

立法會
Legislative Council

LC Paper No. CB(1)347/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of meeting
held on Tuesday, 28 October 2014, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon Tony TSE Wai-chuen, BBS (Chairman)
Dr Hon LAU Wong-fat, GBM, GBS, JP (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
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yeet, 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 WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon CHAN Chi-chuen
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 Alice MAK Mei-kuen, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

Member attending : Hon Claudia MO

Member absent : Hon James TIEN Pei-chun, GBS, JP

Public officers attending : **Agenda item VI**

Mr CHAU Siu-hei
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

Agenda item VII

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

Mr Kevin CHOI
Principal Assistant Secretary (Planning & Lands)²
Development Bureau

Mr Ivan CHUNG Man-kit
Acting Assistant Director of Planning/New Territories
Planning Department

Mr Bosco CHAN Bun-pui
Deputy Project Manager (HK Island & Islands)
Civil Engineering and Development Department

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

Agenda item VIII

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

Mr WONG Chung-leung
Principal Assistant Secretary for Development (Works)3

Mr Enoch LAM Tin-sing, JP
Director of Water Supplies
Water Supplies Department

Mr MAK Shing-cheung
Assistant Director/Development
Water Supplies Department

Mr Steven HO Wing-pan
Principal Economist (2)
Financial Secretary's Office

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

Staff in attendance : Mr Hugo CHIU
Senior Council Secretary (1)6

Mr Fred PANG
Senior Council Secretary (1)8

Mr Raymond CHOW
Council Secretary (1)6

Ms Christina SHIU
Legislative Assistant (1)6

Miss Joey LAW
Clerical Assistant (1)6

Action

I Election of Deputy Chairman

The Chairman advised that the proceedings of the election of the Deputy Chairman had commenced at the previous meeting on 9 October 2014. Dr Hon LAU Wong-fat and Hon Gary FAN had been nominated for the office. Ballot papers had been distributed to members and then collected. Due to time constraints, the ballot papers collected had not been counted at the meeting. As agreed by the members present at the previous meeting, the ballot papers had been put in an envelope, which had then been sealed in his presence and the presence of Mr LEUNG Che-cheung and Mr Frederick FUNG, who had nominated the two candidates.

2. The Chairman said that the Panel would continue with the election of the Deputy Chairman at the meeting. At his invitation, Mr LEUNG Che-cheung and Mr Frederick FUNG oversaw the process of opening the sealed envelope and counting of votes by the Clerk. 14 voted for Dr LAU Wong-fat and six members voted for Mr Gary FAN. The Chairman declared that Dr LAU Wong-fat was elected Deputy Chairman of the Panel for the 2014-2015 session.

II Confirmation of minutes

(LC Paper No. CB(1)90/14-15 -- Minutes of meeting on
9 October 2014)

3. The minutes of the meeting on 9 October 2014 were confirmed.

III Information papers issued since the meeting on 16 July 2014

(LC Paper No. CB(1)1578/13-14(01) -- Administration's response to
the letter from Dr Hon
Kenneth CHAN Ka-lok and
Dr Hon KWOK Ka-ki dated
29 April 2014 on the
planning issues related to the

- property development project at West Rail Yuen Long Station (LC Paper No. CB(1)1341/13-14(01))
- LC Paper No. CB(1)1888/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Tsuen Wan District Council members on 12 June 2014 relating to comprehensive review on the work efficiency and effectiveness of the Joint Offices for Investigation of Water Seepage Complaints
- LC Paper No. CB(1)1888/13-14(02) -- Issue raised at the meeting between Legislative Council Members and Tsuen Wan District Council members on 12 June 2014 relating to cycle track from Tsuen Wan to Tuen Mun
- LC Paper No. CB(1)1889/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Southern District Council members on 8 May 2014 relating to proposal to re-provision the Hong Kong Police College at Wong Chuk Hang and vacate the site for housing development
- LC Paper No. CB(1)1920/13-14(01) -- Letter from Hon Gary FAN dated 8 August 2014 on the mechanism for declaration of interests for officials of the Lands Department
- LC Paper No. CB(1)1945/13-14(01) -- Letter from Hon LEUNG Che-cheung dated 21 August 2014 on queries about conflict of interests involving an official of the Lands Department and the handling of the incident by

- the Lands Department
- LC Paper No. CB(1)1953/13-14(01) -- Letter from Dr Hon Kenneth CHAN dated 21 August 2014 on policy and legislation on tree management
- LC Paper No. CB(1)1964/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Kowloon City District Council members on 12 June 2014 relating to proposal to relocate the To Kwa Wan Vehicle Examination Centre and vacate the site for the development of harbourfront promenade
- LC Paper No. CB(1)1965/13-14(01) -- Issue raised at the meeting between Legislative Council Members and Kowloon City District Council members on 12 June 2014 relating to thorough public consultation and consideration of the community's coping capacity before rezoning residential sites in the district for hotel use
- LC Paper No. CB(1)1966/13-14(01) -- Issues raised at the meeting between Legislative Council Members and Heung Yee Kuk Councillors on 20 March 2014 relating to land use planning and land development in the New Territories

- LC Paper No. CB(1)1994/13-14(01) -- Administration's response to Hon Gary FAN Kwok-wai and Hon LEUNG Che-cheung's papers on possible conflict of interest involving an official of the Lands Department dated 8 and 21 August 2014 respectively (LC Paper Nos. CB(1)1920/13-14(01) and CB(1)1945/13-14(01))
- LC Paper No. CB(1)2007/13-14(01) -- Administration's response to the letter from Dr Hon Kenneth CHAN dated 21 August 2014 on policy and legislation on tree management (LC Paper No. CB(1)1953/13-14(01))
- LC Paper No. CB(1)16/14-15(01) -- Administration's paper on Pilot Mediation Scheme in support of property owners affected by Compulsory Sale under the Land (Compulsory Sale for Redevelopment) Ordinance
- LC Paper No. CB(1)37/14-15(01) -- Referral memorandum dated 10 October 2014 from the Public Complaints Office on policy issues relating to the proposed rezoning of a Green Belt site for residential use
- LC Paper No. CB(1)129/14-15(01) -- Letter dated 15 October 2014 from Dr Hon CHIANG Lai-wan, Hon CHAN Hak-kan and Hon CHAN Kam-lam on regulatory control on lift safety)

4. Members noted that the above information papers had been issued since the last meeting in the 2013-2014 session.

IV Schedule of meetings for the 2014-2015 session

5. The Chairman referred members to the proposed schedule of regular meetings prepared by the Clerk tabled at the meeting. Members agreed that monthly regular meetings of the Panel would be held on the fourth Tuesday of each month at 2:30 pm, except the meetings in December 2014 and July 2015, which would be held on Friday, 19 December 2014 at 9:00 am and on Wednesday, 22 July 2015 at 2:30 pm respectively

(Post-meeting note: The schedule of regular meetings of the Panel for the 2014-2015 session was circulated to members vide LC Paper No. CB(1)154/14-15 on 29 October 2014.)

V Items for discussion at the next meeting

(LC Paper No. CB(1)89/14-15(01) -- List of outstanding items for discussion
LC Paper No. CB(1)89/14-15(02) -- List of follow-up actions)

6. Members agreed that the next meeting scheduled for Tuesday, 25 November 2014 at 2:30 pm be extended to end at 6:30 pm and the following items proposed by the Administration be discussed –

- (a) Capital Works Reserve Fund Block Allocations for 2015-2016;
- (b) Revitalization of Bridges Street Market, Former Fanling Magistracy and Haw Par Mansion under the Revitalizing Historic Buildings Through Partnership Scheme;
- (c) Proposed establishment of a Harbourfront Authority -- Phase II Public Engagement exercise; and
- (d) 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; revision of fees and economic costs for excavation on streets maintained by the Highways Department under Land (Miscellaneous Provisions) Regulations (Cap 28A); and revision of fees for excavation in unleased land other than streets maintained by the Highways Department under Cap. 28A.

(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the discussion on "Revitalization of Bridges Street Market, Former Fanling Magistracy and Haw Par Mansion under the Revitalizing Historic Buildings Through Partnership Scheme" has been deferred to a future meeting, and an item on "Archaeological Features Discovered at To Kwa Wan Station of the Shatin to Central Link and their Proposed Preliminary Conservation and Interpretation Plans" has been included for discussion at the meeting on 25 November 2014. Members were informed of the above meeting arrangements vide LC Paper No. CB(1)197/14-15 on 6 November 2014.)

7. Referring to item 11 on the Panel's "List of Outstanding Items for Discussion" (LC Paper No. CB(1)89/14-15(01)) entitled "Valuation Principles and Practices adopted by the Administration in Assessing the Value of Resumed Properties", Mr WU Chi-wai proposed that to facilitate members' discussion on the subject, a research paper should be prepared by the Research Office of the Secretariat on the current approaches adopted by the Administration in assessing statutory compensations for resumption of lots/buildings in single and multiple ownerships, including the background of the approaches, whether the approaches were fair, etc. Overseas practices on the subject should be included in the paper.

8. Mr IP Kwok-him and Mr CHAN Kam-lam opined that the scope of the research on the subject might be too broad if it was to include the practices adopted by countries worldwide. Mr CHAN said that the Panel should give clear instructions to the Research Office regarding the scope of the research, including the overseas jurisdictions of which the information on the subject should be included. He opined that the approaches currently adopted by the Administration to the assessment of the value of different types of resumed properties were governed by the relevant policies. It might not be appropriate to request the Research Office to comment on the fairness of the approaches. Mr Albert CHAN was of the view that the research should cover the mechanisms adopted by Canada and Australia in resolving disputes arising from land resumption, and study whether mediation was part of these mechanisms.

9. The Chairman suggested that, in light of members' views, the scope of the research should cover the practices adopted by the Administration and in Commonwealth states in assessing the value of resumed properties as well as the mechanisms adopted by these countries for resolving disputes arising from land resumption. Members raised no objection to the Chairman's suggestion. The Chairman instructed the Clerk to follow up.

(*Post-meeting note:* The Research Office noted the Panel's request on 29 October 2014 and would prepare an information note on the subject accordingly.)

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

(LC Paper No. CB(1)89/14-15(03) -- Administration's paper on 65TR -- Detailed Feasibility Study for Environmentally Friendly Linkage System for Kowloon East (Follow-up paper)

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

LC Paper No. CB(1)89/14-15(04) -- Paper on the proposed Environmentally Friendly Linkage System for Kowloon East prepared by the Legislative Council Secretariat (Updated background brief))

Relevant papers previously issued

(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)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)

10. 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 and the proposal to carry out a detailed feasibility study ("DFS") to address the key issues identified in the PC exercise. In light of members' views and concerns, the Administration had changed the scope of the proposed DFS and briefed members on a funding proposal ("PWP Item No. 065TR") incorporating the revised scope of DFS (LC Paper No. CB(1)1774/13-14(01)) ("the discussion paper") at the meeting on 16 July 2014. Due to time constraints, the discussion on the proposal had not finished. The Administration welcomed members' views on the proposal and intended to obtain the Panel's support for upgrading PWP Item No. 065TR to Category A.

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

12. The Panel noted that the Administration had provided supplementary information vide LC Paper No. CB(1)89/14-15(03) (issued on 22 October 2014) ("the supplementary information") in response to the concerns raised by the Panel on the funding proposal at the meeting on 16 July 2014. The Chairman said that the Panel would continue with the discussion on the item at the meeting.

Scope of the detailed feasibility study

13. Mr Alan LEONG recalled that according to the Administration, there were successful examples of operation of elevated monorail systems such as the monorail in Tokyo linking the city and the Haneda Airport ("Tokyo Monorail") and the monorail network in Chongqing as well as unsuccessful ones such as the Sydney Monorail. He enquired whether the Administration would review these examples under the proposed DFS to identify the reasons

for their success/failure and make reference to the result of the analysis when finalizing the EFLS proposal.

14. Mr LEUNG Kwok-hung commented that the Tokyo Monorail was successful with a significant patronage because there were no other competitive transport services between the city and the Haneda Airport. As regards Chongqing, its population size was large and the way of financing the monorail project might be different from the one to be adopted by the Administration. He queried about the relevance of these overseas examples to the situation in Hong Kong and whether the Administration had conducted any comparative study on these systems.

15. Head (Kai Tak Office), Civil Engineering and Development Department ("H/KTO/CEDD"), responded that as advised in the supplementary information, when conducting the preliminary feasibility study for EFLS, the Administration had approached several overseas monorail institutions to enquire about their operation details and financial information. However, the Administration eventually could not obtain any such information. She continued that a case study in respect of successful and unsuccessful examples of monorail systems in overseas cities would be conducted under the proposed DFS to find out the background information for those cities to choose the monorail as a transport mode, the success/failure factors, etc. The consultants of the proposed DFS would make reference to the result of the case study when carrying out detailed assessments. Moreover, the analysis would help identify the problems that might be encountered when implementing the proposed EFLS in Hong Kong, if a monorail system was to be recommended.

16. Mr Alan LEONG recalled that members had previously expressed different views at the relevant meetings on whether the proposed EFLS should take the form of an elevated monorail or other green transport modes such as modern tramway, electric buses, automated people movers or a combination of some of them. He enquired about the weightings to be accorded to each of the studies on these transport modes under the proposed DFS. Mr Paul TSE raised a similar enquiry.

17. Mr WU Chi-wai cast doubt on whether the scope of the proposed DFS as set out in items (a) to (h) in paragraph 17 of the discussion paper was in line with the Administration's advice in the supplementary information that the suitability of various feasible green public transport modes to be adopted as EFLS for Kowloon East would be evaluated on an equal weighting basis. He was concerned that items (a) to (g) would be undertaken by the Administration on the assumption that EFLS would take the form of a

monorail and only item (h) was about the assessment on the applicability of other transport modes for Kowloon East. He further enquired whether the proposed DFS would evaluate the cost-effectiveness of all feasible green transport modes.

18. In reply, H/KTO/CEDD clarified that the discussion paper was submitted to the Panel for discussion at the meeting on 16 July 2014 while the supplementary information was provided after the meeting. In light of members' views at the meeting on 16 July 2014, the Administration considered it appropriate to fine-tune the scope of the proposed DFS. She confirmed that at the first stage of the proposed DFS, various green transport modes including modern tramway, monorail, electric buses and travellers etc., would be compared and studied on an equal weighting basis. The applicability of these transport modes for Kowloon East would be evaluated. Cost-effectiveness would be one of the important criteria to be adopted in the comparison. In light of the result of the first-stage study, the Administration would then consult the relevant stakeholders on the most suitable green transport mode to be adopted as EFLS for Kowloon East. After ascertaining the transport mode for EFLS, detailed studies on technical aspects, including preliminary site investigation works, would be carried out at the next stage of the proposed DFS. In response to Mr CHAN Chi-chuen's enquiry on whether the Administration would conduct the consultation before deciding on the EFLS mode, H/KTO/CEDD replied in the affirmative.

19. Mr Alan LEONG said that according to the Administration's response made at previous discussions on the item, public engagement activities would be carried out concurrently with the conduct of DFS. He asked about the details of such an approach, including the stakeholders to be consulted, the forms of the consultation exercises and the methodology for analyzing the views received.

20. H/KTO/CEDD replied that the proposed DFS included, among others, the formulation of proposals for an integrated multi-modal linkage system at different stages of development of Kowloon East. Short, medium and long-term proposals would be worked out in phases under the proposed DFS. Accordingly, the Administration would seek public views on the proposals at each phase. The stakeholders to be consulted would be those affected by the concerned proposal. By way of illustration, she advised that the Administration would mainly consult stakeholders at district level on short-term proposals. On the EFLS proposal, a broad and comprehensive consultation would be conducted. H/KTO/CEDD continued that when there was a general consensus on the transport mode that should be adopted as EFLS for Kowloon East, the Administration would carry out detailed studies

to formulate proposals on the procurement approach and implementation programme, etc., and would further consult the relevant stakeholders on these proposals.

21. Mr CHAN Chi-chuen said that the Hong Kong Tramways Limited, which had submitted a proposal about EFLS in Kowloon East to the Administration, had earlier on expressed its concern that the Administration had a pre-conceived idea that the proposed EFLS would take the form of monorail. He enquired whether the Administration would clarify the matter to address the concern. He reiterated the suggestion made by some members at the meeting on 16 July 2014 that items (b) and (h) in paragraph 17 of the discussion paper should be merged to specify that all feasible transport modes would be given equal weights under the proposed DFS.

22. PAS/DEV(W)2 replied that the purpose of the proposed DFS was to provide an in-depth evaluation on the most suitable green transport mode for the proposed EFLS and on formulation of a multi-modal linkage system to serve and support the transformation of Kowloon East into a new central business district. It was not the intention of the Administration to invite consortia which were interested in providing the proposed EFLS to submit their plans at the DFS stage. When carrying out the proposed DFS, the consultant might consult relevant operators on information such as the estimated cost of construction, possible problems in operating and maintaining the proposed EFLS, etc., to facilitate the study. He asserted that the Administration had no pre-conceived position on the form of EFLS for Kowloon East and would evaluate all feasible green transport modes on an equal weighting basis.

23. Mr CHAN Chi-chuen said that the Administration had not addressed in the supplementary information paper (LC Paper No. CB(1)89/14-15(03)) the question on the amount of funds to be allocated to each of the potential transport modes to be studied under the proposed DFS, but had only advised that about 30% of the project estimate (for conducting DFS) would be allocated to the first-stage study. Mr CHAN asked the Administration to clarify, of the 30% of the project estimate, the amount to be allocated to the task to ascertain the most suitable and cost-effective EFLS mode on an equal weighting basis and without any pre-conceived position.

24. In reply, H/KTO/CEDD advised that different transport modes involved different level of complexity. While an elevated monorail system involved substantial structural, mechanical and electrical design inputs, more efforts would need to be spent on assessing and mitigating the impact of an at-grade modern tramway on the existing traffic networks and

facilities. As such, it was not practicable to allocate the financial resources concerned equally to the assessment on each potential transport mode.

25. Mr Alan LEONG enquired about the policy bureaux that would take the lead in conducting the proposed DFS and the role played by the Transport and Housing Bureau ("THB") on the study. PAS/DEV(W)2 replied that the Development Bureau ("DEVB") and THB had all along maintained close communications throughout the delivery of large-scale infrastructure projects. The proposed EFLS was an infrastructure investment item that would facilitate the transformation of Kowloon East into a central business district. In this connection, DEVB had taken the lead in taking forward the project whereas the Civil and Engineering Development Department ("CEDD") would conduct the relevant planning and studies.

Enhancement of connectivity of Kowloon East

26. Ir Dr LO Wai-kiok expressed support for conducting the proposed DFS. He opined that Kai Tak Development ("KTD") would be a core district to cater for the future development needs in Kowloon. The enhancement of the connectivity of the area was therefore an important issue. He said that an elevated monorail system would occupy a relatively small amount of road space, hence facilitating a better use of land resources, and it could also be a tourist attraction. He held the view that EFLS in form of at-grade transport mode was suitable for operation in a less dense area.

27. Mr LEUNG Kwok-hung did not subscribe to the view that a monorail system would be a tourist attraction. He opined that in view of the substantial cost to be involved in providing a monorail system, other options should be considered to enhance the connectivity of KTD. He commented that compared with EFLS, projects to improve the pedestrian linkage among different areas would be more beneficial to local residents such as the elderly people who needed to go up and down the hillside areas in Kwun Tong frequently. Considering that the proposed EFLS would become a "white elephant", he would not support the proposal.

28. Taking in view that the Kai Tak Cruise Terminal ("KTCT") had already been commissioned but the construction of the proposed EFLS would be only completed about a decade later, Mr Paul TSE was concerned about the accessibility of KTCT and its connectivity with other parts of Kowloon East in the coming 10 years and so. He enquired whether the proposed DFS would include a study on the short-term measures to improve the accessibility of KTCT.

29. In reply, H/KTO/CEDD said the Administration had noted that LegCo Members and local residents were concerned about the connectivity of Kowloon East in the short-, medium- and long-terms. As such, the proposed DFS would examine the ways to cope with the connectivity demand in various stages of the development of Kowloon East. She assured members that, as part of the proposed DFS, the Administration would study the formulation of short-term measures to enhance the connectivity of KTCT.

30. Mr YIU Si-wing considered it necessary for the Administration to work out measures to improve the connectivity between Kowloon East and old districts timely to prevent recurrence of the accessibility problem of KTCT, given that the proposed EFLS would not be commissioned shortly. He opined that apart from EFLS, the connectivity plan for KTD should include ancillary transport services. Mr YIU asked whether the Administration would study the views suggesting the provision of water taxi services between KTCT and Lei Yue Mun and better use of the existing ferry services plying Kwun Tong Ferry Pier. He held the view that relevant Government departments should hold a joint meeting to examine the possibility of providing temporary piers for the operation of ferry services between Kwun Tong and KTCT.

31. H/KTO/CEDD replied that the proposed DFS would provide opportunities for the Administration to formulate ways to tackle the connectivity issues of KTD. When studying the formulation of an integrated multi-modal linkage system in the proposed DFS, the Administration would not rule out the option of water transport. As regards building temporary piers, the Administration would need to take into account the compatibility between the suggestion and the requirements under the Protection of the Harbour Ordinance (Cap. 531).

32. Mr YIU Si-wing proposed that in view of the requirements under Cap. 531, the temporary piers could be provided in the form of floating dock facilities. H/KTO/CEDD responded that Mr YIU's suggestion would be considered. She said that in examining the suggestion, the Administration would need to take into account various factors such as impacts of the operation of floating dock on navigation channels, whether the dock would be provided at the same location permanently, etc.

33. Mr Paul TSE said the Administration should ensure that the integrated multi-modal linkage system to be formulated under the proposed DFS would meet residents' needs in districts such as Kwun Tong, Wong Tai Sin and

Kowloon City. Ir Dr LO Wai-kwok opined that the proposed EFLS should cater for not only the demand of visitors but also local residents' aspirations for extending the EFLS' coverage to the areas adjacent to Kowloon East. He said that one of the seven projects included in the Railway Development Strategy 2014 announced by the Administration in September 2014 was a new railway line running in the northern East Kowloon area ("East Kowloon Line"). He enquired whether the East Kowloon Line project would be taken into account when working out the EFLS proposal.

34. H/KTO/CEDD replied that the proposed DFS would be conducted based on the findings of the preliminary feasibility study on EFLS as well as the latest developments on land use, infrastructure and transport facilities, etc. in the concerned districts. Moreover, under the proposed DFS, the Administration would investigate suitable connectivity and interchange arrangement between EFLS and the Mass Transit Railway. H/KTO/CEDD continued that to address the aspiration of residents in Wong Tai Sin and Kowloon City that the EFLS alignment should be extended to their districts, the proposed DFS would explore the possible long-term expansion of the system.

35. Miss CHAN Yuen-han said that the Administration had taken a long time to seek public views on the proposed EFLS and had made changes to the proposal in light of some of the views collected. While there were still controversies over the proposal, she believed that the timely provision of EFLS in Kowloon East was a strong aspiration of the relevant District Councils and local residents. She opined that the Administration should pay due regard to the views about extending the proposed EFLS's alignment to districts other than those within Kowloon East and providing stations at To Kwa Wan. PAS/DEV(W)2 responded that the proposed DFS would further examine public views about the locations of the stations as well as the alignment of the proposed EFLS. Public consultation would be conducted to collect further views on these issues.

Kwun Tong Typhoon Shelter

36. Mr CHAN Kam-lam enquired about the Administration's position on the suggestion raised by associations of cargo vessel operators that the proposed Kwun Tong Transportation Link ("KTTL") to be provided as an integral part of the proposed EFLS spanning across the entrance of Kwun Tung Typhoon Shelter ("KTTS") should have a minimum vertical clearance of at least 40 metres above the sea level. He opined that the suggestion was not technically feasible. Moreover, even if the Administration accepted the suggestion, it might not be possible for high-mast vessels and barges 30 to 40

metres in height to use KTTS in view of its existing design. He enquired whether, to cater for the operation need of these vessels, the Administration would give consideration to providing more sheltered spaces at the typhoon shelters in the Western Harbour area.

37. H/KTO/CEDD replied that during the two-stage PC for the preliminary EFLS proposal, the Administration had communicated and exchanged views with the relevant trades on the vertical clearance issue of KTTL. As the trades had strong objections to setting height restriction on vessels using KTTS, under the proposed DFS, the Administration would examine measures to mitigate the possible impact of KTTL on high-mast vessels and explore the need of reprovisioning of KTTS. She said that when conducting the proposed DFS, the Administration would continue to maintain close liaison with the trades concerned on the matter.

38. Mr CHAN Kam-lam said that many existing bridges in Hong Kong which had a vertical clearance of less than 40 metres had imposed no restrictions on the operation of high-mast vessels and barges. He urged the Administration to further communicate with the trade associations about their suggestion. The Chairman called on the Administration to consider Mr CHAN's view.

Allocation of resources for transport facilities in other districts

39. Mr Albert CHAN queried about the rationale and justifications for providing the proposed EFLS in Kowloon East but not in other districts such as Tin Shui Wai and Tuen Mun where the ratio of railway stations to population was low. He opined that to remove the suspicion that the proposal of providing EFLS in Kowloon East was put up merely to satisfy the private interest of big consortia, before getting down to the proposed DFS, the Administration should first conduct a conceptual study to ascertain the districts in which it was suitable for EFLS to be developed and whether Kowloon East was the only choice. Mr CHAN criticized that the Administration had all along disregarded the requests of residents of Tuen Mun and Yuen Long for enhancing the Light Rail ("LT") system. He enquired whether the Administration would conduct a study concurrently with the proposed DFS on developing EFLS in the New Territories West.

40. Project Manager (Kowloon), Civil Engineering and Development Department ("PM(Kowloon)/CEDD"), replied that back in 2007, when the Kai Tak outline zoning plan ("OZP") had been approved, the OZP contained a reserve for a possible elevated rail-based EFLS as a long-term transport mode, subject to detailed design. The finalization of the OZP followed a

three-stage public engagement exercise from 2004 to 2006. Under the OZP, the EFLS alignment was mainly confined within KTD to serve the new developments in the area. In December 2009, CEDD commissioned a preliminary feasibility study to investigate feasible EFLS network alignments. PM(Kowloon)/CEDD continued that the views received during the two-stage PC for the proposed EFLS from 2012 to 2014 had indicated that members of the public supported the enhancement of inter-district and intra-district connectivity of Kowloon East to cope with the development strategies to transform the area into a central business district under the initiative of Energizing Kowloon East.

41. Mr Albert CHAN said that Tsuen Wan and Tuen Mun District Councils had demanded the construction of a railway link connecting Tsuen Wan and Tuen Mun since the 1980s, which was backed up by a consultancy report jointly prepared by the two District Councils. However, the Administration so far had not acceded to the two District Councils' request. Mr CHAN stressed that as the Administration's explanation could not address the queries on why the proposed EFLS could not be implemented in districts other than Kowloon East, he would not support the funding proposal.

Submission of the proposal to the Public Works Subcommittee

42. The Chairman enquired whether members supported the submission of the funding proposal on PWP Item No. 65TR to the Public Works Subcommittee. He put the question to vote. Mr Albert CHAN requested a division. Eight members voted for and three members voted against the proposal. The voting result was as follows --

For

Mr CHAN Kam-lam

Mr IP Kwok-him

Mr WU Chi-wai

Mr LEUNG Che-cheung

Dr LAU Wong-fat

Mrs Regina IP

Miss CHAN Yuen-han

Miss Alice MAK

(8 members)

Against

Mr LEUNG Kwok-hung

Mr CHAN Chi-chuen

Mr Albert CHAN

(3 members)

43. The Chairman concluded that the proposal was carried by a majority of members.

VII Tung Chung New Town Extension Study -- Stage 3 Public Engagement

(LC Paper No. CB(1)89/14-15(05) -- Administration's paper on Tung Chung New Town Extension Study -- Stage Three Public Engagement -- Draft Recommended Outline Development Plan

LC Paper No. CB(1)89/14-15(06) -- Paper on Tung Chung New Town Extension Study prepared by the Legislative Council Secretariat (Updated background brief))

44. At the invitation of the Chairman, Acting Secretary for Development ("SDEV(Atg)") briefed members on the progress of the Tung Chung New Town Extension Study ("the Study") and details of the draft Recommended Outline Development Plans ("RODPs") formulated for the Tung Chung New Town Extension ("TCNTE") under the Stage Three Public Engagement ("PE3") of the Study. With the aid of a powerpoint presentation, Acting Assistant Director/New Territories, Planning Department ("AD(NT)/PlanD(Atg)"), highlighted the salient points of the draft RODPs and PE3.

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)148/14-15(01) by email on 29 October 2014.)

Development of Tung Chung West

45. Miss CHAN Yuen-han expressed support for the draft RODPs and the Administration's decision of reducing the projected population in Tung Chung West ("TCW") from over 40 000 to some 20 000 and not pursuing the proposed 14-hectare reclamation in Tung Chung Bay, which, in her view, revealed that the Administration had attached some importance to the protection of the natural environment. Miss Alice MAK and Mr CHAN Han-pan echoed Miss CHAN's support for the abandonment of the proposed reclamation in Tung Chung Bay. Pointing out that TCW was one of Hong Kong's major green areas, Miss CHAN suggested that the Administration should formulate a theme in developing the green features in TCW, such as hiking trails, mangroves and Tung Chung River. To enhance the green environment in TCW for public enjoyment and develop local green economies, the Administration should consult relevant stakeholders, including the academics, and make reference to relevant overseas experience.

46. While agreeing to the Administration's decision of providing a development buffer zone at Tung Chung Valley, Mr CHAN Han-pan suggested that the Administration should work out measures to develop the historical features at Ma Wan Chung. Miss Alice MAK enquired whether revitalization works would be carried out for the Ma Wan Chung Village given that the proposed reclamation works in Tung Chung Bay was abandoned.

47. Mr LEUNG Che-cheung supported the provision of "Village Type Development" zones in TCW, which, in his view, would tie in with the suggestion of developing home-stay lodgings in the area.

48. While welcoming the Administration's decision of not pursuing the proposed reclamation in Tung Chung Bay, Mr Albert CHAN enquired why the Administration did not adopt a higher development intensity for TCW.

49. AD(NT)/PlanD(Atg) responded that the plot ratios of two residential sites in TCW were up to five and six respectively, which were relatively high. Plot ratios of residential areas near the proposed Town Park and Yat Tung Estate were lower having regard to their locations and surroundings.

Employment opportunities and economic development

50. The Panel noted that under the draft RODPs, a gross floor area ("GFA") of about 155 000m² would be provided in TCNTE for regional retail uses and another GFA of 148 000m² for local retail uses. Moreover, it was estimated that more than 40 000 jobs would be created from the proposed commercial developments in TCNTE. Miss Alice MAK queried whether there would be an over-supply of space for the retail business in Lantau, given that such space would be developed not only in TCNTE, but also in Sunny Bay, the North Commercial District in the Hong Kong International Airport ("HKIA"), and the topside development at the Hong Kong boundary crossing facilities island of the Hong Kong-Zhuhai-Macao Bridge ("HKZMB"), etc. To offer diversified job opportunities to the future residents, she opined that the Administration should introduce measures to facilitate the setting up of companies operating different types of business in TCNTE. She pointed out that the tolls for the two major roads connecting Tung Chung with other areas, namely the Tsing Ma Bridge and the proposed Tuen Mun - Chek Lap Kok Link, had been discouraging the business sector from setting up companies in Tung Chung. She called on the Administration to waive the tolls for users of the two highways.

51. Mr LEUNG Che-cheung opined that most of the future residents of TCNTE might prefer local job opportunities, as the transportation expenses for travelling out of Tung Chung to work would be high. However, he was concerned that the some 40 000 new jobs to be created from the proposed commercial developments in TCNTE might not be diversified enough to cater for the needs of the future residents. He urged the Administration to provide more information about the employment opportunities to be generated in TCNTE.

52. Mrs Regina IP expressed disappointment over the unitary economic structure (which was focused on the hotel, entertainment, catering and retail industries) proposed for TCNTE under the draft RODPs. She urged the Administration to take elements of the "new economy" into account in developing TCNTE. For instance, ship-building, repair and maintenance engineering services might be developed to provide support to the operation of HKIA and the proposed marina in Tung Chung East ("TCE"). She opined that the Administration should not overlook the need to develop engineering and technology industries to create more opportunities for upward mobility for the youth.

53. Pointing out that around 5 000 jobs in HKIA and its ancillary facilities were not filled, Mr YIU Si-wing commented that the employment situation

in Lantau was unsatisfactory. He cautioned that manpower mismatch in Lantau might worsen upon the development of TCNTE and the commissioning of the proposed third runway in HKIA. He suggested that the Administration should take steps to create more local employment opportunities for residents of Lantau, such as facilitating enterprises located in Tung Chung to provide quarters to their employees.

54. Mr CHAN Han-pan shared some members' views that the Administration should introduce measures to create sufficient and diversified jobs for residents of Tung Chung. He agreed to Mr YIU Si-wing's suggestion of facilitating enterprises located in Tung Chung to provide quarters to their employees and further suggested granting additional marks to applicants of public rental housing working in Tung Chung. Mr CHAN also proposed that the Administration should reserve land in TCNTE to establish vocational institutes for the youth and provide more local consumption facilities (like municipal services buildings) there to reduce the living costs of local residents.

55. Referring to the economic development in the vicinity of Osaka's Kansai International Airport and the Shanghai Hongqiao International Airport, Ir Dr LO Wai-kwok said that the operation of a major transport node would usually bring economic benefits to the areas in its periphery. He supported the proposal to develop TCNTE and called on the Administration to tap the opportunities brought by Tung Chung's proximity to HKIA. Ir Dr LO shared some members' concerns about the lack of diversities in the employment opportunities to be created in TCNTE. He suggested that the Administration should make reference to the successful experience of Shenzhen in developing new industries.

56. SDEV(Atg) responded that the Lantau Development Advisory Committee ("LanDAC") set up in 2014 would examine the overall strategy for the development of Lantau. LanDAC had established a number of working groups to study various issues including employment opportunities and the mismatch between manpower supply and job positions in Tung Chung. The Administration would consider Mr YIU Si-wing's suggestion of formulating favourable measures for enterprises located in Tung Chung.

57. Principal Assistant Secretary (Planning & Lands)2, Development Bureau, advised that the Administration planned to introduce measures for the revitalization of Ma Wan Chung, which would be conducive to the development of local economy. AD(NT)/PlanD(Atg) supplemented that, in addition to the space for regional and local retail uses, a GFA of 500 000m² would be provided in TCE for the development of a regional office node. It

was therefore envisaged that TCE would not solely provide job opportunities in the retail industry. Different types of companies, including those engaged in high-technology industries, could consider setting up their offices in TCE.

58. Mrs Regina IP stressed that local economy lacked scalability and was not effective in making opportunities for upward mobility for the youth. She considered it more suitable to create engineering-related job opportunities in Tung Chung.

59. Noting that the projected new population and number of jobs to be created in TCNTE stood at around 140 000 and 40 000 respectively, which represented an assumption that each new household would take up a local job opportunity, Ms Cyd HO considered the assumption unrealistic. She observed that most residents of Tung Chung would go to other districts to work and suggested that the Administration should address the employment issue by enhancing the connectivity for Tung Chung. Ms HO requested the Administration to provide information on: (i) how the patronage to the proposed hotel, retail and dining facilities in TCNTE would be supported so as to provide sufficient local employment opportunities; (ii) a blueprint, if any, for developing shopping and dining centres in the border areas in Lantau; and (iii) whether land would be reserved to facilitate the development of the manufacturing industry, such as manufacturing of electric cars, in Tung Chung. She stressed that the Administration should not rely too much on Mainland visitors to support Tung Chung's service industry, which might further intensify Mainland-Hong Kong conflicts.

(Post-meeting note: The Administration's supplementary information was circulated to members on 24 November 2014 vide LC Paper No. CB(1)275/14-15(01).)

60. Miss CHAN Yuen-han stressed that while the Administration should learn from the early-stage development of Tin Shui Wai and Tung Chung and provide sufficient job opportunities for local residents, it should not only focus on tackling the employment issue and ignore the formulation of a development direction for TCNTE.

Proposed development of tertiary education in Tung Chung

61. Noting that the Administration had reserved land in TCNTE for tertiary education use, Mrs Regina IP sought details of the proposed development. Mr YIU Si-wing opined that tourism played a pivotal role in the development of Lantau. Apart from the hotel, catering and retail industries, many airline companies provided various types of jobs in Lantau. The Administration should take this into account in developing tertiary education in TCNTE so as to facilitate the development of Lantau into a regional tourist spot.

62. AD(NT)/PlanD(Atg) took note of members' views and undertook to convey them to the relevant policy bureaux/Government departments.

Connectivity for Tung Chung

Capacity of the MTR Tung Chung Line and timely commissioning of the proposed new railway stations

63. In response to Miss Alice MAK's concern about the timely interface between the commissioning of the proposed new railway station and population intake in TCW, SDEV(Atg) said that DEVB would liaise closely with THB on the interface between the construction of the two proposed new railway stations (in TCE and TCW) and the development of TCNTE. He added that the works to be involved in adding two stations, in TCE and TCW, to the existing MTR Tung Chung Line ("the Tung Chung Line") should not be too complex.

64. Mr Gary FAN said that although the utilization rate of the Tung Chung Line currently stood at a reasonable level of 85% during the peak hours, the train frequencies at the existing Tung Chung Station and the Tsing Yi Station were 4 minutes and 2.5 minutes respectively, which were lower than the train frequencies along the MTR Island Line. He enquired whether the MTR Corporation Limited would increase the train frequencies and the train fleet size for the Tung Chung Line to address the need of the new population in TCNTE.

65. Deputy Project Manager (HK Island & Islands), Civil Engineering and Development Department, responded that the Administration had close communication with the Highways Department and the MTR Corporation Limited on the issues related to train service for Tung Chung. According to the information provided by the company, currently around 5 000 passengers

travelled daily via the Tung Chung Line from Tung Chung to the urban areas during the morning peak hours. The maximum design capacity of the Tung Chung Line was some 40 000 passengers and it was envisaged that the utilization rate of the Tung Chung Line would be around 60% after the full population intake in TCNTE. Besides, there would be plenty of employment opportunities under the airport development and the proposed TCNTE available for the residents of Tung Chung to work locally so as to reduce the traffic on the Tung Chung Line and other transport linkages.

66. Mr CHAN Han-pan suggested that the Administration should assess whether the capacity of the Tung Chung Line had to be enhanced to cater for the transportation needs of the new population. The Administration was required to provide information to respond to Mr CHAN's suggestion.

(Post-meeting note: The Administration's supplementary information was circulated to members on 24 November 2014 vide LC Paper No. CB(1)275/14-15(01).)

Improvement of non-rail transport in Tung Chung

67. Mr CHAN Kam-lam expressed support for the development of TCNTE. Pointing out that minibuses and taxis played an important role in public transport in Tung Chung yet the total number of minibuses in Hong Kong had been capped at around 4 000 for a long time, while the number of Lantau taxis was around 50 only, Mr CHAN called on the Administration to review whether the aforementioned quota should be relaxed to meet the transport needs of the new population in TCNTE. Referring to the lack of public transport facilities in some newly developed residential areas in Kwun Tong, Mr CHAN said that the Administration should examine in a holistic manner the overall provision of transport facilities, including bus termini and public transport interchanges, in Tung Chung to prepare for the new development in the area.

68. SDEV(Atg) responded that under LanDAC, a working group on transport had been set up to study the improvement of transport services in Lantau. Members of the working group included representatives of THB. He undertook to relay Mr CHAN's views to the relevant parties.

69. Mr LEUNG Che-cheung enquired whether relevant means (like subways, footpaths, cycling tracks) to facilitate the villagers of Tai Ho Wan to travel to TCE, and adequate transport linkages within TCW and between TCE and TCW, would be provided. He suggested that the Administration should make reference to the waterfront promenade in Tsuen Wan in

planning the transport linkages in TCNTE. Mr CHAN Han-pan proposed that more cycling tracks and minibus services should be provided to link up various areas within Tung Chung.

70. AD(NT)/PlanD(Atg) responded that the Administration would study the concerns about adequacy of transport linkages between TCE and TCW and consider developing cycling tracks and waterfront promenade in TCNTE. The transport needs of Tai Ho Wan villagers would be conveyed to concerned departments for consideration.

71. At Ms Cyd HO's request, the Administration would provide information on whether it would address the problem that taxis were not allowed to pick up and drop off passengers at the Cathay Pacific City.

(Post-meeting note: The Administration's supplementary information was circulated to members on 24 November 2014 vide LC Paper No. CB(1)275/14-15(01).)

Environmental issues

72. Mr Gary FAN was concerned that the ecology at Tai Ho Wan would be adversely affected by reclamation works in TCE and the construction works of the Hong Kong boundary crossing facilities island of HKZMB. He asked whether the Administration had assessed the impact of the proposed development of a marina in TCE on the marine ecology, the habitat of Chinese White Dolphins and the proposed marine park at the Brothers Islands. He also enquired whether control would be imposed on vehicle emission at HKZMB to alleviate the air pollution problem in Tung Chung.

73. Mr Albert CHAN expressed concerns about the noise pollution caused by the movement of aircrafts at HKIA and sought details of the Noise Exposure Forecast ("NEF") 25 contour for the Airport in the coming 10 years, and asked whether residential units would be developed within the NEF 25 contour. Pointing out that residents in certain areas in Tung Chung, in particular TCW, would likely suffer from air pollution owing to the poor air ventilation, Mr CHAN enquired about the Administration's measures to improve the air quality in Tung Chung.

74. SDEV(Atg) responded that an environmental impact assessment ("EIA") was being carried out to address various environmental issues in respect of the development of TCNTE in accordance with the requirements of the EIA Ordinance (Cap. 499). The Administration would provide

information to respond to Mr Albert CHAN's enquiries about noise and air pollution in Tung Chung.

(Post-meeting note: The Administration's supplementary information was circulated to members on 24 November 2014 vide LC Paper No. CB(1)275/14-15(01).)

75. The Chairman said he noted that some members wished to express further views on the agenda item. He instructed the Clerk to consult members on whether a special meeting should be arranged to continue the discussion on the item.

(Post-meeting note: A circular was issued on 6 November 2014 vide LC Paper No. CB(1)198/14-15 to consult members on whether they could attend a special meeting to be held from 9:00 am to 10:35 am on 3 December 2014 to discuss, among other subjects, the Tung Chung New Town Extension Study. Having considered members' replies, the Chairman decided that a special meeting be held at that time. The notice and the agenda for the special meeting were circulated to members on 11 November 2014 vide LC Paper No. CB(1)206/14-15.)

VIII Supply of Dongjiang Water

- (LC Paper No. CB(1)89/14-15(07) -- Administration's paper on supply of Dongjiang Water
- LC Paper No. CB(1)89/14-15(08) -- Paper on the supply of Dongjiang water prepared by the Legislative Council Secretariat (Updated background brief))

76. SDEV(Atg) briefed members on the new agreement with the Guangdong ("GD") authorities for the supply of Dongjiang ("DJ") water to Hong Kong between 2015 and 2017. The new agreement included essential elements relating to the quality, price and quantity of DJ water to be supplied to Hong Kong. A "package deal lump sum" approach would be adopted in the new agreement as it had been for the last three supply agreements. He said that the approach aimed to ensure a reliable and flexible supply of DJ water to meet the actual needs of Hong Kong.

77. SDEV(Atg) further advised that the new agreement would start in January 2015 and the proposed annual sum of water purchase cost for 2015

was higher than the current sum for 2014, therefore the provision earmarked in the 2014-2015 Estimates for the purchase of DJ water was inadequate to meet the anticipated expenditure in 2014-2015. The Administration would apply for a supplementary provision of \$47.9 million from the Finance Committee ("FC") to meet the additional cost.

78. The Chairman reminded members that in accordance with Rule 83A of RoP of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects.

Supply of Dongjiang water

79. Ms Claudia MO said that the issue of supply of DJ water had been politicalized. She questioned the rationale for the increase in water price and enquired about the consequence in case the proposed supplementary provision was stuck in FC or voted down by FC members.

80. Director of Water Supplies ("DWS") advised that the DJ water price adjustment mechanism, as agreed by both sides of Hong Kong and GD, had been put in place since 1989. Under the mechanism, the adjustment of DJ water price took into account the changes in the operation cost, the exchange rate between Renminbi ("RMB") and Hong Kong dollar ("HKD"), as well as the relevant price indices of GD and Hong Kong.

81. Mr CHAN Kam-lam held the view that the water supply agreement between Hong Kong and GD enabled a stable supply of DJ water to Hong Kong. By contrast, Singapore had to produce fresh water by seawater desalination at a high cost in spite of the water supply agreement signed between Singapore and Malaysia. He called on other members to approve without delay the supplementary provision when the proposal was submitted to FC, given the paramount importance of supply of DJ water to the livelihood of the community.

82. Mr CHAN Hak-kan enquired if the Administration had any information about the tariff structure of DJ water supplied to Hong Kong. Noting that the increase rate of the price of DJ water was less than the sum of increases in the exchange rate and the relevant price indices, Mr YIU Si-wing urged the Administration to negotiate with the GD authorities to further lower the increase rate of the price.

83. DWS advised that the average annual rate of change of the relevant price indices of GD and Hong Kong in the past three years was about +4%

and the average annual rate of change in RMB/HKD exchange rate was about +3% over the same period, adding up to a sum slightly over +7%. Whilst the GD authorities had expended sums to carry out works to enhance the protection and quality of DJ water during the period, they agreed to increasing the price at a lower rate of around 6.5% after negotiation. The Administration considered the proposed adjustments reasonable.

84. Having regard to the scarcity of fresh water resources in the Mainland and competition among cities in GD for the resources, Ir Dr LO Wai-kwok and Mr CHAN Kam-lam expressed support to adopting the "package deal lump sum" approach to ensure a reliable supply of DJ water to Hong Kong. Mr LEUNG Che-cheung held the view that the approach could enable a stable water supply, but public funds would be wasted if the annual consumption of Hong Kong was less than the supply ceiling. Mr LEUNG requested the Administration to negotiate with the GD authorities for a supply agreement that could optimize the use of public funds.

85. DWS explained that fresh water collected from local catchment, varying from 100 to 300 million cubic metres ("mcm") per annum, was inadequate to meet the needs of Hong Kong. To ensure reliable supply of water, the GD side had agreed to provide DJ water to Hong Kong up to an annual supply ceiling of 820 mcm since 2006 under the "package deal lump sum" approach. With the Administration's efforts in reducing water leakage from water mains and encouraging the public to conserve water, the supply ceiling was kept at this level amidst an increase of population and expansion of economic activities over the period. Moreover, no DJ water supplied to Hong Kong had been discharged to the sea in the last few years as Hong Kong informed the GD side the actual demand of the territory on a monthly basis to better control the storage level in Hong Kong and save pumping cost.

86. Mr CHAN Chi-chuen enquired if the Administration could reduce the annual DJ water supply ceiling of 820 mcm to echo its achievement in water conservation.

87. DWS stressed that the current annual supply ceiling of 820 mcm ensured 99% reliability in water supply to Hong Kong under which water supply was maintained round-the-clock even under extreme drought condition with a return period of one in 100 years. He further advised that Hong Kong would face the risk of water rationing if there was severe drought, while the annual supply ceiling of DJ water was reduced to less than 820 mcm.

88. As regards Mr Michael TIEN's query about the quantity of DJ water purchased but unused over the last decade, DWS replied that the quantity of DJ water supplied to Hong Kong was 808 mcm in 2004 and 818 mcm in 2011, which was close to the annual supply ceiling of 820 mcm. For the other eight years, the quantity of DJ water supplied was below the ceiling. On average, the actual quantity of DJ water imported was about 100 mcm less than the ceiling per annum under the "package deal lump sum" approach.

89. Mr Michael TIEN further asked if the Administration could reduce the annual DJ water supply ceiling to a lower level. He suggested that any shortfall of fresh water supply would be covered by seawater desalination on an on-demand basis. He considered the proposal could minimize the amount of public funds to be expensed on purchasing unused DJ water.

90. DWS said that the Administration had considered Mr Michael TIEN's proposal but the high cost of seawater desalination rendered the proposal not cost-effective. Of the around \$12 to \$13 per cubic metre unit cost of seawater desalination, which did not take into account land premium, the capital cost of the desalination plant alone already accounted for \$5, while the remaining \$7 was for the operation cost. Moreover, the desalination process was high energy consuming.

91. Ir Dr LO Wai-kwok noted that the water supply agreement ended on 31 December of a calendar year while the financial year for the Administration ended on 31 March. The provision earmarked in the Estimates for purchase of DJ water would then be inadequate to meet the expenditure in case there was an increase of water price in a new calendar year. He enquired if the agreement could be changed from a calendar-year basis to a financial-year basis ending on 31 March, so that no submission of request for supplementary provision to FC would be required. Alternatively, the Administration should exercise greater flexibility in earmarking an adequate provision to cater for an anticipated increase of water price.

92. DWS replied that the Administration had suggested changing the expiry date of the agreement to 31 March. Nevertheless, the GD authorities considered that the existing arrangement should be maintained as it had been put in place for years and the financial and taxation arrangements of the GD side were based on the calendar year. DWS added that the Administration had strived to commence and complete the negotiation with the GD side for each agreement as early as possible so that FC could have sufficient time to consider the Administration's application for supplementary provision.

Price of Dongjiang water

93. Mr LEUNG Kwok-hung asked if the water purchase price of Hong Kong was higher than that of Singapore. DWS advised that Singapore and Malaysia had two existing water supply agreements, signed in 1962 and 1990 respectively, both of which would be expired in 2061. Under these two agreements, Singapore not only needed to pay for the water purchase cost, but also other related costs, such as land premium, rent and operation cost of the reservoirs, and had to sell treated water to Malaysia at a low cost. As information about some of these related costs was not available, the Administration could not work out the respective unit costs of water under the two agreements.

94. DWS further added that at present about 40% of Singapore's fresh water supply was imported from Malaysia. After the expiry of the agreements in 2061, it was understood that Singapore had no plan to further import water from Malaysia but would rather produce the fresh water by themselves through seawater desalination and water reclamation notwithstanding the high production costs.

Quality of Dongjiang water

95. Mr CHAN Kin-por quoted media reports which revealed that DJ water contained a high level of heavy metals and failed to meet the water quality standard of the World Health Organization. He enquired whether the Administration had introduced quality assurance measures and relayed public concerns about the quality of DJ water to the GD authorities for taking follow-up actions.

96. DWS assured members that both the Administration and the GD authorities strived to safeguard the quality of DJ water. For Hong Kong, the Advisory Committee on Water Resources and Quality of Water Supplies, comprising District Council members and professionals, visited DJ two weeks before to study its water quality. The GD authorities had also established the DJ Water Quantity and Quality Monitoring and Control Centre in May 2014 to strengthen the monitoring of the quality of DJ water.

97. DWS further advised that the GD authorities regularly provided Hong Kong with information on the quality of DJ water. The Water Supplies Department ("WSD") also monitored the quality of DJ water delivered to Hong Kong 24-hours round the clock at the Muk Wu Pumping Station. Moreover, samples of DJ water were taken by WSD on regular basis for measurement of various parameters, including dissolved oxygen, five-day

biochemical oxygen demand and faecal coliforms. All monitoring parameters, which were posted on WSD's website, complied with the national standard set out for Type II waters in the Environmental Quality Standards for Surface Water (GB3838-2002).

98. In response to Mrs Regina IP's enquiry, DWS confirmed that the water supplied to Hong Kong met the highest national water quality standard applicable for extraction for human consumption.

New water sources

Seawater desalination

99. Ms Cyd HO and Mr CHAN Chi-chuen asked about the Administration's stance on developing seawater desalination and the latest progress of its study on the proposed desalination plant at Tseung Kwan O.

100. DWS advised that the planning and investigation study for the desalination plant at Tseung Kwan O included conducting an EIA on the proposed construction and operation of the plant, and identifying an intake point for seawater and a discharge point for brine. The study would be completed by early 2015. The Administration would then seek funds from FC to commence the design of the desalination plant and the related water distribution infrastructure works. Stage 1 of the desalination plant was aimed to be commissioned in 2020.

101. Ms Claudia MO queried why the anticipated unit cost of seawater desalination in Hong Kong was three times of that in Singapore. Mr CHAN Chi-chuen asked if Hong Kong could rely on seawater desalination for a higher proportion of fresh water supply. DWS advised that the estimated unit production cost of desalination water (excluding land premium) in Hong Kong was around \$12 to \$13 per cubic metre and it was already down from a few dozen dollars in the past. It was however not feasible for Hong Kong to rely on seawater desalination as a major water resource owing to the relatively high cost and difficulties in identifying suitable sites for the desalination plant.

102. Given that the unit production cost of seawater desalination was highest compared with the costs of the other two water sources, i.e. local catchment and DJ water, and the output capacity of the proposed desalination plant was insignificant, Mr YIU Si-wing urged the Administration to inform the public of the anticipated cost of seawater desalination and consult their views before constructing the desalination

plant. He also enquired whether the Administration had set any target output for fresh water to be produced from seawater desalination and how much the capital cost would be.

103. DWS advised that all the cities in the Pearl River Delta region using DJ water would face the same problem of water shortage in view of the climate change and low rainfall. Therefore the Administration had to explore water sources other than DJ water for Hong Kong, including seawater desalination and water reclamation, which would be unaffected by the climate change. The Administration considered it a balanced approach to cope with the climate change by setting a target of producing 5% to 10% of fresh water in Hong Kong from desalination. The Administration might adjust the target rate or construct another desalination plant to be located near to new water demand areas or areas where the population would be increased.

Use of seawater and reclaimed water for flushing

104. While appreciating the Administration's efforts in encouraging the public to reduce water consumption through the "Let's Save 10L Water" campaign, Mr CHAN Hak-kan was disappointed that households in the North District and the countryside of the New Territories were still using fresh water for flushing. He urged the Administration to extend the seawater flushing system in the New Territories.

105. DWS replied that about 80% of the population in Hong Kong used seawater for flushing and the annual quantity of seawater used amounted to over 270 mcm. The Administration would increase the proportion to 85% through an extension of the seawater flushing system to Tin Shui Wai, Yuen Long and Pok Fu Lam. The works would be completed by end-2014. The Administration would consult the households concerned for switching from fresh water flushing to seawater flushing.

106. DWS supplemented that the sewage treatment standard of the Shek Wu Hui sewage treatment works would be upgraded from the secondary to the tertiary level in around 2020. The households in the Northeast New Territories could then use reclaimed water for flushing instead of fresh water. By then, the remaining households still using fresh water for flushing would be those living in the Peak, the outlying islands and part of the Southern District. Accordingly, the amount of fresh water used for flushing would be reduced from 76 mcm in 2013 to 30 mcm in 2022. As it was anticipated that the population of the North District would further increase,

there was further room for the use of reclaimed water to replace fresh water for flushing.

Collection of rainwater in stormwater storage tanks

107. Ms Cyd HO expressed regret over the arrangement for discharging the rain water collected in Hong Kong Island to the sea at Cyberport via the flood-mitigating Hong Kong West Drainage Tunnel. She opined that WSD should collaborate with the Drainage Services Department to explore alternative water sources, such as constructing water catchment facilities near Cyberport to keep the rain water collected in stormwater storage tanks for consumption.

108. DWS advised that WSD had regular meetings with the Drainage Services Department at the senior management level to discuss areas of collaboration between the two departments. On the proposal of collecting stormwater for consumption, DWS explained that the costs incurred (including land premium and construction cost of infrastructure) for storing the water collected, purifying the polluted stormwater and delivering the treated water to households would be high.

Water conservation measures

109. In view of the strong demand of the Mainland cities for fresh water supply and the need to preserve the natural environment, Ms Cyd HO requested the Administration to reduce water loss and water consumption by enhancing public education on water conservation.

110. DWS responded that the Administration had taken active steps to reduce water loss and water consumption. Apart from extending the use of seawater for flushing and launching a water conservation campaign, WSD had reduced water leakage from water mains through replacing and rehabilitating some 3000 km of aged water mains. With the completion of the replacement and rehabilitation programme in 2015, the water mains leakage rate would be reduced from 25% in 2000 to 15% next year. To further reduce water loss, WSD would implement a smart water network system for early detection of leakage in the water mains network.

111. In reply to Mr LEUNG Kwok-hung's enquiry, DWS confirmed that the water mains leakage rate had taken into account the amount of water lost as a result of water mains bursts.

112. Mrs Regina IP sought information about the average daily water consumption amount per capita in Hong Kong.

113. DWS replied that the daily water consumption was 130 litres per capita, meaning that people in Hong Kong used 20% more water than those in comparable cities with an average daily water consumption of about 100 to 110 litres. In view of the relatively high daily water consumption, the Administration had launched the "Let's Save 10L Water" campaign with an aim of reducing the average daily water consumption per capita in Hong Kong by 10 litres to about 120 litres at stage 1 of the campaign. Based on the water conservation experiences in Taipei and Singapore, the daily water consumption per capita could be reduced at a rate of about one litre or so each year and a total reduction of 10 litres could be achieved in about eight years. Given the high level of water consumption in Hong Kong, the Administration estimated that the water conservation campaign could shorten the time required to reduce the daily water consumption per capita by 10 litres. WSD's next target was to further reduce the average daily water consumption per capita by another 10 litres at stage 2 of the campaign.

114. Responding to the Chairman's enquiry on whether the average daily water consumption per capita included the consumption of tourists, DWS said that the figures included domestic households only.

115. Mr CHAN Kam-lam requested the Administration to evaluate the effectiveness of its water conservation campaign in terms of the amount of water being saved so as to formulate a strategy for further water conservation. DWS replied that flow controllers had been released to about 100 000 households under the "Let's Save 10L Water" campaign. The Administration would study the amount of water saved by comparing the water consumption levels of the households before and after the use of the flow controllers. The Administration was also studying the water conservation campaigns launched in overseas cities. The study results would help WSD formulate a strategy for further water conservation in 2015.

Water tariff adjustment

116. As regards the announcement of the Financial Secretary in his 2014 Budget Speech that the water tariffs would be reviewed this year, Mr CHAN Kin-por asked if the Administration would take into account the increase of the price of DJ water during the review process. Mr CHAN also enquired about the proposed percentage of increase in the water tariffs and the relief measures to be provided to the sectors most affected by the tariff increase. Ir Dr LO Wai-kwok and Mr LEUNG Che-cheung raised similar

concerns over water tariff adjustment. Ms Cyd HO requested the Administration not to increase the water tariffs.

117. DWS advised that the Administration was conducting a review on the water tariffs at present. During the review, the Administration studied the water tariff structures and levels in overseas cities. Besides, the Administration considered factors including performance of waterworks operating account, the prevailing economic conditions, affordability of the general public and the views of LegCo Members. The DJ water purchase cost was not the main consideration and the cost recovery rate was only one of the considerations in deciding whether the water tariffs should be adjusted. The review was scheduled to be completed by end-2014. Any changes to the water tariffs would be submitted to LegCo for scrutiny.

118. In response to Mrs Regina IP's enquiry, DWS advised that Hong Kong had one of the lowest water tariffs in the world as the tariffs had not been revised for 19 years.

119. The Chairman concluded the discussion on the item and sought members' views on the Administration's proposal to seek a supplementary provision from FC to meet the additional water purchase cost. Members agreed that the item should be submitted to FC for consideration.

IX Any other business

Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project

120. The Chairman informed members that the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee"), which had been set up under the Panel on Development and the Panel on Home Affairs in the 2012-2013 legislative session, would continue to operate in the 2014-2015 session. The membership of the Joint Subcommittee would be re-opened to members of the two Panels. Existing members of the Joint Subcommittee who had not given written notice to withdraw their membership would remain as members of the Joint Subcommittee, and it would be for the Joint Subcommittee to decide at its first meeting in this session whether re-election of its Chairman and Deputy Chairman was necessary. Members raised no objection to the proposed arrangement.

(Post-meeting note: Members of the Panel on Development and Panel on Home Affairs were invited to join the Joint Subcommittee vide LC Paper No. CB(2)205/14-15 on 31 October 2014. The membership list of the Joint Subcommittee for the 2014-2015 session was circulated to members of the two Panels on 11 November 2014 (vide LC Paper No. CB(2)245/14-15).)

121. Ir Dr LO Wai-kwok declared that he was recently appointed a member of the Board of the West Kowloon Cultural District Authority.

122. There being no other business, the meeting ended at 5:51 pm.