

立法會
Legislative Council

LC Paper No. CB(1)700/16-17
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV

Panel on Development

**Minutes of policy briefing cum meeting
held on Tuesday, 24 January 2017, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)
Hon Kenneth LAU Ip-keung, MH, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon CHAN Kin-por, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Michael TIEN Puk-sun, BBS, JP
Hon Frankie YICK Chi-ming, JP
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 CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent : Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon KWONG Chun-yu

Member attending : Dr Hon CHIANG Lai-wan, JP

Public officers attending : **Agenda item IV**

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

Mr Michael WONG Wai-lun, JP
Permanent Secretary for Development (Planning and Lands)

Mr HON Chi-keung, JP
Permanent Secretary for Development (Works)

Mr Thomas CHAN Chung-ching, JP
Deputy Secretary (Planning and Lands)1
Development Bureau

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

Ms Selene TSOI Sze-long
Deputy Secretary (Planning and Lands)3
Development Bureau

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

Mr Vincent MAK Shing-cheung
Deputy Secretary (Works)2
Development Bureau

Ms Brenda AU Kit-ying
Head of Energizing Kowloon East Office
Development Bureau

Mr CHEUNG Tin-cheung, JP
Director of Buildings

Mr LAM Sai-hung, JP
Director of Civil Engineering and Development

Ms Bernadette LINN, JP
Director of Lands

Mr Raymond LEE Kai-wing, JP
Director of Planning

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

Agenda item V

Mr Vincent MAK Shing-cheung
Deputy Secretary (Works) 2
Development Bureau

Mr Vitus NG
Principal Assistant Secretary (Works)3
Development Bureau

Mr WONG Chung-leung, JP
Deputy Director of Water Supplies

Mr Bobby NG Mang-tung
Team Leader/Legislative Review
Water Supplies Department

Agenda item VI

Mr Vitus NG
Principal Assistant Secretary (Works)3
Development Bureau

Mr LUK Wai-hung
Assistant Director/New Works
Water Supplies Department

Mr YEUNG Sek-kui
Chief Engineer/Design
Water Supplies Department

Mr CHAN Tak-yeung
Chief Engineer/Consultants Management
Water Supplies Department

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

Staff in attendance : Miss Rita YUNG
Senior Council Secretary (1)2

Mr Raymond CHOW
Senior Council Secretary (1)6

Ms Mandy LI
Council Secretary (1)2

Ms Christina SHIU
Legislative Assistant (1)2

Action

I Confirmation of minutes

(LC Paper No. CB(1)411/16-17 — Minutes of meeting on
22 November 2016)

The minutes of the meeting on 22 November 2016 were confirmed.

II Information papers issued since the last meeting

2. Members noted that no information paper had been issued since the meeting on 16 December 2016.

III Items for discussion at the next meeting

(LC Paper No. CB(1)439/16-17(01) — List of outstanding items
for discussion

LC Paper No. CB(1)439/16-17(02) — List of follow-up actions)

3. Members agreed that the next regular meeting scheduled for Tuesday, 28 February 2017, at 2:30 pm would be extended to end at 5:30 pm to discuss the following items proposed by the Administration:

- (a) PWP Item No. 3794CL — Demolition of existing superstructures at Caroline Hill Road site, Causeway Bay;
- (b) PWP Item No. 3281RS — Reprovisioning of Tsun Yip Street Playground Facilities (Hong Ning Road Park and Ngau Tau Kok Fresh Water Service Reservoir);
- (c) Regrading of Assistant Director of Water Supplies posts in Water Supplies Department; and
- (d) PWP Item No. 5751CL — Planning and Engineering Study on Sunny Bay Reclamation.

IV Briefing by the Secretary for Development on the Chief Executive's 2017 Policy Address and the overall land supply situation

(LC Paper No. CB(1)439/16-17(03) — Administration's paper on initiatives of Development Bureau in the 2017 Policy Address and Policy Agenda

LC Paper No. CB(1)461/16-17(01) — Administration's paper on overview of land supply

LC Paper No. CB(1)439/16-17(04) — Paper on initiatives to increase land supply prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. FS02/16-17 — Paper on brownfield development prepared by the Research Office of the Legislative Council Secretariat (Fact sheet))

Other relevant papers

Address by the Chief Executive at the Legislative Council meeting on 18 January 2017

The 2017 Policy Agenda booklet

4. With the aid of a powerpoint presentation, Permanent Secretary for Development (Planning and Lands) and Permanent Secretary for Development (Works) ("PS/DEV(W)") briefed the Panel on the major policy initiatives of the Development Bureau ("DEVB") in the Chief Executive's 2017 Policy Address. The policy initiatives covered various areas including overall land supply; release and optimization of the use of brownfield sites; long-term land development projects; updating the territorial development strategy; combating the use of industrial buildings for domestic purpose; promoting green buildings in the private sector; Lantau development and conservation; Energizing Kowloon East; the new Pier Improvement Programme; and cost management for public works. Details of DEVB's policy initiatives and an overview of land supply in Hong Kong were set out in LC Papers Nos. CB(1)439/16-17(03) and CB(1)461/16-17(01) respectively.

(*Post-meeting note:* A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)494/16-17(01) by email on 25 January 2017.)

Short- to medium-term land supply

Housing land

5. Members noted the information on some 25 potential housing sites to be made available in the five years from 2019-2020 to 2023-2024 as shown in Annex F to the Administration's paper on overview of land supply (LC Paper No. CB(1)461/16-17(01)). Ms Tanya CHAN expressed dissatisfaction over the Administration's plan to develop the sites which were currently zoned "Green Belt". Ms Alice MAK opined that the areas of two sites in Kwai Tsing, namely the Public Transport Interchanges near Lai Yiu Estate, Kwai Chung and Cheung Ching Estate, Tsing Yi, were small and might not be suitable for housing development. Noting that the Administration had identified a number of developable sites in Yuen Long and Tuen Mun with the potential of developing nearly a total of 30 000 flats, Mr LEUNG Che-cheung expressed concern that the traffic demand in New Territories ("NT") West would further increase in future. Mr WU Chi-wai criticized the Administration's land use practice of building stand-alone housing blocks on infill sites.

6. In response, Acting Secretary for Development ("SDEV") said that the some 25 potential housing sites were subject to detailed studies/assessments, amendments to the relevant statutory plans and/or completion of the necessary procedures to ensure that the developments would not bring insurmountable problems and unacceptable difficulties to the community. As detailed assessment was yet to start, the estimated flat numbers and types of housing to be developed at the two sites in Kwai Tsing referred to by Ms Alice MAK were yet to be confirmed.

7. Dr KWOK Ka-ki opined that the Administration should first use the idle lands zoned "Residential" and resume the government lands leased out by Short Term Tenancy for housing development. SDEV replied that not all the so-called "idle" lands were suitable for housing development. Many such land parcels were actually passageways, back lanes, slopes, etc., situated between buildings; and some were irregularly shaped residue government land lying between sites that had been leased or allocated for development. He further said that land not yet leased or allocated for long-term development uses and other government land which had yet to

be planned for long-term development uses would be put to gainful temporary uses as far as practicable.

8. Referring to the various short-, medium- and long-term land supply initiatives that could, according to the Administration, provide over 600 000 housing units in total, Mr LUK Chung-hung and Mr YIU Si-wing asked whether the Administration had assessed the levels of difficulties in implementing different initiatives. SDEV replied that when taking forward individual land development projects, various assessments and statutory procedures would be involved, while stakeholders would hold different views on each development. Individual projects were also subject to judicial review. In view of these uncertainties, the Administration must continue to adopt a multi-pronged approach to increase land supply, and would appeal for the support of the community.

9. Mr CHAN Chun-ying said the Hong Kong Housing Authority had indicated that the construction costs of public housing development projects had been increasing in recent years. One of the reasons for the increase was the limitation of the sites, e.g. sites with irregular shapes or with hilly terrains. He asked whether the Administration had taken into consideration the land development and construction costs, as well as the future maintenance costs of the buildings, when selecting sites for public housing development.

10. In response, SDEV said that given the significant slowdown in land development in the past decade, there had been continued acute shortage of both public and private housing land supply. The Administration was committed to identifying suitable land for public housing development to meet the production target set under the Long Term Housing Strategy. DEVB would closely liaise with relevant government bureaux/departments to resolve the relevant technical issues, and ensure the availability of suitable sites and supporting infrastructure for public housing development.

Urban renewal

11. Referring to the Administration's multi-pronged approach to increasing housing land supply, Mr LEUNG Che-cheung opined that the Administration should actively explore reclamation outside Victoria Harbour and promote redevelopment of aged buildings in urban areas. He asked about the work to be undertaken by the Urban Renewal Authority ("URA") in redeveloping aged-buildings in built-up areas with a view to increasing housing land supply. At the request of the Chairman, the Administration would provide a written response to Mr LEUNG's question after the meeting.

(*Post-meeting note:* The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

12. Citing the Chun Tin Street/Sung Chi Street project (KC-008(A)) of URA as an example, Mr SHIU Ka-chun said that URA, in collaboration with private developers, carried out redevelopment projects only for the pursuit of profits, disregarding the impact of the redevelopment projects on the existing residents and business operators. He said that according to the Urban Renewal Strategy, URA should adopt a people-oriented approach to urban renewal. In particular, the District Urban Renewal Forum should involve more participation of local residents. He also called on the Administration to review the Urban Renewal Strategy.

13. SDEV replied that URA would work closely with the local community to ensure that the views of all important stakeholders were fully taken into consideration when taking forward all redevelopment projects. He would refer Mr SHIU Ka-chun's views to URA for consideration.

14. Ms Alice MAK declared that she was a non-executive director of the URA Board. Referring to the URA's development project at Kai Tak, of which most of the units were provided as subsidized sale flats, Ms MAK suggested that URA should consider developing, in collaboration with the Transport and Housing Bureau, other subsidized housing units for sale in the future.

15. In response, SDEV said that the provision of subsidized sale flats at the URA's development project at Kai Tak was a special one-off measure in response to the Chief Executive's suggestion made in his 2015 Policy Address. He would refer Ms Alice MAK's suggestion to the Transport and Housing Bureau for consideration.

Increasing development intensity

16. Dr CHIANG Lai-wan suggested that, to increase housing supply, the Administration should consider increasing the development intensity of housing sites, such as redeveloping the buildings developed under the Civil Servants' Cooperative Building Society Scheme, as well as allowing more storeys to be built for the Small Houses in the NT.

17. In response, SDEV said that when increasing development intensity, careful consideration should be given to the provision of infrastructure and traffic capacity, among other factors, to support the housing developments.

Commercial and economic land uses

18. Mr CHAN Kin-por was concerned that there was insufficient office floor space available in core business districts ("CBDs"), such as Central and Wan Chai. He enquired how the Administration would address the problem. SDEV replied that the Administration was converting suitable government sites into commercial uses in CBDs to help increase the supply of commercial floor space. In 2016, the Murray Road Public Carpark site in Central and Queensway Plaza in Admiralty had been rezoned for commercial/office uses. The Administration was also taking forward the development of the Central Harbourfront Site 3 for commercial uses. In response to Mr CHAN Kin-por's enquiry about the provision of parking spaces in Central after the Murray Road Public Carpark was demolished, SDEV said that public parking spaces would be provided in the future commercial development at the site. According to the traffic impact assessment for the redevelopment project of the Murray Road Public Carpark, it was anticipated that there would be adequate supply of parking spaces in the vicinity for private cars for use by the public during the period between the decommissioning of the Murray Road Public Carpark and the reprovisioning of parking spaces.

19. SDEV further advised that sale of land for commercial and industrial uses by the Government in the 2016-2017 financial year could provide about 550 000 square metres of gross floor area, exceeding the aggregate supply in the preceding four financial years. In addition, the Administration was taking forward the initiative of Energizing Kowloon East to develop "CBD2" to supply more commercial/office floor area.

Medium- to long-term land supply*New development areas*

20. Mr LAU Kwok-fan expressed appreciation for the Administration's efforts in increasing land supply. He said that when taking forward the implementation of the new development areas ("NDAs") in the NT, the Administration should improve the transport infrastructures in the areas to enhance the connectivity. The Administration should also create more jobs in NDAs, so as to help provide local employment, reduce long-distance commuting, and ease the congestion caused by the growing traffic from the NT to the urban areas.

21. SDEV replied that the Administration would explore a comprehensive transport system to improve external and internal accessibility and connectivity of each NDA. The proposed developments in the NDAs would be clustered around railway stations. The Administration would also enhance the spatial distribution of population and jobs through the creation of economic activities and employment nodes in NDAs so as to create jobs for a range of skills, bring jobs closer to homes and lower peak-hour traffic demand.

22. Ms Tanya CHAN and Mr CHAN Chi-chuen queried the remarks made by the Chief Executive earlier that since there were many trees in the Fanling Golf Course, it was not desirable that the land be resumed for housing purpose. In response, SDEV advised that the site currently occupied by the Fanling Golf Course had been granted to the Hong Kong Golf Club under a Private Recreational Lease ("PRL"). The Home Affairs Bureau was conducting a review on the policy on PRLs. The Administration would take into account the outcome of the policy review in considering the way forward for the site.

23. Mr LAM Cheuk-ting asked about the progress of the relocation arrangements for the existing residential care homes for the elderly ("RCHEs") at the Dills Corner Garden ("DCG") affected by the development of the Kwu Tung North NDA. In response, SDEV said that a purpose-built RCHE complex would be constructed nearby to accommodate eligible elderly residents affected by the removal of the existing RCHEs at DCG. It was aimed that the elderly residents at DCG would be able to move to the newly constructed RCHE complex seamlessly as far as possible. The Labour and Welfare Bureau would be responsible for the allocation of the subsidized residential care places of the new RCHE complex.

24. Mr CHAN Chi-chuen asked whether the current-term Government would submit any funding proposals in relation to the Kwu Tung North NDA and Fanling North NDA to the Finance Committee for consideration. At the request of the Chairman, the Administration would provide a written response to Mr CHAN's question after the meeting.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

Property developments along rail lines

25. Dr Fernando CHEUNG said that railway property development projects provided a major proportion of supply of residential units. Given that the Government was a major shareholder of the MTR Corporation Limited, Dr CHEUNG suggested that the Administration should consider providing public rental housing and social welfare facilities in railway property development projects.

26. SDEV advised that the estimated flat number provided by railway property development projects in the 2016-2017 financial year accounted for about 17% of the total private housing supply. The suggestion on providing public rental housing in railway property development projects was related to public housing policy. DEVB would convey Dr CHEUNG's suggestion to the Transport and Housing Bureau.

Reclamation outside Victoria Harbour

27. Mr LAM Cheuk-ting said that there were many opposing views from the local community on the proposal of carrying out reclamation at Ma Liu Shui. He enquired how the Administration would address those opposing views. SDEV said the Administration noted that the major concern of the local community about the proposed reclamation at Ma Liu Shui was that the future development at the reclaimed land would further increase the traffic demand in the area. When planning for the proposed reclamation, the Administration would also consider the future planning of the adjoining 28-hectare site to be vacated by the relocation of the Sha Tin Sewage Treatment Works into caverns, with a view to providing land for development of high technology and knowledge-based industries, housing and other uses. SDEV added that the creation of economic activities and employment opportunities in the area would bring jobs closer to homes and thus reducing peak-hour traffic demand.

Development of Lantau

28. Dr KWOK Ka-ki expressed opposition to the proposed development strategy for Lantau and the proposed development of artificial islands in the central waters. He said that there were diverse views among the public on the above proposed development projects, which had not yet undergone thorough discussion and public consultation. He also expressed concern about the cost overrun problems of a number of infrastructure projects in recent years.

29. SDEV replied that the planning vision of the development strategy for Lantau was to balance and enhance development and conservation. The broad development direction is "Development at the North; Conservation for the South". The Administration had completed a three-month public engagement exercise in April 2016 to collect public views on the proposed development and conservation strategies for Lantau. The majority of public views were in general supportive of the broad direction of development of Lantau and the principle of balancing between needs for conservation and development.

30. SDEV further advised that to cater for the long-term housing needs and provide land for economic activities, community facilities and public realm, it was proposed under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") that artificial islands be created by reclamation in the central waters for the development of East Lantau Metropolis as one of the two Strategic Growth Areas. The Administration had launched a six-month public engagement exercise to collect views from the public on Hong Kong 2030+.

31. Mr Michael TIEN urged the Administration to take forward reclamation at Tung Chung East under the Tung Chung New Town Extension project, including the construction of the Tung Chung East railway station, so as to enhance the connectivity between Tung Chung and the airport. He suggested that a circular line making use of the railway of the Airport Express Line be developed to link up the new railway station in Tung Chung East and the airport, so as to facilitate local employment and reduce external traffic.

32. In response, SDEV said that the Administration would continue to improve the transport infrastructure in Lantau. He called for members' support for the proposed establishment of the Sustainable Lantau Office to take forward the various initiatives for the development of Lantau.

Lands in the country parks

33. Mr Frankie YICK and Mr CHAN Kin-por expressed support for the Chief Executive's appeal to the public to consider allocating a small proportion of land on the periphery of country parks with relatively low ecological and public enjoyment value for purposes other than real estate development, such as developing public housing and non-profit-making elderly homes. Mr CHAN asked whether the Administration would conduct public consultation on the Chief Executive's proposal.

34. Mr LUK Chung-hung said that there would be diverging views in the society on the proposal of using the lands in the country park area for housing. He asked how the Administration could strike a right balance between development and conservation. Ms Tanya CHAN and Mr LEUNG Kwok-hung expressed opposition to the proposal of using the lands in the country park area and the Green Belt zones for housing. They opined that the Administration should first develop the brownfield sites in the NT to increase housing land supply.

35. In response, SDEV said that the Administration would continue to incorporate more land with high ecology value into country parks, and increase the total area of ecological conservation sites and country parks. Instead of just increasing the area of country parks, the Administration also aimed to increase and enhance their recreational and educational values for the public. To meet the imminent housing needs of Hong Kong people, the Chief Executive pointed out in the 2017 Policy Address that the society should consider the pros and cons of releasing a small proportion of land on the periphery of country parks with relatively low ecological and public enjoyment value for purposes other than real estate development, such as public housing and non-profit-making elderly homes. SDEV emphasized that at this stage, the Administration had no specific plan to convert any particular area of the country park and special areas to other uses. The relevant policy bureaux and departments would carry out preliminary investigation on this issue with a view to facilitating deliberation.

36. Mr WU Chi-wai queried the justifications for considering allocating land on the periphery of country parks for housing development, whereas only about 1% of the land of the Green Belt zones had been rezoned to residential or other uses. At the request of the Chairman, the Administration would provide a written response to Mr WU's question after the meeting.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

Conservation fund

37. Referring to the proposed setting up of a conservation fund to further promote the revitalization of remote rural areas, Mr LAU Kwok-fan asked about the details of the operation of the proposed conservation fund, and whether the Development Bureau would review the compensation and rehousing mechanisms for various

parties affected by development projects in the NT, such as the compensation for people affected by land resumption, taking reference from the proposed conservation fund; and if yes, the details. At the request of the Chairman, the Administration would provide a written response to Mr LAU's questions after the meeting.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

Land uses

38. Mr LAM Cheuk-ting said that the Wan Chai Sports Ground ("WCSG") was a popular venue for the primary and secondary schools in Hong Kong Island for holding sports events, as well as an important venue for athletics training and competition in Hong Kong. He asked whether there would be any replacement venue if the site of WCSG was to be used for comprehensive development in the future. Mr WU Chi-wai queried the justifications for the Administration's proposal of using the site for comprehensive development, including provision of convention and exhibition venues, whereas land in Lantau had been reserved for the expansion of the Asia World Expo.

Admin 39. SDEV replied that the Hong Kong Trade Development Council would conduct a feasibility study on the aforesaid proposal. The Administration would consult relevant stakeholders on the proposal in due course. At the request of the Chairman, the Administration would provide a written response to Mr WU's question after the meeting.

40. Noting that a site near the Liantang/Heung Yuen Wai Boundary Control Point had been set aside for the development of a science park and industrial estates, Mr Frankie YICK opined that, given the site's proximity to the boundary control point, it would be more appropriate to develop the site into a logistics park. In response, SDEV said that under Hong Kong 2030+, it was proposed that a knowledge and technology corridor should be consolidated and fostered in the eastern part of Hong Kong, and a new anchor site for use as a science park/industrial estate should be developed near the future Liantang/Heung Yuen Wai Boundary Control Point. The Administration had launched a public engagement exercise to collect public views on the proposals. SDEV took note of Mr Frankie YICK's views and advised that the Administration would liaise with relevant industries to gauge their views under Hong Kong 2030+.

41. Mr SHIU Ka-chun opined that, to optimize the use of land resources, the Administration should make good use of vacant school premises. He asked the Administration for a list of the locations and relevant information of vacant school premises. SDEV replied that the Education Bureau was responsible for coordinating with relevant departments in the handling of school premises following school closure. He would refer Mr SHIU's view to the Education Bureau for follow-up.

42. Dr LAU Siu-lai opined that the Administration should coordinate various government departments to formulate a bazaar policy including allocating sites within idle lands and suitable public space in various districts for local residents to set up bazaars, making public a list of the above available bazaar sites, and devising an application mechanism for the public to use the sites for operating bazaars. The Administration should also earmark some space in future land planning projects for setting up bazaars, so as to promote the development of local economy.

(Post-meeting note: On 25 January 2017, Dr LAU Siu-lai wrote to the Chairman requesting the Administration to provide a written response on the role of DEVB in the Administration's policy on bazaars (LC Paper No. CB(1)501/16-17(01)). The Administration's written response is not received yet.)

Land administration

43. Mr CHU Hoi-dick and Mr LEUNG Kwok-hung were concerned about the recent renewal of the land lease of the Sha Tin Racecourse. Mr CHU requested the Administration to provide the following information:

- (a) the justification for renewing the land lease of the Sha Tin Racecourse for a further 50 years; the amount of land premium paid by The Hong Kong Jockey Club ("HKJC") for the renewal of the land lease; whether the above land lease was available for public inspection; and
- (b) the justification for rezoning a site of 4.67 hectares in the Hong Kong Sports Institute from "Government, Institution or Community" to "Other Specified Uses" annotated "Race Course"; whether the Administration had signed/would sign a land lease with HKJC in respect of the above site.

(*Post-meeting note:* The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

Land restructuring and enforcement

Agricultural land

44. Mr LEUNG Che-cheung asked about the progress of the Administration's work in identifying land to support local agricultural development. SDEV replied that in accordance with the "New Agriculture Policy" announced in 2016, the Food and Health Bureau and DEVB would jointly commission a consultancy study on Agricultural Priority Area later this year. The study aimed at identifying suitable areas with relatively large clusters of quality farmland and investigating suitable policy and measures to promote agricultural rehabilitation of the fallow farmlands within these areas, with a view to supporting local agricultural development and improving the rural environment. Mr LEUNG suggested that the Administration should consider resuming fallow agricultural land with reasonable compensation for the land owners, and use the land to support local agricultural development.

Squatters

45. Mr Jeremy TAM asked whether the Administration would consider making compensation to occupants of squatter structures so that the land currently occupied by squatters could be put into more efficient use. SDEV explained that squatters generally referred to unauthorized structures erected on private agricultural land or government land, which were in principle subject to enforcement actions in accordance with the relevant lease conditions and legislation. According to the established squatter control policy, structures assigned with squatter survey numbers remained illegal in nature and were only tolerated. A surveyed squatter structure was tolerated to remain on a temporary basis under specific conditions, until it had to be cleared for development, environmental improvement or safety reasons, or until it was phased out through natural wastage.

Brownfield sites

46. The Deputy Chairman said he agreed to releasing land occupied by brownfield sites as a means to increase land supply. He opined that the Administration should implement appropriate measures to relocate the existing brownfield operations, in particular those involving large-scale

machinery which could not be moved into multi-storey buildings ("MSBs").

47. In response, SDEV said that it was recognized that many of the brownfield operations were serving important functions to support various economic sectors or industries. The Administration would improve land utilization of brownfield sites by exploring feasible measures to accommodate or consolidate brownfield operations through land efficient means such as MSBs, taking Hung Shui Kiu NDA as a pilot case. The Civil Engineering and Development Department had commissioned relevant feasibility studies on MSBs for brownfield operations in 2016. Relevant stakeholders, including existing operators, trade representatives and local communities, would be consulted during the feasibility studies so that their operational needs and views on MSBs would be taken into account. Apart from MSBs, the Administration would also explore the possibility and need for accommodating certain operations which could not be moved into MSBs on suitable open-air sites with provision of proper infrastructure and segregation from sensitive receivers.

48. Dr YIU Chung-yim asked whether the Administration would consider conducting a pilot scheme for accommodating some brownfield operations in MSBs, rather than taking no action and waiting for the relevant feasibility studies to be completed in the next few years. At the request of the Chairman, the Administration would provide a written response to Dr YIU's question after the meeting.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

49. Mr Jeremy TAM asked about the number of identified cases of illegal occupation of government land for undergoing brownfield operations. He opined that the Administration should step up its enforcement actions against illegal occupation of government land. Dr YIU Chung-yim said that fly-tipping of refuse or industrial waste was considered to be "Noisome or Offensive Trades", and the Administration should take enforcement actions against these fly-tipping activities.

50. SDEV replied that the Planning Department would commission a study in the first half of 2017 on the existing profile and operations of brownfield sites in the NT. The purpose of the study was to establish a comprehensive profile of brownfield sites including the distribution and uses of such sites, in order to facilitate the Administration to formulate

appropriate policies for tackling brownfield sites. In response to the Deputy Chairman's enquiry, Director of Planning said that the study was expected to be completed by end-2018, and the key findings of the study would be made available to the public. SDEV further advised that it had all along been the Administration's stance that the relevant departments would take stringent enforcement actions against illegal land uses on brownfield sites once discovered in accordance with the prevailing legislation and mechanisms. Such illegal land uses included erecting unauthorized structures in violation of lease conditions, undergoing unauthorized development under the Town Planning Ordinance (Cap. 131), illegal occupation of government land and fly-tipping.

51. Dr YIU Chung-yim requested the Administration to provide information on the distribution of brownfield sites in the NT, with breakdowns by the following categories:

- (i) sites on which the brownfield operations had been in existence immediately before the first publication of the draft plans of the "Development Permission Areas" ("DPAs");
- (ii) sites that were not designated as DPAs;
- (iii) sites zoned "Undetermined";
- (iv) enclaves; and
- (v) government land leased out by Short Term Tenancy for use as open storage.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

52. Dr YIU Chung-yim said that the Administration should conduct a "freezing survey" for the existing brownfield sites as soon as possible, so as to prevent land owners from turning their agricultural lands into brownfield sites in the hope of receiving higher compensation in future.

53. In response, SDEV clarified that generally speaking, "freezing surveys" were conducted for the purpose of individual public works or public development projects requiring land resumption and clearance, and the timing of the surveys would be tied to the development schedule of the relevant projects. On the other hand, many existing brownfield sites were neither in breach of lease conditions nor the statutory planning regime. In such cases, if there were no illegal occupation of government land or unauthorized developments, the Administration did not have the authority to carry out enforcement actions against the operations on the brownfield

sites or eradicate them, and there was no question of freezing or tolerating them by registration or survey.

Enforcement against the misuse of industrial buildings

54. Mr Nathan LAW supported the proposed stepping up of the Administration's enforcement efforts to combat the problem of illegal domestic units in industrial buildings, in particular imposing criminal sanction against owners who operated such units. He asked whether the Administration would enhance the rehousing arrangements for the affected inhabitants; if yes, the details. He requested the Administration to provide a written response to his question.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

55. Mr Nathan LAW asked whether the tenants of industrial building units for arts, cultural and recreational purposes would be affected by the above proposed stepping up of enforcement efforts. He called on the Administration to expedite the processing of applications for lease modification for industrial buildings, so as to allow more flexibility in the use of industrial buildings for the aforesaid purposes. In response, SDEV said that the Administration's utmost concern in this respect was fire safety. The Administration adopted a risk-based approach to the enforcement against misuse of industrial buildings, targeting cases which posed a higher fire safety risk and attracted large flows of people.

Water safety and Total Water Management strategy

56. Dr Helena WONG requested the Administration to provide the details of the follow-up actions taken by DEVB and the Water Supplies Department relating to the recommendations put forward by the Commission of Inquiry into Excess Lead Found in Drinking Water, including the number of meetings held by the International Expert Panel appointed by DEVB on the various items of follow-up work, and the relevant expert reports. The Administration would provide a written response to Dr WONG's request.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)618/16-17(01) on 27 February 2017.)

57. Dr Helena WONG expressed support for enhancing the water safety regime for Hong Kong, including introducing legislation for safeguarding the quality of drinking water. She called on the Administration to put in place a comprehensive programme for monitoring the safety and quality of drinking water from the source to consumers' taps. In addition, she opined that the Administration should explore introducing legislation for regulating wall-mounted thermostatic electric kettles, of which the inlet hose was connected to the inside service. Noting that the Administration would complete a consultancy review in 2017 to update and enhance the Total Water Management strategy, Dr Helena WONG called on the Administration to make available to the public the report of the consultancy review in the future.

V Proposed amendments to the Waterworks Ordinance (Cap. 102) and the Waterworks Regulations (Cap. 102A)

(LC Paper No. CB(1)439/16-17(05) — Administration's paper on proposed amendments to the Waterworks Ordinance (Cap. 102) and the Waterworks Regulations (Cap. 102A))

58. Deputy Secretary (Works) 2, Development Bureau ("DS(W)2/DEVB"), advised that, while the Administration was holistically reviewing the Waterworks Ordinance (Cap. 102) ("WWO") and the Waterworks Regulations (Cap. 102A) ("WWR"), in view of the recommendations made in the Report of the Commission of Inquiry into Excess Lead Found in Drinking Water ("CoI's Report"), the Administration had decided to prioritize legislative amendments to WWO and WWR to deal with the duties of licensed plumbers and standards of plumbing materials. With the aid of a powerpoint presentation, Team Leader/Legislative Review, Water Supplies Department, elaborated on the scope of the proposed legislative amendments and the transitional arrangement for implementing the proposal. Details of the proposal were given in the Administration's paper (LC Paper No. CB(1)439/16-17(05)).

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)494/16-17(02) by email on 25 January 2017.)

59. The Chairman said that Members belonging to the Liberty Party supported the legislative amendment proposal. He hoped that the

implementation of the proposal would not increase the operational costs of the catering industry, but would shorten the waiting time for new water meters to be installed.

Follow-up to the "lead in drinking water" incident

60. Considering the legislative amendment proposal an act responsive to the "lead in drinking water" incident in 2015 where excessive lead content was found in drinking water at consumers' taps in some public rental housing ("PRH") estates, private residential buildings and schools, Ms Tanya CHAN sought details about the progress of the follow-up actions undertaken by the Administration (e.g. replacing the non-compliant water pipes) after the incident. Given that prefabricated components were commonly used in PRH estates and many of them were manufactured outside Hong Kong, Ms CHAN expressed concern on how the Administration could ensure that the quality of these components would comply with the prescribed standards of plumbing materials in Schedule 2 to WWR (to be updated under the legislative amendment proposal).

61. DS(W)2/DEVB advised that following the outbreak of the "lead in drinking water" incident, water filters had been installed at affected schools to ensure the safety of drinking water for students. The inspection of plumbing materials had also been strengthened. Deputy Director of Water Supplies supplemented that notwithstanding the common use of prefabricated components in PRH estates, water pipes were usually not part of the prefabricated components. Moreover, regardless of whether the water pipes were prefabricated components or not, the licensed plumbers concerned would be held responsible for the plumbing works and the Water Supplies Department ("WSD") would carry out inspection of the plumbing works upon completion of the works.

62. Referring to the recommendation made in the CoI's Report that the Administration should, at the policy level, review the adequacy of the existing legislative framework and the regulatory regime in safeguarding the quality of drinking water in Hong Kong, Ms Tanya CHAN asked if the Administration had conducted such a review.

63. DS(W)2/DEVB replied that the Development Bureau and WSD had been following up the recommendations of CoI, including conducting a holistic review of the water quality regulatory regime and issuing circular memoranda to the relevant trades on the latest requirements of plumbing materials. It was expected that the result of the holistic review would be

announced in March 2017 and the relevant bureaux/departments would collaborate to take forward the enhancement measures.

VI PWP Item No. 9357WF-1 — Design and construction for first stage of desalination plant at Tseung Kwan O — mainlaying

(LC Paper No. CB(1)439/16-17(06) — Administration's paper on 357WF — Design and construction for first stage of desalination plant at Tseung Kwan O — mainlaying

LC Paper No. CB(1)439/16-17(07) — Paper on the proposed construction of a desalination plant at Tseung Kwan O prepared by the Legislative Council Secretariat (Updated background brief))

64. Principal Assistant Secretary (Works)3/Development Bureau ("PAS(W)3/DEVB"), advised that the proposal was to upgrade part of 357WF, entitled "Design and Construction for First Stage of Desalination Plant at Tseung Kwan O", to Category A at an estimated cost of \$1,111.8 million in money-of-the-day prices for the laying of a 10-km water main to convey the fresh water produced at a proposed desalination plant at Tseung Kwan O ("TKO") to the TKO Fresh Water Primary Service Reservoir. With the aid of a powerpoint presentation, Chief Engineer/Consultants Management, Water Supplies Department ("CE(CM)/WSD"), briefed members on the details of the proposal, which were given in the Administration's paper (LC Paper No. CB(1)439/16-17(06)).

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)494/16-17(03) by email on 25 January 2017.)

Traffic and environmental impacts

65. Ir Dr LO Wai-kyok opined that, though Hong Kong could not rely on seawater desalination as the city's major water source, the development of a desalination plant at TKO was worth supporting as there was a keen competition among Hong Kong and some major cities in the Pearl River

Delta Region for Dongjiang ("DJ") water resource. Noting that the fresh water main to be laid under the proposed project would be placed along Wan Po Road and Po Hong Road all the way from TKO Area 137 to Po Lam, Ir Dr LO enquired about the impact of the mainlaying works on the traffic along these major roads.

66. Assistant Director/New Works, Water Supplies Department ("AD(NW)/WSD"), advised that during the planning and design stages, the Administration had carried out a Traffic Impact Assessment for the proposed mainlaying works. To ensure that the works would not cause any significant impact on the traffic, the Administration would adopt trenchless methods as needed for laying of the water main at busy road junctions and sections, in particular those along Wan Po Road.

67. Given that Wan Po Road was one of the major trunk roads in TKO, Ir Dr LO Wai-kwok asked how the Administration would mitigate the environmental impact such as noise and dust nuisances associated with the construction works. He called on the Administration to maintain close communication with the residents of the concerned areas on the implementation of the proposed works project. In response, AD(NW)/WSD advised that the works contract would set out the recommended pollution control measures to be undertaken by the contractor. The Administration would require the contractor to implement those measures in order to minimize the environmental impact of the mainlaying works.

Desalination cost and technology

68. Ms Tanya CHAN said that she supported the proposal in principle. She referred to the background brief prepared by the Legislative Council Secretariat (LC Paper No. CB(1)439/16-17(07)), which reported that in the 2014-2015 financial year, the unit costs for drinking water produced from local catchment and from DJ water were \$4.2 and \$9.1 per m³ respectively, while the unit cost for seawater desalination at the proposed desalination plant at TKO was estimated by the Administration to be about \$12.6 per m³ (at 2013-2014 price level), without taking land premium into account. Ms CHAN sought information about the measures to be undertaken by the Administration to reduce the cost of seawater desalination over time, and suggested that the Administration should consider adopting advance technology, such as making use of solar energy, to achieve reduction of cost. Mr WU Chi-wai enquired whether renewable energy would be generated from the disposal of the brine produced after the reverse osmosis process.

69. CE(CM)/WSD responded that the estimated unit water production cost of the proposed desalination plant at TKO was \$12 to \$13 per m³ (at 2016 price level). He said that it might not be appropriate to compare the unit costs for production of desalinated seawater in Hong Kong and other cities, as the costs were affected by various factors. In Hong Kong, the unit cost covered the energy cost, capital cost, treatment cost, distribution cost and customer service cost. A more reasonable comparison, on the other hand, would be that on the energy consumption for production of each unit of desalinated seawater. The preliminary estimated energy consumption for the production of desalinated seawater at the proposed desalination plant at TKO was about 4.4 kWh/m³, which was comparable to that of the desalination plants in overseas cities (about 3.5 to 5 kWh/m³).

70. CE(CM)/WSD further said that the proposed desalination plant would adopt the reverse osmosis technology, which was a mature technology and had been used in most of the desalination plants in overseas cities in recent years. The Administration considered that, with the advancement of the reverse osmosis technology, the cost of seawater desalination would decline gradually over time. Furthermore, the two-stage development approach would enable the Administration to accumulate experience at the first stage and make use of new desalination technology to lower the production cost at the second stage. The Administration would study various options for optimizing the energy consumption of desalination, such as installing advanced energy recovery systems for greater energy efficiency. In reply to Ms Tanya CHAN's further enquiry on whether the energy cost of the proposed desalination plant would be reduced with the continuous advancement in technology, CE(CM)/WSD replied in the affirmative. Citing the closure of the former Lok On Pai Desalting Plant in Tuen Mun due to high operation cost as an example, Ms CHAN called on the Administration to ensure the sustained operation of the proposed desalination plant at TKO.

71. Dr YIU Chung-yim said that he could not support the proposal for the time being and would seek professional advice on the proposed project. He enquired about (a) the estimated payback period (i.e. the period of full cost recovery) of the proposed desalination plant; (b) when the unit production cost (per litre) of seawater desalination would be reduced to a level lower than the cost of importing DJ water, with the anticipation that the purchase price of DJ water would increase and the desalination cost would decline alongside technological advancement; and (c) instead of laying of a fresh water main connecting the proposed desalination plant to the TKO Fresh Water Primary Service Reservoir, whether it would be more

cost-effective to have the desalination carried out in a vessel, the desalinated seawater conveyed to the Plover Cove Reservoir or the High Island Reservoir for storage and then treated and supplied to the public. In his view, to have seawater desalination carried out in a vessel could save precious land resources. Dr YIU further asked whether the Administration had evaluated the cost of seawater desalination taking into account the land premium for the site to be occupied by the proposed desalination plant.

72. CE(CM)/WSD advised that the unit production cost of desalinated seawater (estimated to be \$12 to \$13 per m³) included various components such as the capital cost, which amounted to about \$4 per m³. The design service life of the civil and structural facilities of the proposed desalination plant was 50 years while the design service life of the electrical and mechanical facilities was 25 years. The actual service life could be lengthened with proper maintenance and repair. The cost recovery period would depend on the rate of water tariffs. AD(NW)/WSD added that it was difficult at this juncture to predict the changes in the costs for importing DJ water and producing desalinated seawater.

73. On the proposal of using a vessel for seawater desalination, AD(NW)/WSD explained that such an approach would incur potential disruption in the supply and higher recurrent costs, including the costs for water treatment and delivery. The site of the proposed desalination plant in TKO Area 137 was close to the area to which the desalinated seawater was to supply, hence reducing the delivery cost. The Administration intended to implement the works for the first stage of the desalination plant via a "Design-Build-Operate" ("DBO") approach. When evaluating the tenders for the DBO contract, the Administration would take land use efficiency into account. At the request of Dr YIU Chung-yim, the Administration would provide supplementary information on the estimated payback period for developing the proposed desalination plant at TKO.

Admin

Site selection for developing the desalination plant

74. Mr WU Chi-wai said that members belonging to the Democratic Party supported the development of seawater desalination in Hong Kong. He asked if the Administration would consider developing the second stage of the proposed desalination plant in a cavern with a view to reducing land intake.

75. CE(CM)/WSD said that, when selecting a site for developing a desalination plant, the Administration had taken into account various factors, i.e. seawater of consistently good quality should be available at the seawater intake; the discharge of brine into the sea would not cause adverse impact on the surrounding marine environment; and a fresh water supply network of wide coverage should be near the plant. The proposed desalination plant at TKO Area 137 was adjacent to the Southeast New Territories landfill, which generated the methane gas. The Administration had been discussing with the Hong Kong and China Gas Company Limited the feasibility of making use of the methane gas to provide electricity supply to the proposed desalination plant aiming to reduce the energy cost.

76. AD(NW)/WSD supplemented that the timing for implementing the second stage was yet to be determined. The first-stage works would cover the construction of some common facilities including an administration building, the intake and outfall facilities, a laboratory and maintenance workshop as well as the water mainlaying works catering for the first- and second-stage capacity to be built in one go. That said, the Administration would take into consideration Mr WU's suggestion when planning the second stage of the plant.

Water main leakage

77. Mr CHU Hoi-dick said that he had yet to decide whether to support the proposal. He referred to media reports about the water leakage problems caused by aged water mains, resulting in a waste of water resources of 220 million m³ in 2004. He opined that, in addition to developing a desalination plant, the Administration should in parallel undertake measures to reduce water main leakage. AD(NW)/WSD replied that following the substantial completion of the Replacement and Rehabilitation of Water Mains Programme at the end of 2015, the Administration was in the process of building up the Water Intelligent Network, which would enable the Administration to monitor the conditions of the water networks and tackle the water main leakage problem in a more effective and efficient manner.

78. Mr CHU further sought information about (a) the Administration's target for reducing the loss of fresh water each year; and (b) the latest figures on the quantity of fresh water lost due to leakage of water mains. AD(NW)/WSD advised that the Administration had not set any target for reducing water main leakage. The Administration would, however, keep on monitoring the conditions of the water mains and endeavour to reduce main leakage. At the request of the Chairman,

Admin the Administration would provide a written response to Mr CHU's question (b) above after the meeting.

Submission of the funding proposal to the Public Works Subcommittee

79. Concluding the discussion, the Chairman said that members belonging to the Democratic Party, the Civic Party, the Business and Professionals Alliance for Hong Kong and the Liberal Party supported the Administration's submission of the funding proposal to the Public Works Subcommittee for consideration, whereas two members had not yet decided on whether to support it.

VII Any other business

80. There being no other business, the meeting ended at 5:26 pm.

Council Business Division 1
Legislative Council Secretariat
22 March 2017