

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1201/15-16  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/DEV

**Panel on Development**

**Minutes of meeting**  
**held on Tuesday, 21 June 2016, at 9:00 am**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Tony TSE Wai-chuen, BBS (Chairman)  
Hon LEUNG Che-cheung, BBS, MH, JP (Deputy  
Chairman)  
Hon Albert HO Chun-yan  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon CHAN Kin-por, BBS, JP  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Alvin YEUNG Ngok-kiu

**Members absent** : Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon CHAN Hak-kan, JP  
Hon Alan LEONG Kah-kit, SC  
Dr Hon Helena WONG Pik-wan  
Dr Hon Elizabeth QUAT, JP

**Public officers attending** : **Agenda item IV**

Mr LAI Cheuk-ho  
Principal Assistant Secretary (Works)5  
Development Bureau

Mr LAM Sai-hung, JP  
Project Manager (Hong Kong Island and Islands)  
Civil Engineering and Development Department

Mr MAK Chi-biu  
Chief Engineer/Hong Kong(1)  
Civil Engineering and Development Department

Mr Patrick LAI Chuen-chi  
Assistant Director (Country and Marine Parks) (Acting)  
Agriculture, Fisheries and Conservation Department

**Agenda item V**

Mr Paul CHAN Mo-po, MH, JP  
Secretary for Development

Mr Maurice LOO Kam-wah  
Deputy Secretary for Development (Planning and Lands)2

Mr Raymond SY Kim-cheung  
Principal Assistant Secretary (Planning and Lands)4  
Development Bureau

**Agenda item VI**

Mr Paul CHAN Mo-po, MH, JP  
Secretary for Development

Mr Albert LAM Kai-chung, JP  
Deputy Secretary (Works)1  
Development Bureau

Mr José YAM Ho-san  
Commissioner for Heritage  
Development Bureau

Ms Fiona TSANG Yuk-chi  
Executive Secretary (Antiquities and Monuments) (Acting)  
Leisure and Cultural Services Department

**Agenda item VII**

Mr Francis CHAU Siu-hei  
Principal Assistant Secretary (Works)2  
Development Bureau

Mr Vincent TSE Siu-hung, JP  
Deputy Head of Geotechnical Engineering Office  
(Mainland)  
Civil Engineering and Development Department

**Attendance by Invitation : Agenda item V**

Mr Victor SO Hing-woh, JP  
Chairman  
Urban Renewal Authority

Mr WAI Chi-sing, GBS, FHKEng  
Managing Director  
Urban Renewal Authority

Mr Pius CHENG Kai-wah  
Executive Director (Commercial)  
Urban Renewal Authority

Mr Michael MA Chiu-tsee  
Director, Planning and Design  
Urban Renewal Authority

Mr Daniel HO Chi-wai  
Head, Building Rehabilitation  
Urban Renewal Authority

**Agenda item VI**

Mr Andrew LAM Siu-lo, JP  
Chairman  
Antiquities Advisory Board

**Clerk in attendance** : Ms Sharon CHUNG  
Chief Council Secretary (1)2

**Staff in attendance** : Mr Fred PANG  
Senior Council Secretary (1)2

Ms Maggie LAU  
Council Secretary (1)2

Ms Christina SHIU  
Legislative Assistant (1)2

Miss Joey LAW  
Clerical Assistant (1)2

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Action

- I Confirmation of minutes**  
(LC Paper No. CB(1)1035/15-16 —Minutes of meeting on  
15 March 2016)

The minutes of the regular meeting on 15 March 2016 were confirmed.

- II Information papers issued since the last meeting**  
(LC Paper No. CB(1)1033/15-16(01) —Administration's paper on  
public consultation on  
proposed security of  
payment legislation for the  
construction industry)

Clerk

2. The Chairman advised that an information paper on "public consultation on proposed security of payment legislation for the construction industry" (LC Paper No. CB(1)1033/15-16(01)), provided by the Administration, had been issued to members before the meeting. Some members had expressed the view that the legislative proposal should be discussed at a meeting of the Panel before the gazettal of the bill concerned. According to the Development Bureau ("DEVB"), the bill would be gazetted in 2017, and the Administration would brief the Panel on the proposal before the gazettal. The Chairman said that, in view of the large number of agenda items to be discussed at the present meeting, it was not practicable to include the information paper as another agenda item. He asked the Clerk to include the subject in the Panel's "list of outstanding items for discussion". Members raised no objection to the arrangement.

### **III Matter(s) arising from the meeting on 26 April 2016**

(LC Paper No. CB(1)1004/15-16(01) — Letter dated 31 May 2016 from the Administration on proposed visit to Dongjiang)

3. The Chairman advised that pursuant to the discussion at the meeting on 26 April 2016 and after consulting members, the Clerk had proposed, on behalf of the Panel, two alternative schedules, i.e. (a) 18 and 19 June 2016, and (b) 12 and 13 June 2016, to the Administration for arranging a duty visit for the Panel to the Dongjiang River Basin. In its reply to the Clerk dated 31 May 2016 (LC Paper No. CB(1)1004/15-16(01)), DEVB advised that the Guangdong authorities considered the period before or after the tide season a better timing for conducting the visit, and the Guangdong authorities would be happy to arrange a visit for the Panel to the Dongjiang River Basin in autumn or winter. The Chairman suggested that the Panel of the next (the sixth) LegCo should follow up the matter. Members raised no objection to the suggestion.

### **IV PWP Item No. 290RS — Expansion of mountain bike trail networks in Mui Wo and Chi Ma Wan, South Lantau**

(LC Paper No. CB(1)1026/15-16(01) — Administration's paper on 290RS — Expansion of mountain bike trail networks in Mui Wo and Chi Ma Wan, South Lantau)

4. Principal Assistant Secretary (Works)5, Development Bureau ("PAS(W)5/DEV"), said that the proposal was to upgrade PWP Item No. 290RS "Expansion of mountain bike trail networks in Mui Wo and Chi Ma Wan, South Lantau" to Category A, for the construction of a training ground with supporting facilities, mountain bike trails ("MBTs"), a bikers' gathering place, and associated geotechnical, landscape and ancillary works in South Lantau, at an estimated cost of \$41.6 million in money-of-the-day prices. With the aid of a powerpoint presentation, Chief Engineer/Hong Kong(1), Civil Engineering and Development Department ("CE/HK(1)/CEDD"), briefed members on the details of the proposed works.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1055/15-16(01) by email on 21 June 2016.)*

5. 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.

#### Standard of the proposed mountain bike trails

6. Mr YIU Si-wing considered that the development of MBT networks would bring benefits to the tourism development of Hong Kong. He enquired whether the scale of the training ground to be provided under the proposed project would be comparable to that in the major cities in the region.

7. Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department ("PM(HKI&Is)/CEDD"), replied that the training ground to be provided under the proposed project was designed for mountain bike riders with different skills levels. Compared with similar facilities in other major Asian cities, the scale of the training ground was considered moderate.

8. Mr YIU Si-wing asked whether the Administration had any plan to upgrade the facilities of MBT networks in South Lantau so that international mountain biking competitions could be held in Hong Kong. PM(HKI&Is)/CEDD said that the Administration would consult cyclists'

associations on the design of the proposed MBTs with a view to providing venues which were suitable for holding competitions.

Management of the proposed mountain bike trails and the training ground

9. Mr WU Chi-wai enquired whether the proposed training ground and MBTs would be managed by a government department, and whether advance booking would be required for using these facilities. Assistant Director (Country and Marine Parks) (Acting), Agriculture, Fisheries and Conservation Department ("AD(C&MP)/AFCD(Atg)"), advised that the proposed MBTs in Mui Wo and Chi Ma Wan would be managed by the Agriculture, Fisheries and Conservation Department ("AFCD"). MBT networks in South Lantau were open to the public free of charge. Advance booking was not required for the use of these facilities.

10. The Chairman asked whether all MBTs in Hong Kong were managed by AFCD. AD(C&MP)/AFCD(Atg) replied that AFCD was responsible for the management of MBTs located within country parks.

Provision of supporting facilities

11. Mr YIU Si-wing enquired whether first aid facilities would be provided at the proposed training ground. PM(HKI&Is)/CEDD advised that first aid posts manned by the Auxiliary Medical Service would be provided at the proposed training ground. AD(C&MP)/AFCD(Atg) added that the first aid posts would be similar to those provided in other country parks, such as those at Pak Tam Chung and the dam of the Plover Cove Reservoir. The Auxiliary Medical Service would provide the personnel and first aid equipment at the posts. AFCD would coordinate with the Civil Engineering and Development Department on the supporting facilities to be provided at the proposed training ground.

12. The Chairman asked whether it would be a mandatory requirement for users of the proposed training ground to wear protective gear. AD(C&MP)/AFCD(Atg) replied that AFCD would continue to strengthen promotion efforts to encourage users of MBTs to wear suitable protective gear, such as helmets and knee pads, and to equip the mountain bikes with suitable tyres.

13. Mr Albert CHAN opined that MBTs paved with soil, instead of concrete or tarmac, would be more suitable for beginners.

PM(HKI&Is)/CEDD advised that the proposed MBTs would be paved with natural materials such as soil and rock.

14. Mr YIU Si-wing enquired whether renting of mountain bikes would be available along the proposed MBTs. PM(HKI&Is)/CEDD said it was expected that users of MBTs would bring their own mountain bikes, which were usually expensive. If mountain biking became more popular in future, the Administration would liaise with relevant operators on the provision of mountain bike rental services along the MBT networks.

15. Ir Dr LO Wai-kwok expressed support for the proposed works. He opined that the proposed improvement and expansion of MBT networks would facilitate public enjoyment of the scenic beauty of Lantau and enhance the safety of mountain bike riders. In the light of the short period of time remained before the end of the current legislative session, he called on Panel members to support the Administration's submission of the proposal to the Public Works Subcommittee ("PWSC").

#### Arrangements for carriage of mountain bikes on public transport

16. Mr WU Chi-wai asked whether the Administration would take measures to facilitate users of MBT networks in South Lantau to carry their mountain bikes on public transport facilities. Referring to the cycle track in Po Kong Village Road Park, he commented that the designation of mandatory dismount zone at the entrance to the cycle track caused great inconvenience to cyclists.

17. Miss Alice MAK welcomed the proposed improvement to and expansion of MBT networks in South Lantau. She asked whether the Administration had sought the views of cyclists' associations about the conveyance of mountain bikes to the MBTs and whether adequate transport facilities would be provided to allow mountain bike riders to bring the bikes to Lantau.

18. PM(HKI&Is)/CEDD said that mountain bikes were allowed on public ferries, but not buses. From Mui Wo Ferry Pier, cyclists could ride to Mui Wo trailhead on their bikes. The Administration would liaise with public bus companies on how to facilitate the boarding of cyclists. CE/HK(1)/CEDD supplemented that users of the existing MBT in Chi Ma Wan, which was connected with South Lantau Road, usually brought their bikes to Chi Ma Wan with rented vehicles.



### Future development of mountain bike trail networks in Lantau

19. Mr Albert CHAN supported the Administration's proposal to expand MBT networks in South Lantau and provide a training ground in Mui Wo. He expressed concern that the existing MBT in Chi Ma Wan was not connected with the trailhead of the existing MBT from Pui O to Kau Ling Chung. He suggested that the Administration should consider providing an island-wide circular network of cycle tracks in Lantau linking up Fan Lau, Yi O, Tai O, Tung Chung, Siu Ho Wan and Mui Wo.

20. CE/HK(1)/CEDD responded that the construction of an MBT between Chi Ma Wan and Pui O would not be feasible due to topographical constraints. Mr Albert CHAN said that the Administration should consider shifting the alignment towards Nam Shan for the MBT from Chi Ma Wan to Pui O. He added that, instead of constructing more cycle tracks in Lantau, the Administration could simply designate certain existing road sections/paths within country parks as cycle tracks to facilitate the connection among various existing cycle tracks/road sections outside the country parks in Lantau. He said he would further discuss the alignments of MBTs/cycle tracks in Lantau with the Administration after the meeting.

21. Mr Albert CHAN further suggested that the Administration should facilitate the development of privately-owned idled farmland in South Lantau into training grounds for mountain bikers. He believed that such training grounds operated by the private sector would provide better and more innovative services to users.

### Motorcycling in Lantau

22. Mrs Regina IP welcomed the proposed expansion of MBT networks in South Lantau. She conveyed the views of motorcycling enthusiasts that there was a lack of motorcyclist-friendly facilities/environment in Hong Kong. She enquired whether motorcycling activities would be allowed on the proposed MBTs and training ground, and whether the Administration had a plan to relax the restriction on motorcycles in respect of entering the closed roads in South Lantau.

23. PM(HKI&Is)/CEDD said that the technical features of the proposed MBTs would not be suitable for motorcycling activities, given the intense power and high speed of motorcycles. AD(C&MP)/AFCD(Atg) added that motorcycling on the MBTs would cause soil erosion. All vehicles and motorcycles were not allowed to enter the roads in country parks unless they

had proper authorization, while bicycles were only allowed to enter the designated MBTs, where cycling and mountain biking were allowed.

Improvement of infrastructural facilities in the villages in South Lantau

24. Miss CHAN Yuen-han said that Tai Long Village in Chi Ma Wan was not provided with a fresh water supply system. She urged the Administration to take the opportunity of expanding MBT networks in Lantau to carry out improvement works in the villages in the vicinity.

25. PM(HKI&Is)/CEDD said that the Administration was aware of the request of the residents of Tai Long Village for the provision of a fresh water supply system. The Administration would explore the ways to improve the infrastructural facilities in the villages near the MBT networks. PAS(W)5/DEV supplemented that the Administration would carry out a series of local improvement works, including laying of water mains and provision of sewerage systems, in the rural areas in Lantau at a later stage.

Submission of the funding proposal to the Public Works Subcommittee

26. Concluding the discussion, the Chairman said that the Panel supported the Administration's submission of the proposal to PWSC.

**V Work of the Urban Renewal Authority**

(LC Paper No. CB(1)1034/15-16(01) — Administration's paper on work of the Urban Renewal Authority

LC Paper No. CB(1)1034/15-16(02) — Paper on the work of the Urban Renewal Authority prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(1)1042/15-16(01) — Letter dated 14 June 2016 from Hon Albert HO Chun-yan on Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545)(Chinese version only)

Other relevant papers

(LC Paper No. CB(1)1051/15-16(01) — Submission from a deputation (協利大樓租客關注組) dated 17 June 2016 (Chinese version only)

LC Paper No. CB(1)1051/15-16(02) — Submission from Central & Western Concern Group dated 20 June 2016) (English version only))

27. The Secretary for Development ("SDEV") said that when discussing the work of the Urban Renewal Authority ("URA") with the Panel at the meeting on 23 June 2015, the Administration had advised the Panel that URA would like to adopt a new way of thinking to enhance the efficiency and effectiveness of its work on urban renewal. In 2016, URA had adopted a new district-based approach and commenced five development projects/schemes in Kowloon City. Although it was estimated that the projects/schemes would incur a loss of more than \$4 billion, the Administration was supportive of these projects/schemes, which would bring greater benefits to the community. In addition to providing a total of about 2 820 residential flats by 2025-2026, these projects/schemes would bring about planning and social gains, and enhance the road network in the Kowloon City district. SDEV further advised that, in response to the Chief Executive's suggestions in the 2015 Policy Address, URA had converted 338 residential flats in Kai Tak Development to subsidized sale flats ("SSFs"), and about 95% of these flats had been sold. A "Smart Tender" Building Rehabilitation Facilitating Services (Pilot Scheme) had also been launched in May 2016 to provide technical support to owners' corporations of private buildings and to reduce the risk of bid-rigging at the works procurement stage.

28. SDEV said that although URA had generated an operating surplus in 2015-2016, the Authority would still require substantial resources to undertake its work. The Administration would continue to provide support to the cause of urban renewal. Apart from the \$10 billion capital injection, up to end-March 2016, the total amount of land premium assessed to have been foregone by the Government as a result of issuing land grants with premium waiver to URA for its projects stood at \$15.2 billion. This amount would increase along with the number of redevelopment projects that URA would take on in future.

29. Mr SO Hing-woh, Chairman, URA ("Chairman/URA"), said that the net operating surplus of about \$4.5 billion for 2015-2016 was contributed by upfront payments for six projects which had been tendered out for redevelopment last year and URA's share of surplus sales proceeds from various joint venture projects. The Authority envisaged that the acquisition prices and the amount of cash compensation offered to residents affected by redevelopment projects would remain high in future. Construction cost in the market exhibited no downward trend, and property developers had adopted a more conservative pricing strategy in their tender returns for URA's projects owing to uncertainties in the property market outlook. It was estimated that, in the five years from 1 April 2016 to 31 March 2021, a total expenditure of about \$34 billion, excluding operational overheads, would be required by URA to meet the costs of all projects contained in its 2016-2017 to 2020-2021 Corporate Plan. The Authority would continue to exercise prudence in managing its finances with a view to ensuring that the urban renewal work could be undertaken in a financially sustainable manner. Mr WAI Chi-sing, Managing Director, URA ("MD/URA"), then briefed members on the work of URA in 2015-2016.

#### Approaches to urban renewal

30. Mr James TIEN declared that he was engaged in property development business. He opined that to pursue their property development projects, private developers might prefer to bid for the sites in the Land Sale Programme rather than taking part in URA's redevelopment projects. If property prices continued to decrease in future, it would be more difficult for URA to acquire property interests for its redevelopment projects. This was because the owner-occupiers of the buildings concerned would not sell their flats to URA, taking into consideration that the compensation payment to be received from the Authority, which was based on the value of a 7-year-old replacement flat in the same locality, would be adjusted downward in line with market prices. He enquired how URA would move ahead with its redevelopment initiative having regard to the latest market situation.

31. SDEV replied that profit maximization had never been an objective of URA. In respect of its redevelopment projects involving private developers, URA was responsible for the cost of acquiring the property interests at the site concerned. Though redevelopment as one of the core businesses of URA might generate surplus when the property market was booming, some of the redevelopment projects undertaken by the Authority, such as the five development projects/schemes to be implemented in To Kwa Wan, Kowloon City, might not generate enough financial return.

These projects/schemes would, however bring benefits to the community. Given that Hong Kong would face the problem of aging buildings in future, and it might not be practicable for URA to redevelop all of them on its own in view of the substantial resources required, the Authority would consider putting more resources in facilitating the rehabilitation of old buildings to improve the living environment of the residents concerned.

32. Mr WU Chi-wai declared that he was a non-executive director of the URA Board. He opined that apart from URA, private developers could also undertake redevelopment projects in old districts. URA's role in urban renewal should not be limited to redevelopment. In his view, building rehabilitation should be the core activity of URA, whereas acquisition of sites by URA for redevelopment should be a means of last resort to improve the built environment of Hong Kong. SDEV replied that while URA would continue to take forward all the 4R initiatives under the 2011 URS, i.e. Redevelopment, Rehabilitation, Revitalization and Preservation, it would put more resources in its rehabilitation work in future to assist property owners in improving the conditions and facilities of their buildings as well as the accessibility of the surrounding areas of the buildings concerned.

33. Mr Albert CHAN said that most of the remaining building sites which were due for redevelopment would only have limited redevelopment gains. URA should review its current approach to redevelopment, and consider whether it should take forward its redevelopment projects from the perspective of regenerating a district as a whole. In response, Chairman/URA said that the URA Board would continue to consider taking forward redevelopment projects under the district-based approach in order to secure greater planning and social gains.

34. Miss Alice MAK declared that she was a non-executive director of the URA Board. She said that it was appropriate for URA to adopt a district-based approach for implementing its redevelopment projects to improve the built environment and provide more community facilities in the redeveloped districts. She opined that apart from providing the 338 SSFs in Kai Tak, URA should continue to appropriately provide subsidized housing at other sites acquired by the Authority, instead of collaborating with private developers in redeveloping the sites. She enquired about the Administration's long-term plan to support URA financially so that the latter could take forward the initiative of providing SSFs.

35. SDEV replied that the number of redevelopment projects that could be taken forward by URA on its own was limited in view of the manpower

resources at its disposal. The private sector had therefore taken part in some of URA's redevelopment projects as joint venture partners. He advised that the Ma Tau Wai Road/Chun Tin Street project was one of the redevelopment projects undertaken by URA on its own, and the project aimed at providing affordable flats in the district concerned. As regards the provision of SSFs, subject to the view of URA, the Administration might consider requesting the Authority to provide more SSFs at its redevelopment sites in future.

#### Demand-led Redevelopment Project (Pilot Scheme)

36. Dr Fernando CHEUNG said that URA had advised the Panel at the meeting on 25 June 2013 about its target of launching two projects every year under the Demand-led Redevelopment Project (Pilot Scheme) ("Demand-led Scheme"). He observed that the Authority had not selected any project from the applications for the Demand-led Scheme in 2015-2016. He sought clarification on whether URA would continue to take forward new projects under the scheme in future.

37. MD/URA replied that URA had no plan to discontinue the Demand-led Scheme. In view of the aging of private buildings in Hong Kong, URA considered it necessary to review the weighting of the various initiatives set out in the 2011 URS, and to explore whether, apart from the Demand-led Scheme, there were alternative approaches in taking forward its urban renewal work. SDEV advised that some of the projects that had been selected in the first few rounds of the Demand-led Scheme for implementation had very small footprints. Therefore, they could only provide a small number of flats while substantial public funds were expended. Having regard to the need to make better use of public resources and to ensure that the projects under the Demand-led Scheme would bring about greater benefits to the community, the Administration had accepted URA's suggestion of conducting a review of the Demand-led scheme. The review had been completed in December 2014, and the refined application and scoring criteria had been adopted in the fourth and fifth rounds of the scheme.

38. Miss Alice MAK and Mr LEUNG Kwok-hung were concerned how URA would ensure that the Demand-led scheme would continue to facilitate property owners to redevelop their buildings, given that no applications to the scheme had been selected for implementation since the revision of the scheme. Mr LEUNG enquired whether URA would consider reverting to the original design of the Demand-led Scheme. Miss MAK said that the Demand-led Scheme should be maintained to provide a way out for small

owners to redevelop their buildings. She was concerned whether it had become difficult for owners of private buildings to meet the refined application and scoring criteria under the scheme. In response to Ms MAK's enquiry on whether the Demand-led Scheme would exist in name only, SDEV advised in the negative. He explained that after completing the review on the scheme, URA had only received two rounds of applications, i.e. the fourth and fifth rounds. Applications for the fifth round had come to a close in May 2016, and URA was conducting assessment on the 19 applications received. As it was not known at this stage whether URA would select any projects for implementation after assessing these applications, it was premature for the Administration to draw a conclusion on the effectiveness of the Demand-led Scheme under the refined application and scoring criteria.

39. Mr CHAN Han-pan said that the purpose of introducing the Demand-led Scheme a few years before was to allow property owners to initiate redevelopment for their old buildings. However, URA had not implemented the scheme in a way that could best meet the aspirations of the residents of the buildings in need of redevelopment. Those affected by the projects under the scheme often could not continue to live in the same district. He opined that the Administration should re-consider a proposal made by him at an earlier time that in a district where a redevelopment project would be taken forward, the Administration and URA should provide flats for accommodating the affectees of the project and allow them to move back to the redeveloped buildings afterwards.

#### Progress of redevelopment projects

40. Mr CHAN Kam-lam cited the Stauton Street/Wing Lee Street project and the Nga Tsin Wai Village (K1) project as examples, and opined that URA's redevelopment projects often took considerable time from commencement to completion. Taking into consideration that the redevelopment projects undertaken by URA involved various processes including land resumption, applications for building plan approvals, submissions of development plans to the Town Planning Board, etc., he enquired whether the Administration would take any measures to facilitate URA to complete these procedures in a shorter timeframe.

41. SDEV replied that while relevant government bureaux/departments had all along made every effort to assist URA in implementing its projects, it was necessary for URA to go through the statutory and land resumption processes concerned following the relevant legal requirements. He

explained that some large-scale redevelopment projects undertaken by URA had taken a long time to complete mainly because, apart from acquiring the properties from owners, the Authority wished to work out compensation and rehousing arrangements acceptable to those affected by the projects.

42. Mr CHAN Kam-lam was concerned about the implementation status of the K1 project. He enquired about the timetable to implement the conservation plan for the project and to proceed with the construction works at the project site. Mr Michael MA Chiu-tsee, Director, Planning and Design, URA, replied that the conservation plan for the K1 project included the preservation of some heritage structures such as the Tin Hau Temple. URA had proposed to develop a conservation park featuring some historical elements currently in existence within Nga Tsin Wai Village. To ascertain whether there were more heritage elements and cultural relics in the village and their locations, URA had engaged a consultant to carry out archaeological investigation at different parts of the village. It was expected that the investigation would be completed by end-2016. URA would then submit a report to the Antiquities Advisory Board ("AAB") for consideration. Subject to the view of AAB, URA would liaise with the private developer concerned regarding the timetable for carrying out construction works at the project site.

#### Impact of redevelopment projects on the existing residents and business operators

43. Dr Fernando CHEUNG said that URA should adopt a people-oriented approach to urban renewal. Given that a net asset value of \$29.5 billion and a net operating surplus of \$4.5 billion were recorded in 2015-2016, the public had an impression that the Authority, in collaboration with private developers, carried out redevelopment projects only for the pursuit of profits. As URA's redevelopment sites in old districts were used for providing luxurious flats, it was impossible for affected property owners and tenants to continue living in the same district. He was of the view that the Nga Tsin Wai Village Redevelopment Project undertaken by URA in collaboration with developers would result in adverse impact on the village's heritage assets and tear down the social fabric of the communities in the village.

44. Taking into consideration that URA had a net operating surplus of \$4.5 billion in 2015-2016, but the progress of urban renewal was slow, Mr Frederick FUNG cast doubt on whether URA had fully utilized its available resources to achieve the objectives of urban renewal.



Mr Albert CHAN said that the Authority's net asset value as at 31 March 2016 was a few times higher than its asset value at the time when it had been initially established. He commented that while URA had often emphasized that its redevelopment projects would suffer substantial loss, the Authority never gave an explanation when a redevelopment project had recorded a surplus.

45. SDEV responded that the net operating surplus of about \$4.5 billion for 2015-2016 was contributed by upfront payments for six projects which were tendered out for redevelopment in 2014-2015 and URA's share of surplus sales proceeds from various joint venture projects. It was unfair to allege that URA had adopted a profit-oriented approach to urban renewal. The Administration had not required URA to operate at a surplus. Substantial expenditures were incurred by URA in its work in redevelopment, rehabilitation, preservation and revitalization. SDEV advised that it had been an established arrangement for the Hong Kong Housing Authority ("HKHA") to provide URA with public rental housing ("PRH") units for the purpose of rehousing eligible affected residents, and no person should be rendered homeless as a result of the implementation of URA's redevelopment projects. A trust fund with an endowment from URA had been set up to fund various activities conducted by the social service teams who provided assistance and advice to affected residents.

46. Dr Fernando CHEUNG said that some tenants affected by URA's redevelopment projects, including those residing in Hip Lee Building, Kwun Tong, who met the eligibility criteria for public housing, had not been rehoused to public housing units, or were not allocated with public housing units in the same or nearby districts. He was concerned whether URA had properly made use of the public housing flats provided by HKHA for rehousing the households affected by its redevelopment projects.

47. MD/URA replied that according to the Memorandum of Understanding that had been entered into between HKHA and URA, PRH units would be reserved for rehousing eligible households affected by the redevelopment projects of URA. HKHA would estimate annually the numbers of different categories of flats for allocation to URA in the coming year. As the progress of URA's redevelopment projects changed from time to time, URA needed to make corresponding adjustments with HKHA in the actual number of PRH units to be reserved. MD/URA advised that URA had all along made its best efforts to offer assistance to residents affected by its redevelopment projects. He undertook to follow up the matters raised by Dr CHEUNG.

48. Mr Frederick FUNG said that owner-occupiers affected by URA's redevelopment projects had not participated in the Flat for Flat ("FFF") Scheme because, given the limited amount of compensation offered to them by URA, the FFF units that might be affordable to them were either provided in a district other than the one where they were residing in, or much smaller than their existing units. To encourage more affected owners to join the FFF Scheme, URA should consider providing FFF units which had a building quality similar to that of the subsidized flats under the Home Ownership Scheme ("HOS") or the Sandwich Class Housing Scheme ("SCHS"), so that same as these subsidized flats, the FFF units could be sold at a discounted price.

49. SDEV replied that according to the relevant information provided by URA, most of the affected residents had chosen to use the cash compensation offered by URA to buy flats smaller than their original ones and keep the rest as savings. HOS or SCHS units could be sold below market value because the Administration had granted the land sites for providing such units at a discounted premium. So long as the FFF units to be provided by URA would be privately owned and were not subsidized flats, it might not be practicable for the Authority to sell these flats at a price below market value.

50. Miss CHAN Yuen-han said that members of the public had an impression that URA regarded itself as a land developer and was interested in redeveloping large sites only. She cited the Nga Tsin Wai Village Redevelopment Project as an example and commented that in planning and implementing its redevelopment projects, URA had not effectively addressed the need of the small shop operators affected by its projects for preservation of the local economy in the redeveloped area and the concern over the impact of the redevelopment on their livelihood.

51. In response, Chairman/URA said that the Bailey Street/Wing Kwong Street development project in Kowloon City was URA's first step to implement the new district-based approach in urban renewal. In June 2016, three other projects located at Hung Fook Street/Ngan Hon Street, Hung Fook Street/Kai Ming Street and Wing Kwong Street respectively had been launched, and these projects formed a cluster immediately to the north of the Bailey Street/Wing Kwong Street project. In planning these projects, URA considered that shopping malls should not be provided in the district of these projects so that the affected shop operators might resume the operation of their shops when the projects were completed. Moreover, to improve the

accessibility and the traffic circulation of the area concerned, a new through road between the redevelopment projects would be provided.

52. Miss CHAN Yuen-han said that the Administration had planned to relocate the cloth hawkers operating in the Yen Chow Street Temporary Hawker Bazaar, which was commonly known as "Peng-tsai", where fashion designers looked for fabrics and accessories, to another site. She and two other Members (Mr YIU Si-wing and Mr CHUNG Kwok-pan) had suggested that, to minimize the adverse impact of the relocation on the relevant trades (such as fashion design), the Administration should make use of the land underneath the flyover near Tung Chau Street for providing a fashion industry hub, similar to that in Dongdaemun, Seoul, and should liaise with URA on enhancing the connectivity between URA's redevelopment site adjacent to the flyover and Hai Tan Street. Miss CHAN considered that the suggestion would help boost local economic activities.

53. Chairman/URA replied that the URA Board had looked into the suggestion of enhancing the connectivity between Tung Chau Street and Hai Tan Street. To take forward the suggestion, URA would need to change the design of the project to be undertaken at a site between Tung Chau Street and Hai Tan Street, and if so, the project would be delayed by a few years, hence slowing down the production of residential flats at the site for meeting the imminent housing demand. As the development contract of the project concerned had been awarded to the successful tenderer, and considerable time and efforts had been spent on acquiring the property interests concerned, the URA Board considered that it was not feasible to take forward the suggestion.

54. Mr YIU Si-wing opined that there had been many discussions on how redevelopment projects carried out in old urban areas could help promote local economic activities and tourism development in Hong Kong, and the Administration should adopt a new way of thinking in this regard. Apart from giving consideration to the suggestion mentioned by Miss CHAN Yuen-han to minimize the adverse impact of the relocation of "Peng-tsai", the Administration and URA should work out a holistic plan to preserve and revitalize local economic activities in Sham Shui Po and Cheung Sha Wan, and make better use of the tourism resources there.

55. SDEV noted Mr YIU's views. As regards the suggestion on developing a fashion industry hub in the aforementioned area, the Administration had written to Miss CHAN Yuen-han before the meeting to explain that it was not practicable for URA to make substantial changes to

the design of the redevelopment project at a site between Tung Chau Street and Hai Tan Street, given that the contract of the project had been awarded.

### Rehabilitation

56. The Panel noted that Operation Building Bright ("OBB") had been launched by the Administration in collaboration with URA and the Hong Kong Housing Society ("HKHS") in 2009 to provide subsidies and technical assistance to assist owners of old buildings in carrying out repair works. The Chairman enquired about the assessments made by the Administration and URA on the effectiveness of the measures under OBB in enhancing property owners' knowledge about planning building maintenance works, and on whether the subsidies had been used properly.

57. Mr Daniel HO Chi-wai, Head, Building Rehabilitation, URA, replied that to assist property owners in minimizing the risk of bid-rigging, URA had introduced the new tendering arrangements for OBB buildings to ensure an open and fair tendering process without interference. URA had also arranged independent consultants to provide evaluation of maintenance costs for reference by owners of OBB buildings, so that the building owners could assess whether the tender prices were comparable with market levels before selecting the suitable tenders. He advised that after the introduction of the new tendering arrangements, the number of contractors interested in bidding had increased, and valuations made by the bidders were also closer to those made by independent professionals.

58. Mr WU Chi-wai was of the view that OBB should continue, taking into consideration that the scheme was one of the means that could be used by URA to provide support for owners to carry out building repair and maintenance works, and to help reduce the risk of bid-rigging at the works procurement stage. SDEV responded that OBB was a one-off special measure introduced in 2009, and it aimed not only to help owners of old buildings to carry out building repair works, but also to create job opportunities for the construction sector. In view of the tightening construction labour supply at present, the Administration did not have any plan to inject additional funds to OBB. Mr WU held the view that OBB was beneficial to many owners of old buildings and the cost for implementing the scheme was relatively low. The scheme should continue, and if necessary, the Administration might control the number of buildings to be assisted under OBB per year.

59. Mr CHAN Han-pan opined that URA might require substantial resources to take over HKHS' responsibilities under the Integrated Building Maintenance Assistance Scheme. He was concerned whether the Authority had adequate resources to cope with the additional workload and to maintain the quality of the services under the scheme. He said that the measures recently adopted by URA to combat acts of bid-rigging in repair works of private buildings were those worked out in earlier years and had been subsequently shelved. URA should engage suitable talents to come up with new and effective approaches to deal with rehabilitation and bid-rigging issues. Chairman/URA replied that URA would adopt new thinking in promoting the maintenance and improvement of old buildings and enhance their fire safety. The implementation of the new measures would involve the efforts of relevant government departments.

#### Heritage preservation and revitalization

60. The Panel noted that in September 2015, URA had decided to adopt a simplified scheme for revitalizing the Central Market. Mr YIU Si-wing opined that the Administration and URA should adopt a holistic approach in planning the future use of the Central Market site. The revitalization plan concerned should take into account local economic activities and tourism resources in the vicinity, such as Hollywood Road, PMQ, the mid-level escalator, etc., and transform the area into tourist spots and attractions. SDEV noted Mr YIU's views.

#### Compulsory sale for redevelopment

61. Mr Albert HO said that under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), lots under compulsory sale would be sold by auction, but not by open tender. He noted that out of the 51 cases for which compulsory sale orders had been issued over the past five years, the lots in 50 cases had been sold at reserve prices. Taking in view that Cap. 545 might be applicable to the URA's redevelopment sites, Mr HO enquired about the Administration's position in respect of the concern that the arrangement for the sale of lots under compulsory sale might bring down the transaction prices of the lots, and hence might reduce the proceeds to be shared among minority owners. He further enquired whether the Administration would complete a review on the Ordinance by the end of the current term of the Government.

62. Deputy Secretary for Development (Planning and Lands)<sup>2</sup> replied that under Cap. 545, except under certain conditions, lots subject to

compulsory sale orders were to be sold by auction. Under the Ordinance, the auction would be subject to a reserve price to be set by the Lands Tribunal, and the reserve price should take into account the redevelopment potential of the subject lot. Records showed that the transaction prices for the relevant auctions conducted so far were about two times of the existing use values of the lots concerned, which indicated that the mechanism under the Ordinance had rendered certain protection to the interests of the lot owners. SDEV said that the Administration had noted Mr Albert HO's views about the Ordinance, and would approach Mr HO direct to explain the Administration's considerations on the subject. He advised that the Administration had been stocktaking the operation of the Ordinance and would report to LegCo on the subject by the end of the current term of the Government.

## **VI Progress report on heritage conservation initiatives**

(LC Paper No. CB(1)1034/15-16(03) — Administration's paper on progress report on heritage conservation initiatives

LC Paper No. CB(1)1034/15-16(04) — Paper on heritage conservation initiatives prepared by the Legislative Council Secretariat (Updated background brief)

### Other relevant papers

(LC Paper No. CB(1)1051/15-16(02) — Submission from Central & Western Concern Group dated 20 June 2016 (English version only)

LC Paper No. CB(1)1051/15-16(03) — Submission from Walk In Hong Kong dated 18 June 2016 (Chinese version only)

LC Paper No. CB(1)1051/15-16(04) — Submission from Alliance for a Beautiful Hong Kong dated 20 June 2016 (English version only)

LC Paper No. CB(1)1056/15-16(01) — Submission from Victoria Waterfront Concern Group dated 20 June 2016 (Chinese version only)

63. At the invitation of the Chairman, SDEV updated members on various heritage conservation initiatives undertaken by the Administration since the last report to the Panel in June 2015. The details were set out in the Administration's paper (LC Paper No. CB(1)1034/15-16(03)).

Preservation of privately-owned historic buildings

64. The Panel noted that No. 23 Coombe Road, a privately-owned Grade 1 historic building, was proposed to be preserved through non-in-situ land exchange with a site opposite the building. Dr Fernando CHEUNG considered the land exchange arrangement inappropriate. He said that the land exchange would facilitate the developer concerned to make huge profits by developing luxury apartments at the new site, which was granted free of land premium payment and was originally a "Green Belt" site. In his opinion, the new development would affect the views to the ridgeline.

65. Mr CHAN Chi-chuen noted that AAB in its report on the policy review on conservation of built heritage did not recommend a mandatory purchase or resumption of privately-owned historic buildings, and the Administration would provide financial assistance to facilitate private owners to carry out timely maintenance works to protect historic buildings. Citing as an example the demolition of Tung Tak Pawn Shop in Wan Chai, a Grade 3 historic building, Mr CHAN commented that, compared with the options available in the private market, the economic incentives provided by the Administration were less attractive to the private owners of historic buildings with redevelopment value to preserve the buildings. Mr CHAN enquired if the Administration would proactively approach the private owner(s) concerned and provide them with economic incentives to preserve their buildings.

66. SDEV replied that the Administration had established an internal mechanism to monitor any demolition of/alterations to declared monuments/proposed monuments or graded buildings/buildings proposed to be graded. Under the mechanism, the Buildings Department ("BD"), Lands Department and Planning Department ("PlanD") would alert the Commissioner for Heritage's Office ("CHO") of DEVB and the Antiquities and Monuments Office ("AMO") of the Leisure and Cultural Services

Department regarding any identified possible threat that had been brought to the departments' attention in the normal course of duty. The monitoring mechanism enabled CHO and AMO to take timely follow-up actions with the private owners concerned. However, some private owners might not be interested in discussing the preservation options with the Administration. For example, the Administration had approached the owner of the Tung Tak Pawn Shop building to explore possible preservation options but the owner had refused to preserve the Tung Tak Pawn Shop in the end. SDEV further advised that the Administration would, depending on individual circumstances, adopt different approaches in preserving privately-owned historic buildings. Three-dimension scanning and cartographic/photographic surveys would be used to keep records of graded historic buildings.

#### Grading and use of historic buildings

67. Mr CHAN Chi-chuen sought details about the mechanism of re-assessment of the grading of a historic building if members of the public were dissatisfied with the grading endorsed by AAB. SDEV advised that under the current mechanism, AAB might consider reviewing the grading status of a historic building subject to the validity of the new information provided by the public.

68. Referring to the case of the Old Stanley Police Station, which had been leased to a business operator for running a supermarket, Mr Albert CHAN expressed concern on the use of historic buildings for purposes that did not fit in with the ambience of the buildings. Dr Fernando CHEUNG expressed a similar concern and cited as an example the use of part of the re-provisioned Murray House in Stanley as a fashion outlet. In Mr CHAN's view, instead of simply leasing government-owned historic buildings to tenants paying the highest rents, the Administration should impose lease conditions which specified the uses of the historic buildings.

69. SDEV advised that, to make good use of government-owned historic buildings with high commercial value, the Government Property Agency leased out these buildings by tender. For government-owned historic buildings with little commercial value, DEVB would consider including these buildings in the Revitalizing Historic Buildings Through Partnership Scheme ("the Revitalization Scheme") to invite non-profit-making organizations to submit proposals to revitalize and adaptively re-use the graded buildings. He took note of Mr CHAN's views. As regards Murray



House, after it had been demolished and re-assembled in Stanley, it was no longer a graded historic building.

#### Effectiveness of the Revitalization Scheme

70. Mr YIU Si-wing indicated support for revitalizing historic buildings. Referring to the successful revitalization of Largo do Senado in Macao and Shangxiajiu Pedestrian Street in Guangzhou, Mr YIU said that the results of the revitalization projects in these cities were more prominent than those of the similar projects in Hong Kong. He asked if the Administration had developed any criteria (e.g. enhancement of the patronage and popularity of the historic buildings) other than financial self-sustainability when evaluating the effectiveness of the revitalization projects.

71. Deputy Secretary (Works)1, Development Bureau ("DS(W)1/DEVB"), advised that the former Advisory Committee on Revitalization of Historic Buildings assessed the applications and evaluated the effectiveness of the projects under the Revitalization Scheme based on five criteria, namely (a) reflection of historical value and significance; (b) technical aspects; (c) social value and social enterprise operation; (d) financial viability; and (e) management capability and other considerations.

72. The Chairman asked if the outcome of the Revitalization Scheme was so far satisfactory. In reply, DS(W)1/DEVB advised that, in general, the projects under the Scheme had achieved satisfactory results. Based on the performance of the organizations engaged in the projects under Batch I, the Administration was negotiating with these organizations to renew their tenancies.

#### Reassembly of the Queen's Pier

73. Dr Fernando CHEUNG referred to a submission (LC Paper No. CB(1)1056/15-16(01)) from Victoria Waterfront Concern Group, which was opposed to the Administration's plan to reassemble the Queen's Pier between Central Piers Nos. 9 and 10 instead of at its original location. He said that the Administration's plan was contrary to the purpose of heritage conservation. Mr LEUNG Kwok-hung was of the view that the reassembly option proposed by the Administration was not in accordance with public expectation, as the proposed reassembly location (i.e. between Central Piers Nos. 9 and 10) was too far away from the original location of the Queen's Pier as well as the cluster of City Hall and Edinburgh Place. Miss CHAN Yuen-han also expressed disagreement to the Administration's

plan to reassemble the Queen's Pier between Central Piers Nos. 9 and 10. She urged the Administration to listen to different views of the public on the reassembly location.

74. SDEV said that at the Council meeting of 15 June 2016, he had replied to a question raised by Dr Kenneth CHAN on the conservation work of the Administration, which covered the issue of reassembling the Queen's Pier. He disagreed with Mr LEUNG's view that the reassembly option proposed by the Administration was not in accordance with public expectation and advised that in 2007 and 2008, PlanD had conducted an extensive consultation for the Urban Design Study of the New Central Harbourfront ("UDS"), which included the location for reassembling the Queen's Pier. UDS recommended that the Queen's Pier should be reassembled between Central Piers Nos. 9 and 10 for commemorative purpose and to revive its pier function. Design elements were also recommended to be added at the original location of the Queen's Pier to commemorate the historical significance of the pier. The Administration subsequently proposed that a new piazza be developed at the original location of the Queen's Pier. The key design features of the piazza would include: (a) shallow water features to reflect the old coastline; (b) a new canopy at the original location of the Queen's Pier near the entrance to the piazza and a feature wall mounted with etched-on photos and text to explain the history of the old Queen's Pier; and (c) paving pattern to emphasize the central ceremonial axis facing the existing flag poles and parade stage.

75. SDEV further advised that the Administration had not been selective in listening to public views on the location for reassembling the Queen's Pier. The Administration had not yet made a final decision on the reassembly location. However, it would not be constructive to overturn the decision on a subject matter on which consultations had been widely conducted.

76. Considering that engineering constraints should not be a factor deterring the reassembly of the Queen's Pier at its original location, Dr KWOK Ka-ki called on the Administration to reassemble the Queen's Pier in-situ.

77. SDEV replied that, according to the Civil Engineering and Development Department, reassembly of the Queen's Pier at its original location at the current juncture was impractical from an engineering perspective, as the reassembly works at the original location would be in conflict with a number of existing or planned infrastructures, including that

Lung Wo Road would need to be realigned, the existing box culvert underneath would need to be modified, and serious restrictions would be imposed on the planned overrun tunnel for various MTR lines, as well as the future development of Site 4 of the new Central harbourfront. Moreover, as the reassembly at the original location would involve the abovementioned works and additional advance works for the overrun tunnel, higher costs were expected. The Administration had to take into account these relevant factors when considering the in-situ reassembly option.

78. Dr KWOK Ka-ki said that the former Secretary for Development had cheated the young people who urged for in-situ reassembly of the Queen's Pier by telling them that the suggestion could be further discussed. He commented that the refusal of the Administration to accept the in-situ reassembly option reflected that it was trying to cover the history of Hong Kong before 1997. SDEV said that Dr KWOK's criticisms were ungrounded and he would not care to respond.

#### Other concerns

79. Dr KWOK Ka-ki expressed regret on the delay of the Administration in the revitalization of the Central Market and King Yin Lei. Mr LEUNG Kwok-hung urged the Administration to immediately review the structural safety of historic buildings (including the Central Market) in the light of the recent collapse of a portion of the former married inspectors' quarters of the Central Police Station Compound.

80. SDEV advised that subsequent to the partial collapse incident, BD and other relevant government departments had adopted a risk-based approach in inspecting the historic buildings in Hong Kong, including the Central Market. The historic buildings inspected by BD were found to be structurally safe.

### **VII Revision of fees and charges under three Regulations under the purview of the Civil Engineering and Development Department**

(LC Paper No. CB(1)1038/15-16(01) — Administration's paper on revision of fees and charges under Mines (Safety) Regulations, Cap 285B, Dangerous Goods (General) Regulations, Cap 295B, and Dangerous Goods

(Government Explosives  
Depots) Regulations,  
Cap 295D under the  
purview of the Civil  
Engineering and  
Development Department)

81. At the invitation of the Chairman, Principal Assistant Secretary (Works)2, Development Bureau ("PAS(Works)2/DEVB"), briefed members on the Administration's proposal to revise 26 items of fees and charges for services provided by the Civil Engineering and Development Department in respect of mine blasting, manufacture, storage and discharge of dangerous goods, and explosives storage and delivery ("the Services"). The details were set out in the Administration's paper (LC Paper No. CB(1)1038/15-16(01)).

#### Cost recovery levels of the items

82. The Chairman noted that after the implementation of the proposed fee and charge revision, the cost recovery levels of some of the items covered by the proposal would still be below the full cost recovery level. He enquired whether the Administration would propose fee revisions for these items again within a short period.

83. PAS(Works)2/DEVB replied that when the proposed fee and charge revision was implemented, the cost recovery rates of some fee items covered by the proposal would be 35%. If the costs of providing the services for those items had no significant change in future, the Administration would propose to adjust the fee levels gradually by phases in the next few years in order to achieve full cost recovery. He advised that the proposed adjustments to the fees and charges for the Services followed the relevant guidelines issued by the Financial Services and the Treasury Bureau.

#### Impacts of the proposal

84. The Deputy Chairman said that it was appropriate for the Administration to revise the fees and charges for the Services in accordance with the full cost recovery principle. He enquired whether the proposed fee increases under the proposal would increase the operating costs of users of the Services, hence causing difficulties to the service users in running their businesses. He further enquired whether the financial burden arising from such fee increases would ultimately be transferred to consumers.

85. PAS(Works)2/DEVB replied that users of the Services affected by the proposal included works contractors, explosives suppliers, holders of mine blasting certificates, and companies owning or managing explosives magazines, and were not the general public. According to the Administration's assessment, as far as works contractors and explosive suppliers were concerned, the fee revisions under the proposal would cause a nominal increase in the cost of the works. Of the 120 holders of mine blasting certificates, about 40 were actively engaged in blasting works. Given their present income levels, the proposed revised fee for issue of mine blasting certificates should be affordable to them.

#### Electronization of the Services

86. Mr Albert CHAN enquired whether any of the Services had been electronized to reduce the processing time and the costs of the Services to the users. He said that in view of the nature of the Services and the limited number of users, the Administration should electronize the Services as far as possible and encourage the applications for/use of the Services by electronic means.

87. Deputy Head of Geotechnical Engineering Office (Mainland), Civil Engineering and Development Department ("DH(M)/GEO/CEDD"), replied that electronization of the Services had been developed and implemented for the majority of the standardized applications, including delivery orders and explosives storage. He advised that the Administration had enhanced the work efficiency in respect of the Services and would continue to streamline the procedures with electronization so as to contain the costs of providing the Services. It should be noted that, of the 26 fees and charges for the Services covered by the proposal, two would be adjusted downward by 8% and 9% respectively, due to a reduction in the costs. Mr CHAN enquired about the proportion of the Services which had been electronized, and said that the Administration should update the Panel about the progress of electronization of the Services in future. In response, DH(M)/GEO/CEDD advised that the said information was not available at hand, but agreed that electronization had to be implemented for all processes as far as possible. However, as the Services were related to explosives and blasting safety, many processes would have to involve technical vetting and assessment of original documents, which could not be replaced with electronization.

### **VIII Any other business**

88. The Chairman said that the present meeting was the last meeting of the Panel in the current term of the Legislative Council. He thanked members, the Administration and the LegCo Secretariat for their support to the work of the Panel.

89. There being no other business, the meeting ended at 12:34 pm.

Council Business Division 1  
Legislative Council Secretariat  
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