

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 69th meeting
held at Conference Room 1 of the Legislative Council Complex
on Thursday, 16 July 2015, at 7:20 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon TAM Yiu-chung, GBS, JP

Hon Vincent FANG Kang, SBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon WONG Ting-kwong, 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 Paul TSE Wai-chun, JP

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon WONG Yuk-man

Hon Claudia MO

Hon Michael TIEN Puk-sun, BBS, JP

Hon Steven HO Chun-yin, BBS

Hon Frankie YICK Chi-ming, JP

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen
Hon CHAN Yuen-han, SBS, JP
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
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
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon Alan LEONG Kah-kit, SC
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK

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
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan

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 CHAN Chung-kun	Acting Principal Assistant Secretary for Development (Works) 2
Mr Norman HEUNG Yuk-sai, JP	Project Manager (Kowloon), Civil Engineering and Development Department
Mr Harry MA Hon-ngai	Acting Head (Kai Tak Office), Civil Engineering and Development Department

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

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 Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

**Item No. 1 – FCR(2015-16)29
RECOMMENDATIONS OF THE
PUBLIC WORKS SUBCOMMITTEE MADE
ON 16, 24 AND 30 JUNE 2015**

**PWSC(2015-16)33
HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT
Transport – Railway
65TR – Detailed Feasibility Study for Environmentally Friendly Linkage
System for Kowloon East**

The Committee continued with the deliberation of the item PWSC (2015-16)33.

Adequacy of the proposed detailed feasibility study

2. Mr Albert CHAN expressed strong opposition to the funding proposal since the planning of Environmentally Friendly Linkage System ("EFLS") had departed from the prevailing transport planning policy in Hong Kong and the proposed detailed feasibility study ("DFS") was merely a tool employed by the Administration to justify its decision of adopting the elevated monorail system as the EFLS. In his view, the Administration should instead conduct a Comprehensive Transport Study to ascertain the need, cost effectiveness of the EFLS, as well as its implications on other public transport modes prior to deciding whether such a system should be implemented at all.

3. Dr Fernando CHEUNG and Mr CHAN Chi-chuen queried whether it would be feasible to include so many different types of green public transport modes under the DFS. Mr CHAN Chi-chuen expressed a similar concern. Referring to the \$38 million provision of consultants' fee provided in the project estimate for the evaluation on various green public transport modes, Mr CHAN enquired about the allocation of the said provision on each of the potential transport modes. Pointing out that the cost of personal rapid transit system ("PRTS") was just about one-sixth of that of heavy duty railway system, Mr Albert CHAN asked whether the study would examine the cost-effectiveness of other green public transport modes.

4. In response, Project Manager (Kowloon), Civil Engineering and Development Department ("PM(K),CEDD") advised that various green public transport modes, including PRTS, would be studied and compared during the first stage of the DFS. He explained that as the relevant transport modes would be broadly categorized into heavy-, medium- and light-capacity systems, they would not be allocated with a specific amount of resources under the study.

Action

He advised that construction and operating costs would be one of the aspects to be compared among various transport modes, while the carrying capacity would be one of the key factors to be considered when assessing the suitability of individual modes for adoption as the EFLS.

Concerns about the Administration's stance on elevated monorail system

5. Mr Albert CHAN expressed disagreement with the approach of the DFS. He considered that the Administration should, to demonstrate its neutrality over the mode of transport to be adopted as the EFLS, invite EFLS proposals from the business sector under the DFS. The relevant proposals should be appended to the future report of DFS to be submitted to the relevant Panel to ease members' concerns about the Administration's manipulation over the study outcome. In response, PM(K),CEDD advised that the Administration would discuss the EFLS proposal with the concerned industries and conduct a market sounding exercise during DFS.

6. Mr WU Chi-wai enquired about the details of implementation, resources allocation and timeframe of the DFS. PM(K),CEDD said that a comparison among various green public transport modes to a sufficient extent would be made during the first stage of the study and that the outcome of comparison would be put forth for public consultation. The Administration would then report to the relevant Panel the results of the public consultation exercise. It was roughly estimated that about 30% of the project estimate would cover the work in the first stage of the study, which would be carried out within the first year. The Administration would, upon deciding on the transport mode to be selected as the EFLS after the public consultation exercise, proceed to the second phase of the study to devise the detailed EFLS scheme.

7. Mr WU Chi-wai said that Members of the Democratic Party ("DP") would support the funding proposal but that did not necessarily imply their support for adopting the elevated monorail option. He stressed that DP would take into account all relevant data collected during the DFS, including the economic benefits to be brought about by the EFLS, prior to deciding whether to support the construction of the system.

Public views on the elevated monorail option

8. Mr CHAN Chi-chuen expressed disbelief about the Administration's claim of having no preconceived position under the DFS and concern that the monorail option was the Administration's truly favoured choice for the EFLS. Mr Albert HO was keen to ensure that the ulterior motives or thoughts, if any, of the Administration would not unduly influence the outcome of the DFS.

Action

Ms Claudia MO relayed the perceptions of Ngau Tau Kok residents had got during the previous public consultation exercise on the preliminary EFLS proposal that the Administration was determined to adopt the elevated monorail option.

9. In response, PM(K),CEDD clarified that the elevated monorail option had been a preliminary proposal arising from the previous preliminary feasibility study ("PFS") on the EFLS for which the public was consulted in the previous public consultation exercise conducted between 2012 and 2014. He reiterated the Administration's present stance that it would, without a preconceived position, select the most suitable and cost-effective green public transport option(s) based on the findings of the DFS.

10. Mr LEUNG Kwok-hung requested for the views received during the two-stage public consultation exercise on the preliminary EFLS proposal. The Administration undertook to provide the relevant information after the meeting.

[*Post-meeting note:* The Administration's supplementary information was issued to members vide LC Paper No. FC240/14-15 on 12 August 2015.]

Modern tramway option

11. Mr CHAN Chi-chuen enquired about the reason for the Administration's reservations about adopting modern tramway for the EFLS despite its cost per mile being much lower than that of monorail.

12. PM(K),CEDD responded that the introduction of modern tramway in Kowloon East ("KE") which covered the old districts of Kwun Tong and Kowloon Bay where developments were dense and road space was limited, would significantly affect at-grade traffic in the concerned areas. In addition, the stations of modern tramway would take up a lot of road space and could create obstructions to vehicles entering or leaving buildings. Notwithstanding, the DFS would examine the implications of modern tramway on the existing transport network in KE.

Accessibility by people with disabilities

13. Dr Fernando CHEUNG expressed concern that to people with disabilities, transport modes operating at an elevated level would be more inconvenient than those operating on the ground level. PM(K),CEDD replied that accessibility would be one of the key factors in assessing the suitability of the green public transport modes under the DFS. He added that barrier-free

Action

access would be provided in all EFLS stations as well as the interchange stations of EFLS and Mass Transit Railway ("MTR") lines.

Matters for inclusion in the detailed feasibility study

14. Mr LEUNG Kwok-hung considered that the Administration should consider adopting a combination of different transport modes in KE. PM(K),CEDD responded that the DFS would study the formulation of an integrated multi-modal linkage system ("IMMLS") in KE. He said that covering MTR, the proposed EFLS, conventional road-based transport and improved pedestrian facilities, the proposed IMMLS aimed to achieve different connectivity objectives viz. strategic, inter-district, intra-district and local levels.

15. Mr Albert CHAN expressed concern about the impact of the EFLS on the patronage of other existing road-based transport modes, such as franchised buses, taxis and public light buses. He suggested that the Administration should make and study the market share projections of traditional road-based transport modes before and after the introduction of the EFLS. Such information could help illustrate the impact of the EFLS on the businesses of existing transport modes. PM(K),CEDD advised that an IMMLS that comprised MTR, the proposed EFLS, conventional road-based transport and improved pedestrian facilities would be formulated to enhance the connectivity of KE at different stages of the Central Business District ("CBD") development. He said that projections on the patronage of individual transport modes of IMMLS would be made under the DFS while the existing transport condition in KE would also be analyzed.

16. Mr Frankie YICK relayed the position of the Hong Kong Institution of Transportation and Logistics Management that it did not support the adoption of elevated monorail option since it was not the best option for KE. While indicating his support for the funding proposal, Mr YICK suggested that the Administration should look into the connectivity issue of KE from a wider perspective under the DFS.

17. Mr CHAN Chi-chuen enquired about the methodology for evaluating various green public transport modes under the DFS. He was keen to ensure that the said evaluation was objective and comprehensive and not simply based on website or literature research. PM(K),CEDD said that as a tender requirement for the DFS, consultants bidding for the DFS had to submit technical proposals on how they would conduct the said evaluation.

Action

18. In response to Mr CHAN Chi-chuen's enquiry, PM(K),CEDD said that the consultant engaged for undertaking the 2009 PFS was AECOM and apart from web-based research, the consultant had conducted a traffic assessment using computer simulation models.

Passenger demand for the Environmentally Friendly Linkage System

19. Dr Fernando CHEUNG referred to the proposed alignment of EFLS presented in the Administration's paper. Considering that the passenger demand at the proposed EFLS stations in Kwun Tong and Kai Tak would be low given their close proximity to existing or planned MTR stations, Dr CHEUNG anticipated that the EFLS would end up serving mainly the tourists travelling to the Kai Tak Cruise Terminal and the business area in Kowloon Bay. He expressed concern whether there would be sufficient passenger demand to sustain the operation of an elevated monorail system and asked whether there were any data on the patronage of the EFLS collated in the PFS that justified the adoption of a monorail system.

20. PM(K),CEDD said that the proposed EFLS aimed to enhance the connectivity of KE which covered Kai Tak Development ("KTD"), Kwun Tong and Kowloon Bay business areas, in particular those areas not well covered by the catchment of existing or planned MTR networks. He said that according to an initial assessment conducted during PFS, the forecast daily patronage of the EFLS in 2031 was about 200 000.

21. Dr Fernando CHEUNG asked about the basis for the above patronage forecast of the EFLS. PM(K),CEDD said that the Administration had taken into account relevant planning data, such as the population residing or working within the zone of 500-metres radius from the 12 preliminary EFLS stations proposed under the PFS. At the request of Dr CHEUNG, the Administration undertook to provide information on the projected passenger flow in each of the 12 preliminary EFLS stations after the meeting.

[Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. FC240/14-15 on 12 August 2015.]

Alignment of the Environmentally Friendly Linkage System

22. Mr CHAN Chi-chuen enquired whether the preliminary EFLS alignment presented in the Administration's paper, which was formulated on the basis of the monorail, would also be applicable to other green public transport modes, such as electric bus, modern tramway and travellator. Mr Albert

Action

CHAN was concerned that the Administration might manipulate the results of the DFS by setting the assumptions and parameters of the study in favour of the monorail system.

23. In response, PM(K),CEDD advised that the preliminary alignment was based on the recommendation in the PFS. He said that sensitivity tests with respect to changes in patronage under different alignment options would be conducted under the DFS. He reiterated that as one of the major objectives of the EFLS was to enhance the connectivity within KE, in particular those areas not well covered by the catchment of existing or planned MTR networks, various alignment options would be considered under the DFS.

Role of the Environmentally Friendly Linkage System in the development of Kowloon East

24. Referring to the Administration's claim that the proposed EFLS was to enhance the connectivity of Kwun Tong with KTD, Mr LEUNG Kwok-hung queried whether residents of KTD, which was a newly developed area with a wealthier population, would have an interest to travel to Kwun Tong, which was a dilapidated district. In his view, the Administration should deploy the resources for constructing the EFLS to improve the environment of Kwun Tong instead.

25. In response, PM(K),CEDD clarified that the objective of the EFLS was to support the conversion of KE into a new CBD by providing connection among the 320-hectare KTD, the business areas in Kwun Tong and Kowloon Bay which were located at some distance away from MTR stations. He added that the huge working population of KE, in which about 5 million square metres of new commercial/office floor area were planned to be developed, would generate certain demand for the EFLS.

26. Given that other new commercial districts were being planned in a number of new development areas ("NDAs") and many industrial buildings in other districts, such as Wong Chuk Hang, were being converted for commercial use, Dr Fernando CHEUNG doubted whether there would be sufficient volume of economic activities in the future to support the transformation of KE into a CBD. He was concerned that the demand for the EFLS, which was expected to be driven by the working population in KE, would not be as substantial as that anticipated, hence rendering it difficult for the EFLS to sustain a cost-effective operation.

Action

Financial viability of the elevated monorail system

27. Mr CHAN Chi-chuen pointed out that according to paragraph 12 of the Administration's paper submitted to Panel on Development in 2012, the capital cost of the monorail system was broadly estimated to be \$12 billion in 2010 prices and the anticipated revenue was unable to meet its capital cost as well as operating and maintenance expenses. Even if both the capital cost and subsequent assets replacement expenses were to be borne by the Government, the annual revenue could barely cover the running cost of the preliminary EFLS proposal. Mr CHAN asked whether the above financial assessment of monorail system was still valid and questioned if the said system was cost-effectives.

28. PM(K),CEDD responded that cost-effectiveness would be one of the key aspects for comparing various green public transport modes under the DFS. In assessing the cost-effectiveness of a transport mode, the Administration would take into account its carrying capacity and cost. He added that the financial performance of the EFLS project, including the estimated capital cost and economic benefits, would be updated during the DFS.

Criteria for assessing modes of transport

29. Dr Fernando CHEUNG was of the view that the Administration should set out clearly the criteria for determining the suitability of a transport mode to be adopted as the EFLS and the order of priority of these criteria to ease members' concerns over manipulation of the study outcome by the Administration. PM(K),CEDD advised that the Administration had to further discuss the criteria for evaluating potential transport modes with the consultant. That said, some key areas of assessments, namely engineering, technical and financial assessments (including procurement and implementation options), as well as environmental assessments had been included in the DFS.

30. Mr LEUNG Kwok-hung enquired whether the capacity of the proposed IMMLS could be flexibly adjusted in the event of insufficient patronage. PM(K),CEDD advised that sensitivity tests on impacts arising from changes in patronage on the financial viability of the EFLS would be conducted under the proposed DFS.

Experience of overseas monorails and future operation of the EFLS

31. Mr CHAN Chi-chuen said that the Administration failed to provide details of the operation of overseas monorail lines as requested by the Panel on Development in its reply to the Panel dated 21 October 2014 (LC Paper No.

Action

CB(1)89/14-15(03)). In this connection, he requested the Administration to provide information on overseas private monorail lines, such as their fares and patronage, for the Committee's information. He said that the information should be open to the public and readily available. PM(K),CEDD advised the Administration intended to collect the relevant information during the DFS through the consultant engaged for the study.

32. Concurring with Mr Albert CHAN's conjecture that the operation of the EFLS might be entrusted to the Mass Transit Railway Corporation Limited ("MTRCL") in future, Mr LEUNG Kwok-hung asked whether the Administration had ever discussed with MTRCL the financial viability of the elevated monorail option. PM(K),CEDD replied in the negative and added that various procurement options and the implementation timetable of the EFLS would be examined under the DFS.

33. Mr LEUNG Kwok-hung noted that the PFS was essentially conducted in accordance with the Kai Tak Outline Zoning Plan, which, in his view, had been wrong by specifying a rail-based EFLS running within KTD. Referring to the unsuccessful example of the Sydney Monorail system, Mr LEUNG said that the proposed EFLS, if it was to be an elevated monorail as recommended under the PFS, would eventually become a "white elephant" project.

Elevated structures of the monorail system

34. In response to Dr Fernando CHEUNG's enquiry, PM(K),CEDD advised that an elevated landscape deck would be constructed at the centre strip of the former runway in KTD which would go parallel with the proposed EFLS's alignment but have its own supporting structures. In this connection, Dr CHUENG expressed concern about the combined impact of the elevated landscape deck and EFLS on the environment of at-grade areas underneath.

35. In response, PM(K),CEDD said that the Administration had strived to minimize the impact of the aforementioned facilities on the walking environment at ground level. He advised that the elevated landscape deck, which would be just about 11 metres in width and integrated with roadside noise barriers, would allow penetration of daylight. He added that one of the reasons for the monorail system being recommended under the PFS was that it was aesthetically more appealing as its slender supporting structures would cause less visual impact, and minimize blockage to daylight and ventilation.

36. Dr Fernando CHEUNG referred to the reservations expressed by the Task Force on Kai Tak Harbourfront Development of the Harbourfront

Action

Commission ("Task Force") about adopting the elevated monorail that its elevated structures might conflict with the landscape of the harbourfront. He asked whether the Administration would pursue the monorail option if such concern of the Task Force remained unresolved after the DFS. PM(K),CEDD advised that in determining the transport mode of EFLS, the Administration would take into account a basket of factors, including accessibility, construction cost, carrying capacity as well as visual and environmental implications of the concerned transport mode.

37. Pointing out that the supporting structures of the elevated monorail system was visually intrusive, Ms Claudia MO asked if visual implications on the harbourfront would be a key consideration of the Administration in assessing the suitability of a transport mode to be adopted as EFLS. PM(K),CEDD said that under the proposed alignment, the potential visual impacts of the monorail on the harbourfront would be minimized as it would run through the central part of the former runway between buildings on both sides. He said that there were diverse views over the aesthetical aspect of the monorail system and the proposed alignment had struck a balance among the relevant views.

Implications on heritage and operation of typhoon shelter

38. Ms Claudia MO expressed concern about the heritage implications of the EFLS. She was keen to ensure that the system would not have any adverse impact on heritage sites. PM(K),CEDD said that the DFS would ascertain if the EFLS had any heritage implications, which was one of the aspects to be considered when comparing various green public transport modes under the study.

39. Mr Frankie YICK said that the vertical clearance of the bridge that run across the entrance of the existing Kwun Tong Typhoon Shelter ("KTTS") for the proposed Kwun Tong Transport Link of the EFLS proposal, which was 21 metres above the sea level, would impose a height restriction on vessels using the KTTS and make it impossible for taller vessels to enter KTTS. He reminded the Administration to put in place alternative measures for such vessels should it decide to implement the EFLS proposal.

Transport planning for Kowloon East and other areas

40. Mr Albert HO enquired about the policy, if any, on the provision of EFLS in NDAs as he noted that no feasibility study was conducted for the Hung Shui Kiu NDA although it would have a large new business district as did KE.

Action

Mr HO considered that the Administration should adopt a consistent policy in transport planning for NDAs.

41. PM(K),CEDD responded that the Administration would take into account the characteristics of individual NDAs in transport planning for these areas. The EFLS was proposed for KE having regard to the limited road space in the densely developed Kwun Tong and Kowloon Bay areas, the constraints of KTD being a former airport, and the need to complement the transformation of KE into a CBD with its size doubled that of Central in terms of office areas.

42. Dr Fernando CHEUNG said that the enormous amount of resources being injected for the construction of EFLS to complement the future commercial developments in KTD contrasted sharply with the Administration's lack of attention it had given to address the imminent transport needs of local residents in nearby districts such as Choi Hung, Sau Mau Ping, Jordan Valley and Ngau Chi Wan who had to rely on feeder services to commute to the nearby MTR stations.

Cost of the detailed feasibility study

43. Ms Claudia MO enquired about the risk of cost overrun in the proposed project. PM(K),CEDD advised that the estimated project cost of the DFS, being \$92.3 million in money-of-the-day prices, as set out in the Administration's paper was for budgeting purposes and should be sufficient for implementing the study.

44. Noting that the cost of the DFS was mainly for consultants' fees as the project itself would not involve any construction works, Dr Fernando CHEUNG said that the indiscriminating application of the standard price adjustment factor used for public works projects in costing the DFS had overstated its cost. Indeed, he considered it inappropriate to apply a single price adjustment factor to all public works projects across the board regardless of their nature and scale. He requested the Civil Engineering and Development Department to relay his view to the concerned government bureaux/departments.

45. Mr LEUNG Kwok-hung indicated intention to move a motion under paragraph 37A of the Finance Committee Procedure to express views on the item. The Chairman said that as it was near the scheduled ending time of the meeting, Mr LEUNG's proposed motion would be dealt with at the meeting to follow.

Action

46. The Chairman declared that the Committee would continue deliberation after a break of 10 minutes.

47. The meeting was adjourned at 9:12 pm.

Legislative Council Secretariat

6 January 2016