

立法會
Legislative Council

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Establishment Subcommittee of the Finance Committee

**Minutes of the 5th meeting
held in Conference Room 1 of Legislative Council Complex
on Thursday, 26 January 2017, at 10:45 am**

Members present:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)

Hon Alvin YEUNG (Deputy Chairman)

Hon Abraham SHEK Lai-him, GBS, JP

Hon WONG Ting-kwong, SBS, JP

Hon Starry LEE Wai-king, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Paul TSE Wai-chun, JP

Hon LEUNG Kwok-hung

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Hon Alice MAK Mei-kuen, BBS, JP

Dr Hon KWOK Ka-ki

Dr Hon Fernando CHEUNG Chiu-hung

Dr Hon Helena WONG Pik-wan

Hon IP Kin-yuen

Hon Martin LIAO Cheung-kong, SBS, JP

Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon CHUNG Kwok-pan

Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon James TO Kun-sun
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon KWOK Wai-keung
Hon POON Siu-ping, BBS, MH
Hon Wilson OR Chong-shing, MH
Hon Nathan LAW Kwun-chung

Public Officers attending:

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service 1
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Ms Brenda AU	Head of Energizing Kowloon East Office, Development Bureau
Mr Frank WONG	Deputy Head of Energizing Kowloon East Office, Development Bureau
Ms YING Fun-fong, JP	Head (Kai Tak Office), Civil Engineering and Development Department

Clerk in attendance:

Ms Connie SZETO Chief Council Secretary (1)4

Staff in attendance:

Mr Keith WONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

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The Chairman drew members' attention to the information paper ECI(2016-17)12, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the five items on the agenda. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the funding proposal under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2016-17)21 Proposed retention of two supernumerary posts of one Principal Government Town Planner (D3) and one Government Architect (D2) in the Works Branch of Development Bureau for four years and nine months with effect from 1 July 2017 to 31 March 2022 to continue taking forward the policy initiative of Energizing Kowloon East

2. The Chairman remarked that the staffing proposal was to retain two supernumerary posts of one Principal Government Town Planner (D3) and one Government Architect (D2) in the Works Branch of Development Bureau ("DEVB") for four years and nine months with effect from 1 July 2017 to 31 March 2022 to continue taking forward the policy initiative of Energizing Kowloon East ("EKE"). She pointed out that discussion of the item was carried over from the meeting on 18 January 2017.

Arts, cultural and creative groups operating in Kowloon East

3. Dr KWOK Ka-ki was concerned that the development of Kowloon East ("KE") into a new core business district ("CBD2") by the Government

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had led to rising rentals of the industrial building units within the area, forcing the arts, cultural and creative groups as well as small and medium enterprises ("SMEs") operating in such units to move out as they could not afford the high rentals. Dr Fernando CHEUNG also pointed out that as revealed in studies, the rental increase for the commercial and industrial premises in KE between 2012 and 2014 was higher than that for Hong Kong's commercial premises over the same period. They criticized EKE for depriving the survival of arts, cultural and creative groups as well as SMEs, and the Government did not have in place any measures conducive to their sustainable development.

4. Permanent Secretary for Development (Works) ("PS(Works)") advised that according to the information from the Rating and Valuation Department, between 2013 and 2016, the rental increase for commercial premises in KE was 12.2%. The figure was similar to the average rental increase for the territory. He stressed that diversity in development was one of the major strategies of EKE. While developing KE into CBD2, the Government would also devise measures to assist the arts, cultural and creative groups within the area, including the provision of three venues within the area for their use through the "Fly the Flyover Operation" programme. According to the Planning Department's relevant survey, the number of arts, cultural and creative groups operating in KE remained at around 400 over the past few years without notable changes.

5. Quoting the supplementary paper provided by the Administration (LC Paper No. ESC43/16-17(01)), Mr CHAN Chi-chuen pointed out that the Survey on Business Establishments in Kowloon East and Area Assessments of Industrial Land in the Territory undertaken by the Planning Department had not covered the situations on rent and rental floor area of the industrial building units in KE rented by arts, cultural and creative groups; due to a lack of data, it was difficult to analyse the impact of EKE on these groups. Mr CHAN requested the Government to undertake initiating a study on the operation of arts, cultural and creative groups in KE and compile statistics on rent, rental floor area and so on in the future, so as to formulate policies conducive to the sustainable development of these groups.

6. PS(Works) undertook that the Energizing Kowloon East Office ("EKEO") would conduct a study on the operation of arts, cultural and creative groups in KE if the staffing proposal was passed by the Legislative Council ("LegCo").

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7. Mr SHIU Ka-chun declared his current directorship of a drama group operating in KE. He pointed out that a music event held in 2013 under the "Fly the Flyover Operation" had been boycotted by the participating performers due to poor arrangement. He was worried that the Operation would not receive support owing to the Government's inadequate coordination with the arts and cultural groups in the area. In addition, he noticed that when the Government invited tenders for the venue operating right under the "Fly the Flyover Operation" in 2016, only HKALPS, a newly established non-profit making organization, submitted an application. As a result, the Government had no choice but to award the operating right to HKALPS. He enquired how the Administration would monitor the work of HKALPS to ensure that it could properly run and implement the Operation as well as maintain good communication with the arts, cultural and creative groups within the area.

8. PS(Works) advised that since the introduction of the "Fly the Flyover Operation" in 2013, the number of participants in the various activities under the Operation had accumulated to 190 000. The incident in 2013 as cited by Mr SHIU was a stand-alone one. Head of Energizing Kowloon East Office, Development Bureau ("Head/EKEO") supplemented that under the terms of operation for the "Fly the Flyover Operation", the operating body had to hand out any of the profit made to the Government by the end of the operating period. Given the dim prospect of profitability, HKALPS's application was an indication of its aspiration to get the Operation done. EKEO had set up an Advisory Committee on Creativity, Arts and Culture for Sites 1, 2 and 3 beneath Kwun Tong Bypass comprising Kwun Tong District Council members and representatives of district organizations to advise HKALPS on construction and operation issues; HKALPS would also report to the Advisory Committee on the various activities. At the request of Mr SHIU, Head/EKEO undertook to provide the membership list of the Advisory Committee after the meeting.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 17 February 2017 vide LC Paper No. ESC57/16-17(01).]

9. Dr Fernando CHEUNG and Mr LEUNG Kwok-hung suggested the Government to consider letting the under-utilized floor space of the Kai Tak Cruise Terminal at low rentals to the arts, cultural and creative groups within the area for them to operate and to organize events. They were of the view that the proposal could also promote visitor flow at the Cruise Terminal apart from supporting arts, cultural and creative groups.

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10. In response, Head/EKEO mentioned that EKEO had explored with the operator of the Cruise Terminal the feasibility of implementing arts and cultural events at the Terminal. However, since there were still unresolved commercial disputes between the operator and some tenants of the Terminal, the operator indicated that it could not consider the proposal at the moment. EKEO would follow up the proposal with the operator of the Cruise Terminal.

Additional commercial floor area in Kowloon East

11. Mr CHU Hoi-dick said that the Administration had pointed out in the supplementary paper (LC Paper No. ESC43/16-17(01)) that the major findings of the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" by the Planning Department had been presented in the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" Topical Paper on "Consolidated Land Requirements and Supply Analysis". Mr CHU commented that the Topical Paper had only set out the findings but offered no analysis on the supply trend as well as justifications behind the reasoning, and that could not help the Subcommittee understand the demand for commercial land in Hong Kong as a whole. He requested the Administration to provide a detailed report on the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" before submitting the staffing proposal to the Finance Committee ("FC") for consideration. Separately, he enquired about the details of commercial land subject to proposed land sale or rezoning in KE.

12. Head/EKEO responded that according to the information provided by the Planning Department, the detailed report on the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" consultancy study was in the stage of finalization, which was expected to complete by February 2017 at the earliest, and the Planning Department would then publish the report. At the request of Mr CHU, the Head (Kai Tak Office), Civil Engineering and Development Department ("H/KTO/CEDD") explained one by one the locations of commercial land subject to future rezoning and land sale in KE (including the Kai Tak Development ("KTD") area and the two Action Areas) as well as the content of rezoning.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members on 17 February 2017 vide LC Paper No. ESC57/16-17(01).]

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13. Dr Fernando CHEUNG was concerned that to achieve the target of providing additional 4.7 million square metres of commercial or office floor space in KE, there might be a need to demolish a great number of old industrial buildings in the area for redevelopment into commercial buildings. He enquired about the number of industrial buildings to be demolished for redevelopment in the area, and how the Government would rehouse the commercial tenants operating or the sub-divided flat tenants living in old industrial buildings at present.

14. Head/EKEO replied that at present, it was estimated that 120 industrial buildings in KE were unlikely to be redeveloped due to fragmented ownership or their plot ratio being in excess of the prescribed level. It was projected that a total of 2.6 million square metres of floor space in these industrial buildings would be reserved for uses similar to current ones. On the other hand, the Government had approved 42 applications for conversion of industrial buildings in KE, and 32 similar applications were being processed. Upon conversion, these industrial buildings would comply with the fire and other relevant requirements to provide safer premises for use by different industries. She supplemented that over the past few years, only 15 industrial buildings in the area had been redeveloped by their own owners, and another four buildings were redeveloped through applications under the policy on revitalization of industrial buildings. The figures reflected the slow pace of redeveloping industrial buildings in KE.

15. Mr LEUNG Kwok-hung criticized the Government for not analysing the market demand in detail before stepping up its efforts to increase the supply of commercial and office floor space in Hong Kong. If there was a significant decrease in the demand for commercial floor space triggered by a future economic downturn in Hong Kong, land resources would be wasted. In response, PS(Works) mentioned that the Government had conducted professional and detailed analysis on the demand for commercial floor space in its planning for commercial land over the territory.

Projects under Energizing Kowloon East

16. Mr Jeremy TAM enquired how EKEO would handle the problem of pavement obstruction in KE. PS(Works) advised that EKEO had all along been concerned about the environment improvement work in the area, and complaints in relation to pavement obstruction would be referred to the Food and Environmental Hygiene Department and other relevant departments for follow-up.

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17. Dr YIU Chung-yim pointed out that the Government had approved the rezoning of an open space of 10 000 square metres near Laguna City into other uses, and enquired whether there were plans to change the uses of other open space in KE in the future. Mr Jeremy TAM also enquired about the roles played by EKEO in respect of land rezoning.

18. PS(Works) replied that the rezoning exercise as mentioned by Dr YIU was not a project under EKE, and approval of the rezoning was also subject to established statutory procedures. He added that other bureaux and departments would take forward different district projects in KE, and not all the government projects within the area were undertaken by EKEO. Head/EKEO pointed out that projects under EKE would not reduce the area of open space in KE.

19. Mr CHAN Chi-chuen pointed out the residents had objected to the construction of music fountains at the Kwun Tong Promenade, and enquired if EKEO would shelf the project. PS(Works) replied that the music fountain project was one of the two Signature Project Scheme projects under Kwun Tong District Council, and was approved upon decision made by the District Council after gathering public opinions. The project did not fall under the purview of EKEO.

Other facilities in Kowloon East

20. Dr Helena WONG pointed out that according to the Hong Kong Planning Standards and Guidelines, consideration had to be given to allocating of floor space for early childhood education uses in public housing estate development. Under the Guidelines, there was a need to provide 730 half-day ("HD") and 250 whole-day ("WD") places for every 1 000 children aged between three and six, but there was currently severe shortage of WD kindergarten places within the KTD area, falling short of the relevant requirements. She requested the Government to reserve land in the KTD area for developing WD kindergartens. Separately, Dr WONG expressed concern about the lack of residential care homes for the elderly within the KTD area, and requested the Government to provide information on the land reserved for construction of residential care facilities for the elderly in KE.

21. PS(Works) replied that according to the Education Bureau ("EDB"), it was conducting a review on WD places, with a long-term goal of providing 500 HD and 500 WD places for every 1 000 children aged between three and six. He stressed that DEVB had been maintaining close communication with different bureaux to understand their demand for land under various policy areas. If a bureau proposed that land be

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reserved in KE for developing facilities for early childhood education or residential care for the elderly, DEVB would render full support in respect of land planning.

22. Mr Jeremy TAM noted from the supplementary paper (LC Paper No. ESC43/16-17(01)) provided by the Administration that 12 government departments had been relocated to the new Trade and Industry Tower located in Kai Tak. He enquired whether there were still other departments to be relocated to the Tower. PS(Works) replied that all floor space at the new Trade and Industry Tower had been allocated. The Government planned to develop other government buildings in KE for use by the government departments to be relocated to the area, and it would seek funding from LegCo later for commencing the relevant works.

23. Quoting the supplementary paper (LC Paper No. ESC43/16-17(01)) provided by the Administration, Dr Helena WONG mentioned that the Government would provide additional 6 000 public housing units in the KTD area; and enquired about the relevant details. H/KTO/CEDD replied that the Government would develop new public housing estates at zone 2 of the former north apron area of the KTD area. Since the land was currently a works site of MTR Sha Tin to Central Link ("SCL"), housing development could only commence upon completion of SCL works in mid-2019.

Motions proposed by members pursuant to paragraph 31A of the Establishment Subcommittee Procedure

24. At 11:22 am, the Chairman advised that she had received 14 proposed motions to be moved by Mr CHU Hoi-dick under paragraph 31A of the Establishment Subcommittee Procedure ("ESC Procedure"). She said that she would deal with these motions after members had finished asking questions.

25. At 11:59 am, the Chairman advised that the Subcommittee had received three proposed motions, two to be moved by Mr CHAN Chi-chuen and one by Mr LEUNG Kwok-hung under paragraph 31A of the ESC Procedure. The Chairman ordered that the meeting be suspended so that she could consider these motions.

[The meeting resumed at 12:19 pm.]

26. The Chairman advised that she had examined the proposed motions to be moved by the three members and considered that some of the motions were not directly relevant to the agenda item, including some which were

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related to wider questions of policy. She decided not to put forward Mr LEUNG Kwok-hung's proposed motion to the Subcommittee for considering whether it should be proceeded forthwith. She also requested Mr CHU Hoi-dick and Mr CHAN Chi-chuen to consolidate or amend some of their proposed motions. The Chairman pointed out that she would put forward five proposed motions to the Subcommittee for considering whether they should be proceeded forthwith, three to be moved by Mr CHU Hoi-dick and two by Mr CHAN Chi-chuen.

27. At 12:21 pm, the Chairman put to vote the question that Mr CHU Hoi-dick's proposed [motion](#) numbered 1 be proceeded, and allowed Mr CHU to read out the content of the proposed motion. At the request of Mr LAU Kwok-fan, the Chairman ordered a division and the division bell rang for five minutes. The question was negatived.

28. At 12:27 pm, Ms Starry LEE moved, pursuant to paragraph 39A of the ESC Procedure, that in the event of further divisions being claimed in respect of any motions or questions under the item EC(2016-17)21, the duration of the division bell be shortened to one minute. Mr LEUNG Kwok-hung raised objection to Ms LEE's motion. The Chairman instructed that each member could speak once on Ms LEE's motion for not more than three minutes.

29. Mr LEUNG Kwok-hung said that as some members were not present, sufficient time should be allowed for them to come back to vote. He opined that it was more appropriate to shorten the duration of the division bell to two minutes.

30. No other members indicated their wishes to speak. The Chairman put Ms Starry LEE's motion to vote. The Chairman considered that there was a majority of members voting in favour of the motion, and declared that the motion was passed.

31. At 12:31 pm, the Chairman put to vote the questions, one by one, that the [motions](#) proposed by Mr CHU Hoi-dick numbered 2 and 3 be proceeded. At the request of Mr CHU, the Chairman ordered a division, and the division bell rang for one minute. Mr CHU read out the content of each of his proposed motions during the ringing of the division bell. Both questions were negatived.

32. The Chairman then put to vote the questions, one by one, that the [motions](#) proposed by Mr CHAN Chi-chuen numbered 4 and 5 be proceeded. At the request of Mr CHAN, the Chairman ordered a division, and the division bell rang for one minute. Mr CHAN read out the content of each of his proposed motions during the ringing of the division bell.

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Both questions were negatived.

Voting on the item

33. The Chairman put the item EC(2016-17)21 to vote. At the request of members, the Chairman ordered a division and the division bell rang for one minute. Twenty-three members voted for the item, three against it and three abstained from voting. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. The votes of individual members were as follows:

For

Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr MA Fung-kwok
Ms Alice MAK
Dr Helena WONG
Dr CHIANG Lai-wan
Mr Jimmy NG
Mr Holden CHOW
Mr SHIU Ka-chun
Mr CHAN Chun-ying
Mr LAU Kwok-fan
Dr YIU Chung-yim
(23 members)

Ms Starry LEE
Mr Steven HO
Mr Charles Peter MOK
Dr Fernando CHEUNG
Mr Martin LIAO
Ir Dr LO Wai-kwok
Mr HO Kai-ming
Mr SHIU Ka-fai
Ms YUNG Hoi-yan
Mr LUK Chung-hung
Mr KWONG Chun-yu

Against

Mr LEUNG Kwok-hung
Dr LAU Siu-lai
(3 members)

Mr CHAN Chi-chuen

Abstain

Mr CHU Hoi-dick
Mr Jeremy TAM
(3 members)

Ms Tanya CHAN

34. Mr LEUNG Kwok-hung requested that the item be voted on separately at the relevant FC meeting.

35. The meeting ended at 12:40 pm.