

立法會
Legislative Council

LC Paper No. CB(1)132/14-15
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Panel on Development

Minutes of meeting
held on Wednesday, 16 July 2014, at 9:00 am
in Conference Room 3 of the Legislative Council Complex

Members present : Hon Tony TSE Wai-chuen, BBS (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, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, 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
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, 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 Paul TSE Wai-chun, JP

Members absent : Dr Hon LAU Wong-fat, GBM, GBS, JP (Chairman)
Hon CHAN Hak-kan, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, JP

Public officers attending : **Agenda item III**

Mr Paul CHAN, MH, JP
Secretary for Development
Development Bureau

Mr Thomas CHAN, JP
Deputy Secretary for Development (Planning and Lands)¹
Development Bureau

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

Ms Bernadette LINN, JP
Director of Lands
Lands Department

Mr Christopher MILLS, JP
Deputy Director of Lands (Specialist)
Lands Department

Ms Karen CHAN
Assistant Director of Lands (Valuation)
Lands Department

Mr Simon LEE
Deputy Law Officer (Civil Law)
Department of Justice

Agenda item IV

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

Mr Norman HEUNG Yuk-sai, JP
Project Manager (Kowloon)
Civil Engineering and Development Department

Ms YING Fun-fong
Head (Kai Tak Office)
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)1755/13-14 -- Minutes of the special meeting on 7 April 2014)

The minutes of the special meeting on 7 April 2014 were confirmed.

- II Information papers issued since the last meeting**
(LC Paper No. CB(1)1686/13-14(01) -- Referral memorandum dated 23 June 2014 from the Public

- Complaints Office on issues relating to valuation principles and practices adopted by the Government in assessing the value of resumed properties
- LC Paper No. CB(1)1689/13-14(01) -- Referral memorandum dated 23 June 2014 from the Public Complaints Office on issues relating to the ways and procedures adopted by the Government in handling the archaeological heritage and the site of the Sacred Hill
- LC Paper No. CB(1)1743/13-14(01) -- Issues raised at the meeting between Legislative Council Members and Heung Yee Kuk members on 20 March 2014 relating to the development of villages in the New Territories
- LC Paper No. CB(1)1743/13-14(02) Issues raised at the meeting between Legislative Council Members and Heung Yee Kuk members on 20 March 2014 relating to new development plans in the New Territories
- LC Paper No. CB(1)1773/13-14(01) Administration's paper on revision of fees under Builders' Lifts and Tower Working Platforms (Safety) (Fees) Regulation (Cap. 470A) under the purview of the Electrical and Mechanical Services Department
- LC Paper No. CB(1)1773/13-14(02) Administration's paper on revision of fees and economic costs for excavation on streets maintained by Highways Department under Land (Miscellaneous Provisions) Regulations (Cap. 28A))

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

3. With reference to the referral from the Legislative Council ("LegCo") Public Complaints Office on issues relating to valuation principles and practices adopted by the Government in assessing the value of resumed properties (LC Paper No. CB(1)1686/13-14(01)), Mr WU Chi-wai suggested that the Administration should be invited to brief members on the rationale on adopting different approaches in assessing statutory compensations in respect of lots/buildings in single and multiple ownership. Members agreed to include the subject in the Panel's list of outstanding items for discussion.

III Pilot Scheme for Arbitration on Land Premium

(LC Paper No. CB(1)1794/13-14(01) -- Administration's paper on Pilot Scheme for Arbitration on Land Premium

LC Paper No. CB(1)1794/13-14(02) -- Paper on the Pilot Scheme for Arbitration on Land Premium prepared by the Legislative Council Secretariat (Background brief))

4. The Secretary for Development ("SDEV") briefed members on the Pilot Scheme for Arbitration on Land Premium ("Pilot Scheme"). He highlighted the following salient points --

- (a) To help speed up land supply for housing and other uses, the Chief Executive had announced in his 2014 Policy Address the introduction of the Pilot Scheme to facilitate early agreement between the Administration and the applicants for lease modification/land exchange ("the Applicant") on land premium payable through independent and impartial third-party arbitration.
- (b) In formulating the implementation framework and other details of the Pilot Scheme, the Development Bureau ("DEVB") and relevant Government departments, including the Lands Department ("LandsD") and the Department of Justice ("DoJ"), had consulted relevant stakeholder groups, including professional bodies, and had made reference to relevant information, including the United Nations Commission on International Trade Law ("UNCITRAL") Model Law on International Commercial Arbitration promulgated by

UNCITRAL and the arbitration rules of the Hong Kong International Arbitration Centre.

- (c) The subject to be arbitrated should be confined to the amount of land premium. Disputes on other matters such as lease conditions, land use determination and the maximum gross floor area formulated under the Administration's established policies and statutory system were not to be put before the arbitral tribunal ("Tribunal") for a ruling. Before the arbitration procedure could be triggered, the Applicant of the concerned case and the Administration should have tried to agree on a premium figure with substantial exchanges of views.
- (d) The Administration and the Applicant would submit by agreement their disputes to the Tribunal comprising arbitrators mutually agreed and appointed by them for resolution. The award of the Tribunal would be final and binding.
- (e) If the two parties did not agree to having the premium adjudicated through arbitration, they could continue to resolve their disagreement under the existing arrangement for premium negotiations.
- (f) Subject to the number of cases to be put to arbitration under the Pilot Scheme and the time and resources required for processing such cases, LandsD would accord higher priority to cases involving large-scale land supply for housing and other uses.
- (g) The Administration planned to take forward the Pilot Scheme in August 2014 for an initial period of two years, during which it might fine-tune the implementation framework as appropriate. At the end of the trial period, the Administration would undertake a review to assess the effectiveness of arbitration in determining land premium.

5. Director of Lands ("D of Lands") went on to explain the triggering point for considering a land premium case for arbitration, the criteria adopted in guiding the prioritization of arbitration cases, the scope of arbitration, the composition of the Tribunal, the mechanism to appoint arbitrators, the safeguards against conflict of interest, the measures intended to deter the Applicant from "walking away" during the arbitration proceedings or after

receiving the arbitral awards, the confidentiality arrangements, etc., the details of which were set out in LC Paper No. CB(1)1794/13-14(01).

Need for introducing the Pilot Scheme

6. Mr Frederick FUNG said that he did not agree to the introduction of the Pilot Scheme. He was of the view that civil servants should continue to be vested with the responsibility to deal with the land premium issue as they were all along perceived by the public to be discharging their duties in a professional and impartial manner. Moreover, to replace the existing mechanism with an arbitration process might give the public an impression that the Administration was incapable of handling land premium matters on its own. Mr FUNG opined that under the Pilot Scheme, the premium amount handed down by arbitrators in a case would be less than the level originally offered by LandsD, hence giving rise to the concern that the Administration was using the arbitration mechanism as a means to allow developers to pursue their development projects at concessionary premium.

7. D of Lands replied that the implementation framework of the Pilot Scheme had been formulated under the lead of the Administration. The Administration would closely examine the implementation of the Pilot Scheme. Under the Pilot Scheme, LandsD would continue to have control over established practices and policies due to the fact that only the amount of land premium would be subject to arbitration. The Pilot Scheme was backed up by the Arbitration Ordinance (Cap. 609) as well as relevant arbitration rules, and would provide an additional avenue to tackle disputes on land premium. If LandsD insisted on its assessment on the premium amount, cases of disagreement may never be taken forward. As regards the question on whether under the existing mechanism, the two parties in a land premium dispute could revert to the court to settle the disagreement, D of Lands advised in the negative.

8. Dr Fernando CHEUNG queried the reasons for LandsD to transfer the responsibility to determine land premium payable to third-party arbitrators. He was concerned that under the proposed arbitration mechanism, the arbitral award handed down by the Tribunal would be made in light of political considerations, including the need to fulfill the Government's undertaking to achieve the housing supply targets. He was worried that after the launch of the Pilot Scheme, land development rights would be transacted at a price level much lower than their market value.

9. D of Lands said she did not subscribe to the view that political considerations would override the professional judgment on the amount of land premium payable. She asserted that the process to assess and determine a premium amount was currently governed by the established procedures and mechanism, which would not be compromised by other considerations such as the need to increase land supply for housing and other uses. After the launch of the Pilot Scheme, the Valuation Section in LandsD would continue to perform the task of land premium assessment. She explained that the Tribunal would have to come to a decision on the premium amount under the framework of the Pilot Scheme and having regard to a set of documents including a list of disputes as contained in the relevant arbitration agreement. Moreover, the basic terms for the lease modification/land exchange application and other essential facts and valuation components already agreed between the two parties would not be subject to arbitration.

10. Mr James TIEN declared that he was engaged in property development. He said that his companies had been involved in land premium negotiations before and he would abstain from voting on any motions or questions under the agenda item. He did not subscribe to the view that the Administration would lose control over land premium matters upon the introduction of the Pilot Scheme, as LandsD would continue its work on making premium offers. Moreover, land premium disputes would not be put to arbitration unless both sides had agreed to do so and the Applicant had made two or more appeals.

11. Miss CHAN Yuen-han considered it more appropriate for the Administration to continue to discharge the duty of assessing and determining land premium, as members of the public all along had an impression that many private interests were involved in land matters in Hong Kong under the "developer hegemony"; moreover, there were stringent rules and guidelines governing the conduct of civil servants. Under the local political climate, it would be difficult for the Administration to address the concerns on the Pilot Scheme such as issues about "deferred benefit" and to run the scheme smoothly. She cautioned the Administration that it should listen to different views on the Pilot Scheme and consider carefully whether it should proceed.

12. SDEV replied that in formulating the implementation framework and details of the Pilot Scheme, the relevant departments had carefully considered the views and concerns that had been raised by Panel members and other stakeholders on the subject. After a careful study, the Administration considered it appropriate to introduce the Pilot Scheme to

facilitate the resolution of land premium disputes and help release the development potential of the land under private ownership.

13. Mr James TO declared that he was a non-executive director of the Urban Renewal Authority ("URA"). Pointing out that the Administration so far had not put in place any arbitration mechanism to deal with disagreements over the amount of compensation payable to owner-occupiers affected by URA's acquisition of their premises, he queried why the Administration was ready to introduce an arbitration mechanism to handle disputes on the land premium amount arising from lease modification/land exchange applications. Mr TO said that members of the public had more confidence in civil servants as far as the handling of land premium disputes was concerned. They might raise queries about the real motive of the Government in allowing third-party professionals to handle such cases. Given that the credibility of the Government was currently low, he held the view that it was not an appropriate time for the Administration to take forward the Pilot Scheme.

14. The Deputy Chairman advised that Mr Frederick FUNG had forwarded to him a proposed motion on the agenda item, which had been tabled at the meeting. He ruled that the proposed motion was directly related to the agenda item and suggested that it should be dealt with after members had finished asking questions on the item. Members raised no objection to the arrangement.

Scope of arbitration under the Pilot Scheme

15. Referring to paragraph 7 of the Administration's paper which stated that the Pilot Scheme would give higher priority to cases that would yield a high net increase in flat number or non-residential floor area, Mr YIU Si-wing opined that, to help release more land for housing and other uses, the Administration should as far as possible allow a wider range of cases to be dealt with under the Pilot Scheme. Noting the Administration's proposal that issues about the compensation offered and paid by the Applicant for affected residents should not be put before the Tribunal for a ruling, he opined that whether the Applicant needed to provide such compensation or not should be a factor that needed to be taken into account by arbitrators when adjudicating the land premium payable.

16. D of Lands replied that the criteria guiding the prioritization of cases under the Pilot Scheme as mentioned in paragraph 7 of the Administration's paper would be adopted when the overall demand for entering into

arbitration exceeded the capacity of LandsD, DoJ and the arbitrator-candidates in handling multiple arbitration cases at the same time. If there was spare capacity, the cases that did not strictly meet the prioritization criteria could be dealt with.

17. Dr Priscilla LEUNG declared that she was an arbitrator of the China International Economic and Trade Arbitration Commission and had been engaged in arbitration cases. She welcomed the launch of the Pilot Scheme and opined that, apart from land premium, the Administration should put in place an arbitration mechanism to resolve the disputes arising from management and sale of properties.

18. Dr CHIANG Lai-wan asked whether cases of disagreement between owners of residential units developed under the Civil Servants' Co-operative Building Society ("CBS") Scheme and the Administration over land premium payable to remove the restrictions on alienation of CBS flats could be put to arbitration under the Pilot Scheme. D of Lands replied that land premium cases involving net increase in the number of flats or non-residential floor area could be dealt with under the Pilot Scheme.

Arbitration timeframe

19. The Panel noted that the Administration expected the Tribunal under the Pilot Scheme to hand down its arbitral award in around 10 weeks. Dr Priscilla LEUNG said that as an arbitration process involved a lot of formalities, it might be too optimistic for the Administration to expect that an arbitral award could be handed down in such a short time.

20. D of Lands replied that the estimated time of 10 weeks had been based on an optimistic assumption that the case was relatively straightforward and suited to "documents only" proceedings. She admitted that a longer timeframe might be required for some other cases.

21. Considering that 10 weeks was a long time, Dr CHIANG Lai-wan enquired whether cases of disagreement over land premium should be put to arbitration only after they could not be resolved through mediation. D of Lands replied that the main reason for the Administration to introduce the Pilot Scheme was to expedite conclusion of land premium negotiations for lease modification/land exchange applications, which currently might take years to complete. Compared with mediation, arbitration as a means to resolve disputes would provide a solution that was final and binding.

Confidentiality

22. Noting that the arbitrators of the Tribunal would be required to make written declarations as to their independence and impartiality so as to safeguard against conflict of interest, Dr Kenneth CHAN enquired about the underlying reasons for keeping the declarations confidential. Mr Gary FAN asked about the parts of the written declarations that would be kept confidential.

23. Dr KWOK Ka-ki and Ms Cyd HO were concerned that the transparency of the arbitration mechanism under the Pilot Scheme was low. Ms HO cautioned the Administration that the arrangement for not disclosing for public information the considerations underlying the arbitral award of the Tribunal would make public scrutiny on arbitration proceedings impossible. She was worried that the Pilot Scheme would become a breeding ground for transfer of benefits. Dr Priscilla LEUNG said that according to the Administration, arbitration was conducted in private and was generally confidential. She enquired about how the Administration would inform the public of the results of the arbitration proceedings and the timeframe for disclosure. Mr Alan LEONG said that land resources were very valuable in Hong Kong. As such, the results of arbitration, including the records of the proceedings, should be made public to facilitate public scrutiny.

24. D of Lands responded that as the Pilot Scheme had not yet been implemented, the sensitivity of the contents of arbitral awards was not certain at this stage. Considering that commercially sensitive information might be featured in the discussions on land premium disputes, the Administration would, in the light of experience, review whether and, if so, how any considerations of useful general reference could be shared within the industry or made public. She assured members that the amount of premium to be paid on the basis of the arbitral award would be disclosed. Moreover, the Administration would reserve the right to disclose for public information the cases put to arbitration and the arbitrators appointed. In response to Ms Cyd HO's enquiry on whether legislative amendment was required to take forward the Pilot Scheme, D of Lands advised in the negative.

Effectiveness of arbitration on land premium

25. Mr LEUNG Che-cheung was of the view that the Pilot Scheme would provide an additional avenue for developers to deal with cases of disagreement over land premium. He said that the introduction of the Pilot

Scheme would inevitably give rise to an impression that the Administration was unable to deal with land premium matters in a professional manner and hence needed to transfer the task to third-party arbitrators. As regards the premium cases which could not be concluded after years of negotiations by both sides, the Administration should look into the underlying causes. He said that the Pilot Scheme might not help speed up the conclusion of premium negotiations for cases in which the applicants for lease modification/land exchange saw no urgent need to develop the land concerned and they would not enter into agreement lightly with the Administration, unless the latter offered a sufficiently low premium amount. He enquired about the number of such cases being handled by LandsD.

26. D of Lands replied that there were currently about 30 lease modification/land exchange cases being handled by LandsD involving residential development on which premium negotiations were in progress. In some of these cases, the concerned applicants had made at least two appeals against LandsD's premium offers. As regards Mr LEUNG's concern that applicants in some cases might not rush into accepting arbitration, D of Lands advised that after the Pilot Scheme was put in place, the Administration would know better whether applicants of lease modifications/land exchanges, upon reaching the triggering point for arbitration, would be keen to enter into agreement with the Administration to proceed with arbitration on the premium amount.

27. In response to Mr Michael TIEN's enquiry about developers' views on the introduction of the Pilot Scheme, D of Lands replied that the Administration had communicated with the Real Estate Developers Association of Hong Kong, the relevant stakeholder groups from the legal and arbitration sectors, surveyors' organizations, etc, before working out the implementation framework of the Pilot Scheme. The Real Estate Developers Association of Hong Kong welcomed the proposal, which would provide an additional avenue to handle land premium matters. The Association had expressed concern that the Administration's control on some parts of the Pilot Scheme, such as the requirement to pay a deposit, was too stringent.

28. Mr James TIEN cited the recent land sale results as examples and opined that, to pursue their development projects, developers might prefer to bid for the sites included in the Land Sale Programme rather than apply for lease modification/land exchange. As such, launching the Pilot Scheme would have limited effect on speeding up land supply for housing and other uses.

29. Dr Priscilla LEUNG enquired how the Administration would handle the situation in which the Applicant refused to submit a case of disagreement on premium amount to arbitration, despite having undergone a long period of negotiation with the Administration. Mr Michael TIEN asked about the underlying consideration for requiring the consent of both parties before putting their case to arbitration even if the Applicant had already lodged two appeals or more against the Administration's premium offers. In response, D of Lands explained that as arbitration was by nature a process to resolve disputes between two contracting parties, consent of both sides was required. If either party did not agree to entering into arbitration, they could continue to discuss the premium under the existing mechanism.

30. Dr LAM Tai-fai was worried that the Administration could not gain public support for taking forward the Pilot Scheme in view of the existing low level of trust in the Administration following the occurrence of a series of incidents involving possible collusion between Government officials and developers. He was concerned that, after the launch of the Pilot Scheme, relevant Government officials might tend to rely heavily on the arbitration mechanism to settle disputes on land premium so as to obviate the need for them to make the relevant decisions. As such, the number of cases to be put to arbitration might exceed its capacity, hence slowing down the overall process for concluding land premium cases.

31. Mr LEUNG Kwok-hung and Dr KWOK Ka-ki queried the effectiveness of the Pilot Scheme on speeding up the conclusion of land premium negotiations, taking into consideration that the Administration could not put a case to arbitration without the applicant-developer's consent and that the latter would be reluctant to enter into an arbitration unless there were advantages in doing so. Dr KWOK commented that to release more land for housing and other uses, applicant-developers should accept the premium amount offered by the Administration and not insist on maximizing financial gains through premium negotiations.

32. Mr LEUNG Kwok-hung said that the Administration should take into account members' views on the Pilot Scheme and withdraw the proposal. He opined that, to conclude the outstanding cases of lease modification/land exchange, the Administration could invoke Article 105 of the Basic Law to acquire the property of individuals and legal persons by compensating them for lawful deprivation of their property according to the prevailing land value. Dr Priscilla LEUNG said that any action to invoke Article 105 should be taken with great prudence, taking into account other important principles observed by Hong Kong people, such as the protection of the right of private ownership of property. Mr Abraham SHEK declared that he was the

representative of the functional constituency of real estate and construction in the Legislative Council ("LegCo"). He said that it would be inappropriate for the Administration to invoke Article 105, given that Hong Kong was a capitalist society.

33. The Deputy Chairman advised that Mr LEUNG Kwok-hung had proposed an amendment to Mr Frederick FUNG's motion, which had been tabled at the meeting.

34. Mr Abraham SHEK was concerned that if the Administration was forced to drop the Pilot Scheme because of members' opposition to it, many lease modification/land exchange applications could not be processed in a timely manner, hence affecting the supply of land for housing and other uses. He commented that members who had proposed the motions at the meeting had only looked at the Pilot Scheme from a negative perspective. He held the view that the Pilot Scheme would facilitate early agreement on the amount of land premium payable and help shape a new direction for the Administration's land supply strategy.

35. Mr Albert CHAN opined that if the motions proposed by members at the meeting were carried and the Administration would still proceed with the introduction of the Pilot Scheme, the Administration would further worsen its relationship with LegCo. He considered it misleading for the Administration to advise that the time taken to conclude the premium negotiations under the existing mechanism had delayed the supply of housing. He said that the same mechanism had been adopted by the Administration during the period when housing supply had been maintained at a much higher level than that at present.

Supply and appointment of arbitrators

36. The Panel noted that under the Pilot Scheme, the President of the Tribunal would be nominated and agreed by both the Administration and the Applicant. The two parties would each nominate a valuation professional to be a member of the Tribunal and the nomination would be subject to the other party's agreement. Mr Alan LEONG enquired about the consideration underlying this arrangement, which was different from the practice of commercial arbitration.

37. In response, D of Lands said the Administration had proposed that arbitrators of the Tribunal would be mutually agreed and appointed by the Administration and the Applicant, having regard to the importance of avoiding the perception that they were nominated to serve one of the two parties only. In response to Mr Alan LEONG's enquiry on whether there was a limit on the number of times that a person would be appointed as President, D of Lands advised that although there was currently no such restriction under the Pilot Scheme, to expand the pool of experienced candidates to act as President, the Administration would probably avoid reappointing the same person as President for consecutive cases as far as practicable.

38. Mr Frederick FUNG said the Administration had advised that a considerable number of practicing arbitrators, including those who were experienced and reputable in the field, did not possess any arbitration qualification. He queried whether there would be a sufficient number of arbitrators to take up the appointments under the Pilot Scheme, and whether it was an appropriate time to introduce the Pilot Scheme. Considering that the number of valuation professionals who were also arbitrators was limited in Hong Kong, Dr CHIANG Lai-wan expressed concern about the possible shortage of arbitrator-candidates.

39. In response, D of Lands explained that members of the Tribunal should be valuation professionals who were professional surveyors registered under the Surveyors Registration Ordinance (Cap. 417), qualified for a minimum of seven years as a member of a professional body of surveyors the membership of which was accepted for the purpose of registration under Cap. 417 and had at least 10 years of experience in land matters and valuation. Valuation professionals who were not registered under Cap. 417 might qualify as a member of the Tribunal if their 10-year experience in land matters and valuation included sufficient experience in such matters in Hong Kong. She advised that according to the preliminary information provided by some local professional surveyors' organizations,

there were a few hundred professional surveyors meeting these qualifications. To facilitate the Administration to implement the Pilot Scheme smoothly, these organizations had offered to collect more information about their members for the Administration's reference, such as the latest number of professional surveyors who were registered under Cap. 417, whether they possessed the required experience, etc.

40. Dr Kenneth CHAN queried why the arbitration qualification requirement would not be prescribed for the President and members of the Tribunal under the Pilot Scheme. Noting that the written declaration made by arbitrators of the Tribunal would make reference to the International Bar Association Guidelines on Conflict of Interest in International Arbitration ("the Guidelines"), he queried whether the Guidelines would be binding on the appointed arbitrators of the Tribunal, given that they were not necessarily professional arbitrators. In reply, D of Lands said that if the two parties in an arbitration case agreed to make reference to the Guidelines, they would then be applicable to the arbitrators engaged for the case, no matter whether they possessed arbitration qualification or not.

41. Dr Priscilla LEUNG enquired whether, to expand the pool of arbitration professionals, the Administration would support local educational institutions such as law schools to provide the relevant training. She suggested that the Administration should consider drawing up a name list of arbitrator-candidates in future for the public's reference.

42. D of Lands responded that while the Administration did not have any plans at this stage to liaise with universities on the offer of arbitration courses, consideration would be given to inviting arbitration organizations to provide optional short courses on arbitration to familiarize potential arbitrators with the basic principles and proceedings of arbitration.

43. Mr Albert CHAN expressed grave dissatisfaction that the Administration had paid no regard to the requests of small shop operators affected by the resumption of Wah Kai Industrial Building for resolving their compensation claims lodged more than a decade before, through mediation or arbitration, but had put forward the Pilot Scheme proactively to cater for the aspiration of large consortia to deal with their land premium cases. Recalling that the Administration had turned down more than a thousand valuations conducted by professional surveyors in connection with the Wah Kai case, he queried why the Administration had confidence in these professionals in conducting arbitration under the Pilot Scheme. He stressed that, instead of launching the scheme, the Administration should make

legislative amendment to introduce comprehensive changes to its approach to handling land disputes. He commented that the Administration so far had not responded to his proposal made a few years before that it should adopt the practice in Canada and Australia to put in place mediation and arbitration schemes to handle the disputes arising from land matters.

44. D of Lands replied that she did not have the information on hand regarding the Wah Kai case. She explained that in considering a compensation case, the Administration needed to examine whether acceptance of a compensation claim would deviate from the prevailing policy of the Administration. Similarly, the Administration would not put a land premium case to arbitration under the Pilot Scheme if the two disputing parties had yet to agree on matters related to lease interpretation or relevant Government policies. She said that the Administration had not ruled out the possibility that the compensation claims from those affected in the Wah Kai case might be resolved through mediation, subject to there being sufficient documentation to support the claims and the mediation process not compromising the statutory role of Lands Tribunal in determining these claims.

45. Mr Albert CHAN said that the affected owners had financial difficulties initiating court proceedings in view of the substantial legal cost to be involved. He cited a case in which one of these owners who wanted to resolve his dispute with the Administration on a compensation claim had spent more than \$1 million on litigation. He suggested that the Panel should consider setting up a committee to look into the issues arising from the case of Wah Kai. Mr Abraham SHEK commented that as regards the case of Wah Kai, the Administration should not accept the valuations conducted by surveyors lightly unless there were grounds to do so. He considered that the Wah Kai case had demonstrated that there was a need to introduce an arbitration mechanism to deal with disputes on land matters.

Measures to safeguard against conflict of interest involving arbitrators

46. Mr WU Chi-wai commented that the Pilot Scheme would not necessarily help speed up the conclusion of land premium negotiations, as the Administration needed to seek the consent of the Applicant before putting a case to arbitration. He held the view that the composition and appointment of the Tribunal would affect public perception on the Pilot Scheme. He was concerned how the Administration could convince the public that the Pilot Scheme had adequate safeguards to prevent conflict of interest involving the appointed arbitrators and acceptance of "deferred

benefit". He cast doubt on whether there were sufficient professional surveyors in Hong Kong who did not have business relationship with applicants of lease modification/land exchange and suggested that the Tribunal should be presided over by a retired judge and its two members should be arbitrators from overseas. "Document-only" arbitration proceedings could be undertaken by these overseas professionals.

47. Considering that the premium amount involved in a lease modification/land exchange application could be huge, Mr James TO opined that the Tribunal might not be able to secure trust from the society if it was to be presided over by a practising lawyer instead of a retired judge, as the former might be engaged in business activities.

48. In response, D of Lands advised that to maintain the credibility of the decisions made by the Tribunal, its members needed to be familiar with local circumstances. As such, it might not be appropriate to appoint arbitrators who had not been engaged in any land-related matters in Hong Kong to handle arbitration cases under the Pilot Scheme. She advised that, to safeguard against conflict of interest, the Administration would make reference to the Guidelines. She explained that the qualification of arbitrators mentioned in the Administration's paper was only a minimum requirement. The Administration would take into account the importance of ensuring the credibility and recognition of the Tribunal when considering the appointment of its President and members, and would seriously consider members' suggestion on appointing a retired judge as President of the Tribunal when considering the choices of candidates for individual cases.

49. Mr James TIEN and Mr Albert CHAN shared the concern about the proposed measures to prevent possible acceptance of "deferred benefit" by arbitrators engaged in the Pilot Scheme. Mr TIEN was of the view that professional surveyors with at least 10 years of experience in land matters and valuation would inevitably have business relationship with the major developers in Hong Kong.

50. Mr Frederick FUNG said it was unavoidable that arbitrator-candidates, as professionals in the industry, held interest in connection with land matters that could not be uncovered by the Administration. He opined that it was not appropriate to allow professional surveyors with only 10 years of experience to act as arbitrators of the Tribunal. He was concerned that there were inadequate safeguards under the Pilot Scheme against arbitrators taking up as "deferred benefit" future appointments. He urged that the Administration should take into account

members' concerns expressed at the meeting and should not launch the Pilot Scheme. Mr LEUNG Kwok-hung said that to safeguard against arbitrators' acceptance of "deferred benefit", the Administration should work out guidelines in light of the lessons learnt from past cases involving developers' offer of "deferred benefit" to senior Government officials.

51. Mr Gary FAN said that after the launch of the Pilot Scheme, the premium payable for lease modification/land exchange applications would no longer be under the purview of a group of officials but would instead be decided by the Tribunal in which only one of its members was to be nominated by the Administration. He enquired how the Administration would address the concern that the Tribunal's decision made by this small group of arbitrators would be easily influenced by applicant-developers.

52. D of Lands replied that no matter whether the Pilot Scheme would be put in place, land premium payable would be assessed by valuation professionals of LandsD. Only when there was disagreement over the proposed amount after a long period of negotiation might the two parties consider resolving their disputes through arbitration. The nominations of the two members of the Tribunal had to be mutually agreed by the Applicant and the Administration. When considering the premium amount in a case, the Tribunal would take into account, among others, the information submitted by the two parties which formed part of the arbitration agreement. If the arbitrators considered it necessary to conduct hearings, they should identify the expert advice that they needed to obtain. Following the end of the arbitration process, the two parties would be provided with an arbitral award which included the Tribunal's considerations underlying the arbitral award. Where there were irregularities detected in the case, LandsD would follow up the matter pursuant to the Arbitration Ordinance and the arbitration agreement between the two parties. Moreover, the Surveyors Registration Ordinance (Cap. 417) would provide for the disciplinary control over the conduct of surveyor-arbitrators when performing their duties in arbitration.

53. Dr KWOK Ka-ki opined that the Pilot Scheme provided an avenue for developers to bypass the existing land premium mechanism. He said it was undesirable that arbitrators of the Tribunal would be candidates nominated or accepted by the Applicant, as the latter would only choose those who would best serve their interest. Considering that lease modification/land exchange applications involved payment of large sums of money to the Government, he queried why, to address the concern on "deferred benefit", the Administration did not introduce the post-arbitration appointment control as mentioned in paragraph 17 of its paper.

54. Ms Cyd HO commented that the Chief Executive who proposed to introduce the Pilot Scheme had been involved in a case of unauthorized building works and the case had remained unresolved. Moreover, SDEV had yet to make clear to the public the interest held by him through overseas registered companies. Members of the public would have grave concerns on how the Administration would take forward the Pilot Scheme in a fair manner. She opined that as the Tribunal comprised three arbitrators only, it could make a decision over a case in favour of the applicant-developer if two of the three wished to do so. Stressing the importance to prevent corruption practices under the "developer hegemony" and to address concerns on issues about "deferred benefit", she asked the Administration to clarify who had turned down the suggestion to put in place the post-arbitration appointment control.

55. D of Lands replied that there was no question of an official making a suggestion on putting in place safeguards against arbitrators taking up future appointments as "deferred benefit" and another official turning down the suggestion. She recalled that members of the Panel and the media had expressed concerns about "deferred benefit" after the Chief Executive had announced the plan to introduce the Pilot Scheme. Therefore, in formulating the implementation framework of the Pilot Scheme in the past few months, the Administration had adopted an open attitude in listening to the views of stakeholder groups, including the legal sector and other professional bodies, and had taken into account the professional advice of relevant departments, including DoJ and the Independent Commission Against Corruption ("ICAC"), on issues related to "deferred benefit". The proposal in paragraph 17 of the Administration's paper was made in light of these views. SDEV advised that he had made the appropriate declaration of interest pursuant to the relevant requirements in the Code for Officials under the Political Appointment System as well as the System of Declaration of Interests by Members of the Executive Council.

56. Ms Cyd HO remained of the view that SDEV had not disclosed his interest in question to members of the public. She opined that to identify the person who had turned down the suggestion of post-arbitration appointment control, the Panel might need to invoke the privileges provided by the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) to order submission of relevant Government documents. She cautioned the Administration that so long as it was not clear how the Administration had worked out the details of the Pilot Scheme, the credibility of the Pilot Scheme would remain questionable.

57. Dr Fernando CHEUNG commented that there was a lack of effective safeguards in the implementation framework of the Pilot Scheme to prevent conflict of interest involving arbitrators. He cited an academic's proposal that to resolve disagreement on land premium, applicant-developers for lease modification/land exchange could first pay 80% of the premium amount offered by the Administration, and upon completing their development projects on the concerned land, pay 20% of the prevailing land value at that time. He considered that the proposal would put in place a mechanism which was transparent and would help reduce the risk to be borne by the Applicant. He asked about the Administration's views on the suggestion.

58. D of Lands responded that applicants for lease modification/land exchange might not have the incentive to pay the required 80% of the land premium payable. Deputy Director of Lands (Specialist) added that under the existing premium negotiation process, LandsD had come to agreement with applicants in many cases. After the Pilot Scheme was put in place, cases of disagreement over land premium could be put to arbitration without the need to consider other complicated arrangements.

59. Dr Kenneth CHAN expressed reservation on the Pilot Scheme and cast doubt on whether the Administration would duly take into account members' views on the Pilot Scheme having regard to the fact that it did not need to secure LegCo's approval for launching the Pilot Scheme. He commented that in designing the Pilot Scheme, the Administration tended to focus on how to protect the interest of the professionals to be engaged as arbitrators. He expressed regrets and disappointment that the Administration had not satisfactorily addressed the questions on how the implementation of the Pilot Scheme would affect land and flat supply, land value, trends of property prices and Government revenue, the issues about the qualifications and career background of the professionals to be engaged under the Pilot Scheme, confidentiality arrangements for the written declarations made by arbitrators, etc. He said that he supported the motions proposed by members at the meeting and was opposed to the implementation of the Pilot Scheme.

60. Mr Michael TIEN considered it practically difficult for the Administration to come up with a policy on land premium that would be acceptable to all. Under the present political climate, a low premium offer would give rise to allegations of Government-business collusion, whereas charging a high premium would be criticized for pushing up property prices. Against this context, it was necessary to take forward the Pilot Scheme so that the amount of land premium payable for lease modification/land

exchange could be adjudicated by an independent and impartial third party. Regarding the concern about transfer of benefits by arbitrators, Mr TIEN considered that there were established systems, such as ICAC, in place to monitor the fairness of the arbitration mechanism. While acknowledging the Administration's good intention behind the proposed Pilot Scheme, Mr TIEN suggested that the Administration should fine-tune the implementation details in light of some members' views on the composition of the Tribunal, such as whether it should comprise retired judges and overseas arbitrators.

61. In response, D of Lands acknowledged that the credibility of the arbitration mechanism could be affected by the qualification and status of the arbitrators appointed. While assuring members that the Administration would consider members' views expressed at the meeting, she reiterated that to engage overseas arbitrators as members of the Tribunal might adversely affect the credibility of its arbitral awards if their experience was not relevant to the particular circumstances of Hong Kong.

62. Mr CHAN Kam-lam said it was contradictory that the Administration had proposed to introduce an arbitration mechanism to address the concerns about possible transfer of benefits by civil servants under the existing land premium negotiation mechanism, yet members did not have confidence in third-party arbitrators to adjudicate the amount of land premium payable. He considered that, to resolve the disputes over land premium, the Administration should move ahead with the Pilot Scheme boldly.

63. Dr Priscilla LEUNG said that arbitration was widely adopted internationally for resolution of disputes. The Pilot Scheme would allow both sides to put their cases to arbitration on a voluntary basis. Considering that members might need some time to fully grasp how the arbitration mechanism would operate, she suggested that the matter should be further discussed at a future meeting before members formed their views on whether or not to support the Pilot Scheme. She opined that the proposed motions should not be put to vote at the meeting. In view of members' queries raised at the meeting, the Panel might consider inviting the relevant professional groups to attend a meeting to give their views on the matter.

Motions proposed by members

64. Dr CHIANG Lai-wan proposed a motion to adjourn the discussion on the item. Dr Priscilla LEUNG seconded Dr CHIANG's motion. The Deputy Chairman put the motion to vote. At the request of Dr LEUNG, the Deputy Chairman ordered a division and the voting bell was rung for five minutes. Nine members voted for and 13 members voted against the motion. The voting results were as follows --

For

Mr CHAN Kam-lam
Mr CHAN Kin-por
Mr Michael TIEN
Mr LEUNG Che-cheung
Ir Dr LO Wai-kwok

Mr Abraham SHEK
Dr Priscilla LEUNG
Mr YIU Si-wing
Dr CHIANG Lai-wan

(9 members)

Against

Mr James TO
Mr Frederick FUNG
Mr Alan LEONG
Mr Albert CHAN
Mr Gary FAN
Dr Kenneth CHAN
Dr Fernando CHEUNG

Ms Emily LAU
Ms Cyd HO
Mr LEUNG Kwok-hung
Mr WU Chi-wai
Mr CHAN Chi-chuen
Dr KWOK Ka-ki

(13 members)

65. The Deputy Chairman declared that the motion was negatived.

66. The Deputy Chairman said that he would deal with the motion moved by Mr Frederick FUNG and the amendment to the motion moved by Mr LEUNG Kwok-hung, both of which were directly related to the agenda item.

67. The Deputy Chairman reminded members that in accordance with Rule 84(1) of the Rules of Procedure ("RoP") of LegCo, a Member should not vote on any question in which he/she has a direct pecuniary interest, except where his/her interest was in common with the rest or a sector of the population of Hong Kong, or his/her vote was given on a matter of Government policy.

68. Mr LEUNG Kwok-hung said that Ms Cyd HO would move the amendment to Mr Frederick FUNG's motion originally proposed by him on his behalf.

69. Ms Cyd HO moved the following amendment to Mr Frederick FUNG's motion:

(Translation)

"That this Panel is opposed to the Government's proposal on the implementation of the "Pilot Scheme for Arbitration on Land Premium", so as to prevent the growth of corruption."

70. Mr CHAN Kin-por requested to put on record that some Panel members were unable to express their views on the proposed motions because they were out of town.

71. Members agreed that Ms Cyd HO's amendment be proceeded with. The Deputy Chairman put Ms Cyd HO's amendment to vote. Mr CHAN Kin-por requested a division and the voting bell was rung for five minutes. 13 members voted for and 9 members voted against the amendment. The voting results were as follows --

For

Mr James TO	Ms Emily LAU
Mr Frederick FUNG	Ms Cyd HO
Mr Alan LEONG	Mr LEUNG Kwok-hung
Mr Albert CHAN	Mr WU Chi-wai
Mr Gary FAN	Mr CHAN Chi-chuen
Dr Kenneth CHAN	Dr KWOK Ka-ki
Dr Fernando CHEUNG	

(13 members)

Against

Mr CHAN Kam-lam	Mr Abraham SHEK
Mr CHAN Kin-por	Dr Priscilla LEUNG
Mr Michael TIEN	Mr YIU Si-wing
Mr LEUNG Che-cheung	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	

(9 members)

72. The Deputy Chairman declared that the amendment moved by Ms Cyd HO was carried. He advised that as the amendment was passed, Mr Frederick FUNG's original motion would not be put to vote.

(Post-meeting note: The Administration's response to the motion was circulated to members on 1 September 2014 vide LC Paper No. CB(1) 1960/13-14(01).)

Meeting arrangement

73. The Deputy Chairman suggested and members agreed that due to time constraint, the discussion on item V, i.e. "PWP Item No. 13GB -- Liantang/Heung Yuen Wai Boundary Control Point and Associated Works -- Progress Update for Buildings and Associated Facilities" would be carried forward to the next meeting. He advised that the Secretariat would invite members to indicate their availability for a special meeting proposed to be held on 22 July 2014 at 2:30 pm to deal with the unfinished business on the agenda of the meeting.

(Post-meeting note: A circular was issued to members vide LC Paper No. CB(1)1816/13-14 on 17 July 2014 inviting members to indicate their availability for the above special meeting. Having considered the number of members who had confirmed their availability, the Chairman had decided that the special meeting would not be held and the date of the meeting to deal with the unfinished business on the agenda of the meeting on 16 July 2014 would be determined in the 2014-2015 session. Members were informed of the arrangement accordingly vide LC Paper No. CB(1)1832/13-14 dated 21 July 2014.)

IV PWP Item No. 065TR -- Detailed Feasibility Study for Environmentally Friendly Linkage System for Kowloon East

(LC Paper No. CB(1)1774/13-14(01) -- Administration's paper on 65TR -- Detailed Feasibility Study for Environmentally Friendly Linkage System for Kowloon East)

Relevant papers

(LC Paper No. CB(1)1456/13-14(04) -- Administration's paper on 65TR -- Detailed feasibility study for Environmentally

	Friendly Linkage System for Kowloon East
LC Paper No. CB(1)1456/13-14(05)	Paper on the proposed Environmentally Friendly Linkage System for Kowloon East prepared by the Legislative Council Secretariat (Background brief)
LC Paper No. CB(1)1491/13-14(03)	Submission from a member of the public (Dfsad Dfsa) dated 21 May 2014
LC Paper No. CB(1)1491/13-14(04)	Submission from Ms SO Lai-chun, Vice Chairman of Kwun Tong District Council dated 22 May 2014
LC Paper No. CB(1)1491/13-14(05)	Submission from Mr TANG Wing-chun, Kwun Tong District Council member dated 22 May 2014)

74. Principal Assistant Secretary (Works)2, Development Bureau ("PAS/DEV(W)2") said that the Administration had briefed the Panel at the meeting on 27 May 2014 on the outcome of the two-stage public consultation ("PC") exercise on the proposed Environmentally Friendly Linkage System ("EFLS") for Kowloon East ("KE") and the proposal to carry out a detailed feasibility study ("DFS") to address the three key issues as identified in the PC exercise, namely, the need for an elevated rail-based EFLS, alignment and coverage of the proposed EFLS and implications on the Kwun Tong Typhoon Shelter ("KTTS"). Some members did not support the proposal due to their concerns on the financial aspects of the proposed EFLS; the applicability of modern tramway and other at-grade green transport modes for KE; the procurement approach and implementation programme for the proposed EFLS; the network coverage for the proposed EFLS; and implications on KTTS. To address these concerns, the Administration had revised the scope of the proposed DFS. The details were set out in the Administration's paper (LC Paper No. CB(1)1774/13-14(01)).

(Post-meeting note: A soft copy of the powerpoint presentation materials tabled at the meeting was circulated to members vide LC Paper No. CB(1)1806/13-14(01) by email on 16 July 2014.)

75. The Deputy 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.

(The Deputy Chairman directed that the meeting be extended for 15 minutes beyond the appointed time.)

The proposed elevated monorail system

76. Referring to overseas examples of elevated automated people mover ("APM") which occupied only a width of 2 metres along the road surface, Mr Michael TIEN expressed support for the Administration's proposal to explore the use of elevated monorail as EFLS for KE. He said that the actual project cost of the monorail would be significantly higher than the Administration's previous estimate of \$12 billion made in 2010. With a low return, EFLS for KE should be provided by the Administration as an infrastructure item. According to his understanding, APM had a greater carrying capacity compared with monorail. He requested that the proposed DFS should also examine the option of APM. He also proposed that the Administration should study whether monorail/APM could replace the light rail transit system in Northwest New Territories to meet the demand arising from the future population growth in the Hung Shui Kiu new development area ("HSK NDA") and Yuen Long South, as well as to release road space. He enquired why the development of EFLS for KE was not under the purview of the Transport and Housing Bureau ("THB") and suggested that the DEVB should consider including an elevated APM system in its development plan for HSK NDA.

Procurement and implementation

77. Mr Gary FAN opined that as the capital cost of the proposed EFLS for KE in the form of an elevated monorail would definitely be higher than \$12 billion, the estimate in 2010, and with a low return of 1%, the development and operation of the proposed system would be financially unviable. He was concerned that if EFLS for KE was to be operated and managed by the MTR Corporation Limited ("MTRCL"), a listed company, the fares would be increased regularly as MTRCL had all along aimed to maximize profits from its transport services. He asked the Administration to include in the proposed DFS a comparison on the pros and cons as well as the operation

costs for the proposed EFLS under the management of different organizations, i.e. the Government, MTRCL and other companies/organizations. He stressed that it was important for the Government to have a leading role in the management of the system in future.

78. PAS/DEV(W)2 confirmed that under the revised DFS, financial feasibility of the proposed EFLS and procurement options would be examined in detail. The Administration would include the comparison suggested by Mr Gary FAN in the DFS.

Possible transport modes for the Environmentally Friendly Linkage System

79. Mr Frederick FUNG opined that elevated monorail should not be used in the newly developed and spacious Kai Tak Development ("KTD") given the high cost. Instead, a more cost-effective option, such as modern tramway, should be considered. In order to provide interchange between the tramway and the existing MTR lines in KE, an elevated monorail could be provided in other areas in KE, outside KTD, to connect with the tramway. He referred to item (b) under paragraph 17 of the Administration's paper on formulating a well-planned integrated multi-modal linkage system by using the proposed elevated EFLS and item (h) under the same paragraph on the topical study on other transport mode, including modern tramway. He was concerned that the Administration had a pre-conceived idea that an elevated EFLS should have a higher priority and requested that items (b) and (h) be merged to emphasize that both elevated monorail and modern tramway should be given equal weights under DFS.

80. While agreeing that a convenient and accessible transport system was required to enhance KTD's external connectivity, Mr WU Chi-wai said that the estimated capital cost of \$12 billion for the elevated monorail was a significant sum and members should consider the cost-effectiveness of such a system carefully. Though the Administration had revised the scope of DFS in response to members' requests, the revised scope could not address members' concerns that the proposed DFS would accord a higher priority to the monorail option. He stressed that the detailed study on each option should be given equal weight, otherwise, he would not support the funding proposal. Besides, the pros and cons of each option should be made available to LegCo Members and the public for further discussion. He asked the Administration to revise paragraph 17 of the paper accordingly.

81. PAS/DEV(W)2 said given that the proposed EFLS would be only 9 kilometres long, the technical feasibility of using a mix mode of elevated monorail and modern tramway had to be examined. As regards the study on possible transport options for EFLS, he advised that the amount of resources allocated to the study of each option would depend on the complexity of the relevant system. The objective of the proposed DFS was, after examining all possible options, to recommend the most cost-effective mode that could serve the largest number of passengers in KE. The public would be further consulted on any recommendations. The approval of the Finance Committee would be sought for the funding to develop the recommended transport mode. He assured members that the Administration had no pre-conceived position on the adoption of elevated monorail as EFLS for KE. He recapitulated that the Administration had conducted a preliminary feasibility study and the findings indicated that the development of a monorail in KE had a higher feasibility. Modern tramway was not so feasible due to space constraint on ground level in KE. However, in response to members' concerns expressed at the meeting on 27 May 2014, the Administration had revised the scope of DFS to examine all options in detail. He noted members' views on paragraph 17 of the paper and would revise the relevant parts in the paper to be submitted to the Public Works Subcommittee.

82. Mr CHAN Chi-chuen expressed opposition to the Administration's proposal of using elevated monorail for EFLS and supported adopting modern tramway in view of the lower cost. He considered monorail an outdated transport mode, taking into account that it was operated in only 10 cities over the world, whereas the number of cities with modern tramway was over 300. He cautioned that though the monorail was elevated, the road space saved was not substantial as the columns on ground level supporting the railway and the lift/escalators providing access to the elevated stations occupied road space. To facilitate members to have better understanding of the operation and cost-effectiveness of the monorail systems in other cities, Mr CHAN asked the Administration to provide details of the operation, including the annual financial performance for the past three years, of the monorail systems referred to in the Administration's paper, namely, the Tokyo Monorail, the Osaka Monorail, the Okinawa Monorail and the monorail network in Chongqing.

(Post-meeting note: The Administration's response (LC Paper No. CB(1)89/14-15(03)) was circulated to members on 22 October 2014 vide LC Paper No. CB(1)98/14-15.)

83. Mr CHAN Chi-chuen considered that the Administration's paper

showed an inclination to adopting elevated monorail as EFLS, while the studies on other transport modes under the proposed DFS were given a minor role. He concurred with some members' views that the studies on monorail and modern tramway should be given equal weights and resources. PAS/DEV(W)2 reiterated that all possible transport modes would be evaluated under DFS. Due to varying complexity, the costs for studying the feasibility of different systems would not be equal. Mr CHAN requested the Administration to provide information on the financial resources to be allocated to the study on each of the potential transport modes, including the monorail, modern tramway, electric bus and travelator, under the proposed DFS.

(Post-meeting note: The Administration's response (LC Paper No. CB(1)89/14-15(03)) was circulated to members on 22 October 2014 vide LC Paper No. CB(1)98/14-15.)

84. Dr Fernando CHEUNG said that in conducting the proposed DFS, the Administration should draw reference to other EFLS in the world, such as the "Ultra" at Heathrow Airport, London. He stressed that the Administration should conduct a rigorous study before recommending the most suitable transport option as EFLS for KE. He asked the Administration to provide a report of the preliminary feasibility study to facilitate members' deliberation on the subject. He also asked if other relevant bureaux/departments, such as THB, the Electrical and Mechanical Services Department and the Highways Department had been involved in the study.

85. Head (Kai Tak Office), Civil Engineering and Development Department said that the preparation of the report of the preliminary feasibility study was at the final stage and it would be made available to the public in due course. Relevant bureaux/departments had been involved in the preliminary feasibility study for EFLS. She further advised that the "Ultra" used at Heathrow Airport, with a low passenger carrying capacity similar to that of a taxi, could not handle the estimated passenger volume of 200 000 per day in KE.

Locations of the stations

86. Dr Fernando CHEUNG said that the Administration had proposed to delete two stations located at public housing estates from the original proposed alignment on the ground that these housing estates were in the vicinity of other mass transit systems, such as the Shatin-to-Central Link. As EFLS also served as an intra-district transport system for KE, he urged the Administration to address the needs of the residents to travel inside KE and

reconsider the provision of the two stations. In reply, PAS/DEV(W)2 said that the locations and number of the stations would be revisited in DFS.

Transport planning for Kowloon East

87. Given that the Kai Tak Cruise Terminal had been commissioned and a new Central Business District was being developed in KE, Dr Fernando CHEUNG asked about the details of the transport arrangements for the interim period before EFLS was commissioned.

88. Project Manager (Kowloon), Civil Engineering and Development Department, said that, as mentioned in paragraph 17 of the Administration's paper, DFS would include formulating a well-planned integrated multi-modal linkage system by using various kinds of road-based green transport and pedestrian facilities in addition to the proposed EFLS to enhance the connectivity of KE at different stages of the Central Business District development, including the period before the commissioning of EFLS.

89. The Deputy Chairman said that, due to time constraint, the discussion on the item would continue in a later meeting.

V Any other business

90. There being no other business, the meeting ended at 12:30 pm.