

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 5th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 24 October 2014, at 5:11 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, 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 NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Members absent:

Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che

Hon WONG Yuk-man
Hon Claudia MO
Hon Frankie YICK Chi-ming
Hon CHAN Chi-chuen
Hon Dennis KWOK
Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr WONG Kam-sing, JP	Secretary for the Environment
Mr Howard CHAN Wai-kee, JP	Deputy Director of Environmental Protection (2)
Mr Elvis AU Wai-kwong, JP	Environmental Protection Department Assistant Director (Nature Conservation and Infrastructure Planning)
	Environmental Protection Department

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Bonny LOO	Assistant Legal Adviser 3
Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

Item No. 1 – FCR(2014-15)49
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
172DR – Organic waste treatment facilities phase 1

The meeting continued deliberation on the item.

Contract management and termination

2. In response to queries raised by Mr LEUNG Kwok-hung and Mr Albert CHAN, Secretary for Environment ("SEN") and Deputy Director of Environmental Protection (2) ("DDEP(2)") said that the contract of the Design-Build-Operate ("DBO") scheme contained various clauses to ensure the contractor's strict compliance with contract terms set out by the Administration. DDEP(2) also said that there were provisions in the Organic Waste Treatment Facility ("OWTF") phase 1 contract which allowed the Government to terminate the DBO contract if the operator failed to perform or persisted in breaching the requirements under the contract. The Government could terminate the contract with the operator by serving a three-month notice. However, this would apply to extraordinary circumstances such as when the operator had serious financial problems, or when it ceased operation without a reason.

3. Mr LEUNG Kwok-hung queried if the Administration had to terminate the whole DBO contract due to a serious breach of contract terms during the design or construction phase so that the operator would not be allowed to continue to operate the OWTF phase I. DDEP(2) confirmed that if the DBO contract was terminated during the construction stage, the whole contract including the operation part would be cancelled. SEN said that the DBO contract would be managed in accordance with prevailing standard practices and procedures including those that dealt with different situations arising from the implementation of a project.

Other concerns

4. Mr Albert CHAN and Mr LEUNG Kwok-hung shared the concern that the DBO scheme would promote the formation of cartels in the environmental protection business, and asked the Administration on how to ensure that the industry would not be monopolized by a few large firms. Mr LEUNG expressed dissatisfaction towards the OWTF phase I which would process organic waste generated by commerce and industry for free. SEN replied that there were ample opportunities for companies in environmental

protection to participate in organic waste projects by the Administration, and the current proposal required businesses to pay for the transportation of organic waste to OWTF phase I, which was in line with the user-pays principle adopted for waste treatment.

5. Mr Gary FAN expressed opposition to the use of anaerobic digestion for OWTF phase I on the ground that based on research in the United States, it was an expensive means in processing organic waste. He asked the Administration to elaborate on its assessment conducted on selecting an approach for organic waste treatment, including assessment of processing capacity of private operators. SEN replied that the present choice of technology was suitable for the local circumstances in Hong Kong, and overseas examples were not directly comparable. He also said that a thorough assessment was done to select an appropriate approach to processing organic waste in OWTF phase I. Assistant Director (Nature Conservation and Infrastructure Planning) ("AD(NC&IP)") supplemented that the Administration conducted a feasibility study and an environmental impact assessment in respect of the project in 2008, and consulted the Panel on Environment in 2010 and 2014.

6. Mr LEUNG Kwok-hung requested the Administration to explain the current charging scheme of the OWTF phase I. DDEP(2) said that while organic waste disposal at OWTF phase I would not charge the user a fee, the user would be fully responsible for the transportation cost of organic waste. SEN added that the charging policy of OWTF phase I was in line with the prevailing policy on general refuse disposal, under which landfills did not charge the users.

7. In response to Mr Alan LEONG's enquiry about the provision for contingencies in the cost of FCR(2014-15)49, AD(NC&IP) said that the Administration would phase the provision over the period of the project on a pro-rata basis as set out in the paper and could provide further details to the Committee if required.

Motions proposed by members pursuant to paragraph 37A of the Finance Committee Procedure

8. There being no further questions raised by members, the Chairman said that the meeting would proceed to deal with motions from members to express views on the item FCR(2014-15)49 under paragraph 37A of the Finance Committee Procedure. The Chairman said that 40 proposed motions had been received and ordered that the meeting be suspended for 20 minutes in order that he could consider with the Secretariat on how to deal with the motions.

9. The meeting was suspended at 5:30 pm and resumed at 5:50 pm.

10. The Chairman put to vote the question that the motion proposed by Mr LEUNG Kwok-hung numbered 1 be proceeded forthwith. As requested by members, the division bell was rung for five minutes for the division. With the agreement of the Chairman, Mr LEUNG Kwok-hung read out his proposed motion before members voted on the question. The Chairman declared that the question was negated.

11. Mr IP Kwok-him moved to shorten the duration of the division bell to one minute in the event of further divisions being claimed in respect of any motions on questions under the same agenda item. As no member requested to speak on Mr IP's motion, the Chairman put the motion to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that the Committee passed the motion, and the duration of the division bell would henceforth be shortened to one minute.

12. The Chairman put to vote, one by one, the questions that the motions proposed by Mr LEUNG Kwok-hung numbered 2 to 10 be proceeded forthwith. As requested by members, the Chairman ordered a division for each of the proposed motions, and the division bell was rung for one minute for each division. With the agreement of the Chairman, Mr LEUNG Kwok-hung read out each of his proposed motions during the ringing of the division bell. All the questions were negated.

13. The Chairman put to vote, one by one, the questions that the motions proposed by Mr Albert CHAN numbered 11 to 35 be proceeded forthwith. As requested by members, the Chairman ordered a division for each of the proposed motions, and the division bell was rung for one minute for each division. With the agreement of the Chairman, Mr Albert CHAN read out his proposed motions during the ringing of the division bell. All the questions were negated.

14. The Chairman put to vote, one by one, the questions that the motions proposed by Mr Gary FAN numbered 36 to 40 be proceeded forthwith. As requested by members, the Chairman ordered a division for each of the proposed motions, and the division bell was rung for one minute for each division. With the agreement of the Chairman, Mr Gary FAN read out his proposed motions during the ringing of the division bell. All the questions were negated.

15. There being no further questions from members, the Chairman put the item FCR(2014-15)49 to vote. At the request of members, the Chairman ordered a division. Thirty-seven members voted in favour and one member voted against the question. The individual voting results were as follows –

For:

Mr CHAN Kam-lam
Mr Abraham SHEK Lai-him
Mr WONG Kwok-hing
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Ms Priscilla LEUNG Mei-fun
Mr IP Kwok-him
Mr Paul TSE Wai-chun
Mr LEUNG Kwok-hung
Mr Michael TIEN Pei-chun
Mr Steven HO Chun-yin
Mr MA Fung-kwok
Dr Kenneth CHAN Ka-lok
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr Elizabeth QUAT
Mr POON Siu-ping
Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun
(37 members)

Mr TAM Yiu-chung
Mr Vincent FANG Kang
Mr Jeffrey LAM Kin-fung
Ms Starry LEE Wai-king
Mr CHAN Kin-por
Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-yee
Mr Alan LEONG Ka-kit
Mr Michael TIEN Puk-sun
Mr NG Leung-sing
Mr Gary FAN Kwok-wai
Mr CHAN Han-pan
Ms CHAN Yuen-han
Dr KWOK Ka-ki
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong
Mr TANG Ka-piu
Mr CHUNG Kwok-pun

Against:

Mr Albert CHAN Wai-yip
(1 member)

16. The Chairman declared that the Committee approved the item.

Item No. 2 – FCR(2014-15)31A
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
164DR – Southeast New Territories Landfill Extension

Item No. 3 – FCR(2014-15)32A
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING

Environmental Protection – Refuse Disposal
163DR – Northeast New Territories Landfill Extension
Item No. 4 – FCR(2014-15)33A
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse disposal
165DR – West New Territories Landfill Extension

Item No. 5 – FCR(2014-15)34A
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
177DR – Development of integrated waste management facilities phase 1

17. The Chairman said that as the four proposals in FCR(14-15)31A, FCR(14-15)32A, FCR(14-15)33A and FCR(14-15)34A were all related to waste disposal, the discussion of the four items would be combined but the items would be voted on separately at the meeting.

18. Mr YIU Si-wing, Mr IP Kwok-him, Mr CHAN Kam-lam and Mr James TIEN spoke in support of the Chairman's proposal on the combined discussion of the four items on the ground that the items were all related to refuse disposal and had been extensively deliberated in the Panel on Environment and the Public Works Sub-committee.

19. Mr Albert CHAN, Mr KWOK Ka-ki, Mr Gary FAN, Dr Kenneth CHAN, Mr LEUNG Kwok-hung and Dr Fernando CHEUNG spoke in opposition of the Chairman's proposal on the 4 items on the ground that the first three of the four items, i.e. FCR(14-15)31A to FCR(14-15)33A, involved the extension of landfills of different scales and locations with different implications on surrounding areas, and that the proposal on the integrated waste management facilities phase 1 in FCR(14-15)34A was unrelated to the landfill extension proposals. Mr Alan LEONG proposed that the Chairman should extend the duration for individual members to raise questions to five minutes for the first four rounds of questions should the Chairman decide to combine the discussion on the four items.

20. The Chairman said that he had taken note of members' views and would inform the meeting of his decision on the arrangement for discussion and voting at the next meeting.

21. The meeting was adjourned at 7:11 pm.

Legislative Council Secretariat

10 April 2015