LegCo Members and local stakeholders stressing the need to address the villagers' concerns, the Administration would defer the last date for villagers to move out to the end of August 2014. Such kind of delay might create additional project risks, which had to be absorbed by sufficient provision for project contingency.

99. Deputy Secretary for Development (Works)2 ("DS(W)2/DEV") said the Administration had advised members at the meeting of the Panel on 25 February 2014 that as the overall construction expenditure forecast over the next few years ranged from \$160 billion to \$190 billion each year, postponing the construction of worthwhile projects might run the risk of creating a more acute construction peak several years later, which might result in even higher project prices and, at the same time, deferring the realization of the economic and social benefits of the projects. As regards members' concerns on the accuracy of the Administration's estimation of project costs, DS(W)2/DEV advised that the cost of a project given in a funding application to LegCo was an estimate based on the latest pricing

information and assessment of the potential project risks at the time of the application. The actual expenditure was subject to the received tender returns from contractors, which were not necessarily within the Administration's estimate as the perception of individual tenderers on the risks associated with the project might be different from that of the Administration. He said that the Administration's estimation of project costs was generally reliable. Less than 10% of the projects launched in the past 10 years needed an increase in APE.

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1305/13-14(02) by email on 23 April 2014.)

100. 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 of LegCo, 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.

Revision of the project estimate

101. The Panel noted that compared with the proposal presented to the Panel at its meeting in January 2014, the corresponding increase in the provision for price adjustment under the Revised Proposal was reduced by \$353.4 million, i.e. from \$2,983.1 million to \$2,629.7 million. Dr Fernando CHEUNG opined that the cost reduction achieved in the Revised Proposal was small. Considering that there was virtually no difference between the Revised Proposal and the previous proposal except a slight change in the provision for price adjustment of the Project, he queried whether the Administration had duly followed up the suggestions raised by members at the meeting on 7 January 2014 to reduce the cost of the Project, such as re-packaging the project contracts, postponing or shelving non-essential project works.

102. Miss Alice MAK expressed similar views that the Revised Proposal had only introduced a minor cost reduction. She enquired whether the Administration had studied other ways to reduce the additional funds requested other than the three postponement options for Contract 6.

103. Mr LEUNG Che-cheung said that as the poor ground conditions for the tunneling work had attributed to the significant increase in APE, the Administration should look into other alternatives to save the need for constructing the Lung Shan Tunnel. He enquired whether the Administration would consider suspending the relevant construction contract to reduce the total proposed increase requested in the Revised Proposal.

104. DCED replied that after the meeting on 7 January 2014, the Administration had critically examined alternative options to reduce the additional funds requested in the previous proposal, such as widening the existing local at-grade roads to cater for the additional cross-boundary traffic and completing the Connecting Road (Northern Section) later, postponing the construction programme of the remaining contracts, etc. However, it was found that no cost saving could be achieved by taking these alternatives. DCED continued that according to past experience, deferring the implementation of a works project would not drive down its cost. He recalled that the awarded contract sum for the construction of the Stonecutters Bridge in 2004 was about 60% higher than that of Ting Kau Bridge in 1994, although the scales of construction of the two projects were similar and in 2004, there had been a sharp reduction in the number of capital works projects underway.

105. Miss Alice MAK enquired whether the project estimate under the Revised Proposal was meant to be the ultimate budget ceiling of the Project and whether the Project would be completed without delay if the Administration could secure FC's approval for the Revised Proposal. In response, DCED explained that Contracts 2, 3 and 5 had already commenced and the tender assessment for Contract 6 was in progress. As the cost associated with these contracts was more than 90% of the proposed APE, the estimated cost of the remaining works contracts yet to let only constituted a small portion of the overall project estimate. The Administration was confident that the estimate under the Revised Proposal should be sufficient to cover the total cost of the Project, subject to there being no unforeseen circumstances that would cause a cost increase, and the Project could be completed by 2018.

Factors leading to project cost overrun

106. Mr LEUNG Che-cheung opined that the huge cost overrun in the Project was alarming to members of the public and there was grave public concern over the Administration's control and estimation of project costs.

He was of the view that the over-concentration of implementation of projects under the Capital Works Programme in recent years had pushed up the labour and material costs. It was necessary for the Administration to address the problem, no matter it could obtain FC's approval for the Revised Proposal or not. Pointing out that according to local construction workers, there was not much improvement in their wages, he urged the Administration to closely examine the requests from contractors for additional payments to take forward public works projects.

107. Mr YIU Si-wing noted that under the Revised Proposal, the proposed increases due to recent surge in construction prices and in the provision for price adjustment were about \$3,974 million and \$2,629 million respectively. He enquired whether the rising labour cost had attributed to the proposed increases. DCED replied that while increases in labour cost ranged from about 18% to 46% in the past two years, the remoteness of the site of the Project had attributed to the high rental cost of heavy machinery used at the site. The hiring rates for crawler cranes and bored piling plant had increased by about 30% and 40% respectively. In response to Mr YIU's enquiry on whether the high rental cost of machinery should have been taken into account when preparing the original cost estimate for the Project, DCED advised that, with hindsight, the Administration considered that the increase in the rental cost of heavy machinery was a factor causing the upsurge in the cost of the Project.

Need of the new Boundary Control Point

108. Taking into consideration that there was a significant difference between the actual number of vehicular trips recorded at Shenzhen Bay Boundary Control Point and the Administration's forecast made in the year of 2002-2003 and that the economic activities in Guangdong had moved from east to west, Mr WU Chi-wai cast doubt on the urgency to proceed with the construction of LT/HYW BCP. He queried whether the Administration continued to press ahead with the Project merely because of the need to cater for the aspiration of the Shenzhen Municipal Government to commission the new BCP in 2018. Mr WU opined that since the overall construction expenditure over the next few years was anticipated to be maintained at a high level, the Administration should adjust the implementation of public works projects and postpone the construction of LT/HYW BCP. He said that he would not support the funding proposal.

109. In reply, DCED said that construction of LT/HYW BCP was a long-term project to support the overall development of Hong Kong and

strengthen its ties with Shenzhen. The cross-boundary passenger flow at Shenzhen Bay Boundary Control Point, at 113 100 per day during the peak periods, had already reached its designed capacity. The Planning Department carried out a survey on cross-boundary traffic every two years. In the past 10 years, cross-boundary passenger trips had increased by 80%. About 75% of cross-boundary patronage was made by Hong Kong residents. The number of cross-boundary students had increased three times in the past five years. He asserted that there was a need in the long term to develop the new BCP.

110. Mr LEUNG Che-cheung was of the view that in estimating the demand for LT/HYW BCP, the Administration should take into account its policy on overall tourism development and whether there would be an adjustment in the number of Mainland residents visiting Hong Kong under the Individual Visit Scheme in future. Mr YIU Si-wing opined that, taking into consideration an annual increase of about 10% in cross-boundary traffic in recent years, the Administration needed to complete the construction of LT/HYW BCP by 2018 to ease the pressure on the existing land BCPs in the long run.

111. The Chairman said that due to time constraints, the discussion on 19GB would be carried forward to the special meeting to be held on 5 May 2014.

(Post-meeting note: Members were informed of the above arrangement vide LC Paper No. CB(1)1321/13-14 issued on 28 April 2014.)

VIII Any other business

112. There being no other business, the meeting ended at 6:45 pm.