立法會 Legislative Council

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Establishment Subcommittee of the Finance Committee

Minutes of the 11th meeting held in Conference Room 1 of Legislative Council Complex on Monday, 29 January 2018, at 8:30 am

Members present:

Hon Alvin YEUNG (Deputy Chairman) Hon James TO Kun-sun Hon LEUNG Yiu-chung Hon WONG Ting-kwong, GBS, JP Hon WONG Kwok-kin, SBS, JP Hon WU Chi-wai, MH Hon Charles Peter MOK, JP Hon CHAN Chi-chuen Dr Hon KWOK Ka-ki Hon KWOK Wai-keung, JP Dr Hon Fernando CHEUNG Chiu-hung Hon IP Kin-yuen Dr Hon Elizabeth QUAT, BBS, JP Hon Martin LIAO Cheung-kong, SBS, JP Hon POON Siu-ping, BBS, MH Dr Hon CHIANG Lai-wan, JP Hon CHUNG Kwok-pan Hon CHU Hoi-dick Hon HO Kai-ming Hon Holden CHOW Ho-ding Hon SHIU Ka-fai Hon YUNG Hoi-yan Dr Hon Pierre CHAN Hon CHAN Chun-ying Hon Jeremy TAM Man-ho

Members absent:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman) Hon Abraham SHEK Lai-him, GBS, JP Dr Hon Priscilla LEUNG Mei-fun, SBS, JP Hon Steven HO Chun-yin, BBS Ir Dr Hon LO Wai-kwok, SBS, MH, JP Hon SHIU Ka-chun Hon KWONG Chun-yu

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 Laurie LO, JP	Head, Task Force on Central Policy Unit
	Re-organization
Mr Wilson KWONG	Assistant Head, Preparatory Office for
	Policy Innovation and Co-ordination
	Office, Central Policy Unit
Dr Raymond SO, BBS, JP	Under Secretary for Transport and
-	Housing
Ms Judy CHUNG	Principal Assistant Secretary for
·	Transport and Housing (Transport) 5
Mr Daniel CHUNG, JP	Director of Highways
Mr Kelvin LO, JP	Project Manager (Major Works),
	Highways Department

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Miss Sharon LO Ms Alice CHEUNG Miss Yannes HO Ms Haley CHEUNG Senior Council Secretary (1)9 Senior Legislative Assistant (1)1 Legislative Assistant (1)6 Legislative Assistant (1)9 <u>Action</u>

<u>The Deputy Chairman</u> drew members' attention to the information paper ECI(2017-18)15, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the six items on the agenda. He 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 items under discussion at the meeting before they spoke on the items. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2017-18)14 Proposed creation of six permanent posts of one non-civil service position (equivalent to the rank of D8)/Administrative Officer Staff Grade A1 (D8), one Administrative Officer Staff Grade B (D3) and four Administrative Officer Staff Grade **C**/**Principal Economist/Government** Town **Planner/Deputy Principal** Government Counsel/Government Engineer (D2/DL2); deletion of two permanent posts of one Administrative Officer Staff Grade C (D2) and one Government Town Planner (D2); and deletion of four non-civil service positions of one Head, Central Policy Unit (equivalent to the rank of D8) and three Full-time Members of Central Policy Unit (equivalent to the rank of D3) in the Central Policy Unit of the Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 April 2018, or with immediate effect upon approval by the Finance Committee (whichever is later) for the re-organization of the Central Policy Unit Policy Innovation as a new and **Co-ordination Office**

2. <u>The Deputy Chairman</u> remarked that the staffing proposal was to create six permanent posts and delete two permanent posts and four non-civil service positions in the Central Policy Unit ("CPU") of the Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 April 2018, or with immediate effect upon approval by the Finance Committee ("FC") (whichever was later) for the re-organization of the Central Policy Unit as a new Policy Innovation and Co-ordination Office ("PICO"). He pointed out that discussion of the item

was carried over from the meetings on 22 and 24 January 2018.

Work of the Policy Innovation and Co-ordination Office

3. <u>Mr CHUNG Kwok-pan</u> was concerned whether policy bureaux/departments ("B/Ds") would proactively complement and follow up the policy options to be developed by PICO.

4. <u>Mr LEUNG Yiu-chung</u> enquired how PICO would coordinate B/Ds for the effective implementation of various policy initiatives. He said that if PICO was only responsible for liaising B/Ds and providing them with a communication platform but had no substantive power to ensure the effective implementation by relevant B/Ds of the policies formulated, the establishment of PICO would only result in a cumbersome government structure.

5. <u>Head, Task Force on Central Policy Unit Re-organization</u> ("H(TF)") pointed out that PICO was mainly responsible for coordination of major cross-bureaux policies selected by the senior leadership in the Government. It was expected that the appointees to PICO would have different backgrounds and expertise, and could cooperate closely and effectively with the civil service to achieve the policy objectives. If disputes arose among B/Ds over the implementation of policy initiatives, PICO would seek guidance (such as asking for the relevant powers) from the senior leadership in the Government, such as the Chief Executive and Secretaries of Departments.

6. <u>Mr CHAN Chi-chuen</u> noted that the work of PICO included providing "first-stop and one-stop" consultation and coordination services, and an important part of it was to offer coordinated advisory services to innovative land development projects with broader economic and social merits initiated by non-profit organizations or private sector proponents. He enquired about the details of relevant work and the examples of the relevant services offered by CPU in the past.

7. <u>H (TF)</u> advised that similar coordinated advisory services had been coordinated by a group under the Chief Secretary for Administration's Office in the past and were not among CPU's scope of work. For instance, if a non-profit or private organization planned to construct a children's hospital, PICO could help the organization identify suitable land as well as help it understand and meet the requirements of various departments so as to facilitate the early implementation of the project.

8. <u>Dr Fernando CHEUNG</u> pointed out that the current-term Government advocated "encouraging public participation and engagement"; however, opinion surveys were conducted by CPU in the past for the Government to assess community concerns and public opinions, while the findings were unavailable for public information. He enquired about PICO's performance indicators for promoting public participation.

9. <u>H (TF)</u> responded that PICO would not conduct political opinion surveys. Nevertheless, PICO would collect stakeholders' views through different channels according to the needs arising from the subject matters.

10. <u>Mr WU Chi-wai</u> requested the Administration to provide an account of the differences between the evidence-based policy research to be promoted by PICO and the research work of other policy bureaux, especially how the research conducted by PICO could promote the Government's policy initiatives more effectively.

11. <u>H (TF)</u> explained that evidence-based policy research was a research approach based on a large amount of evidence, including assessing the effectiveness of policy implementation in different places in a systematic way, and carrying out social experiments on a random basis to evaluate the effectiveness of policies. He advised that apart from PICO, all the policy bureaux would promote evidence-based policy research, and PICO would mainly be responsible for handling some cross-departmental subjects of a complicated nature.

Voting on the item

12. <u>The Deputy Chairman</u> put the item EC(2017-18)14 to vote. At the request of Mr WU Chi-wai, <u>the Deputy Chairman</u> ordered a division, and the division bell rang for five minutes. Six members voted for, and five voted against the item. <u>The Deputy Chairman</u> 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 POON Siu-ping Ms YUNG Hoi-yan (6 members)

Mr Charles Peter MOK Mr CHUNG Kwok-pan Mr CHAN Chun-ying Against Mr LEUNG Yiu-chung Mr CHAN Chi-chuen Mr CHU Hoi-dick (5 members)

Mr WU Chi-wai Dr Fernando CHEUNG

13. <u>Mr CHAN Chi-chuen</u> requested that the item be voted on separately at the relevant FC meeting.

Proposed retention of three supernumerary posts EC(2017-18)15 of one Principal Government Engineer (D3) from 1 January 2018 or upon approval of Finance Committee ("FC") (whichever is later) to 31 December 2020 and two Chief Engineers (D1) from 1 January 2018 or upon approval of FC (whichever is later) to 31 December 2019 and extension of the redeployment of one permanent post of Chief Engineer (D1) from 1 January 2018 or upon approval of FC (whichever is later) to 31 December 2020 in the Highways Department to continue providing dedicated staffing support at the directorate level to take forward the Tuen Mun-Chek Lap Kok Link and the Tuen Mun Western Bypass; and to complete the remaining works of the Hong Kong-Zhuhai-Macao Bridge **Hong Kong Section**

14. <u>The Deputy Chairman</u> remarked that the staffing proposal was to retain three supernumerary posts of one Principal Government Engineer (D3) from 1 January 2018 or upon approval of FC (whichever was later) to 31 December 2020 and two Chief Engineers ("CEs") (D1) from 1 January 2018 or upon approval of FC (whichever was later) to 31 December 2019 and extend the redeployment of one permanent post of CE (D1) from 1 January 2018 or upon approval of FC (whichever was later) to 31 December 2020 in the Highways Department ("HyD") to continue providing dedicated staffing support at the directorate level to take forward the Tuen Mun-Chek Lap Kok Link ("TM-CLKL") and the Tuen Mun Western Bypass ("TMWB"); and to complete the remaining works of the Hong Kong-Zhuhai-Macao Bridge ("HZMB") Hong Kong Section.

15. <u>The Deputy Chairman</u> pointed out that the Panel on Transport was consulted on the staffing proposal on 21 July 2017. The Panel raised no objection for the Government's submission of the proposal to the

Establishment Subcommittee for consideration. Some members enquired whether, by retitling the Principal Government Engineer ("PGE") post from Project Manager/HZMB ("PM/HZMB") to Project Manager/Major Works (Special Duties) ("PM/MW(SD)"), the incumbent would be tasked to take up other duties not limited to those under the HZMB project. Director of Highways ("DHy") affirmed that this was possible. Separately, some members requested the Government to supplement information on the details of the technical difficulties, and the anticipated variation orders and contractual claims as mentioned in the discussion paper and their respective impact on the costs and works progress of TM-CLKL project, as well as the latest progress of the liaison with the contractor concerned on the design amendment for the sub-sea tunnelling works of the Northern Connection of In addition, some members also requested the Government to TM-CLKL. supplement information on when the TMWB project would be completed, as well as the exact completion date(s) in 2018 of the works projects under the Hong Kong Link Road ("HKLR") and Hong Kong Boundary Crossing Facilities ("HKBCF") projects which, according to the Government, were not absolutely essential for the commissioning of HZMB. The supplementary information provided by the Government in relation to the aforesaid two requests had been submitted to members vide LC Paper No. CB(4)1518/16-17(01) on 14 August 2017.

Justification for retaining the relevant supernumerary posts and the interim manpower arrangement

16. <u>Mr WU Chi-wai</u> enquired about the reasons for renaming the HZMB Hong Kong Project Management Office ("HZMB HKPMO") as the Major Works Project Management Office (Special Duties) ("MWPMO(SD)"), as well as the division of work between MWPMO(SD) and HyD's project management offices under regular establishment.

17. <u>DHy</u> advised that HZMB HKPMO was responsible for taking forward such projects as the HZMB Hong Kong Section, TM-CLKL and TMWB. As the HZMB Hong Kong Section project was near completion, renaming the project management office as MWPMO(SD) would better reflect and tie in with its future work. HyD would review the continued need for MWPMO(SD) in 2019 and 2020, taking into account the progress of the TM-CLKL and TMWB projects. He supplemented that the Major Works Project Management Office of HyD was responsible for handling regular works matters. In case of particularly complex and large-scale projects, HyD would usually form a dedicated office for taking forward such work.

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18. <u>Mr CHAN Chi-chuen</u> noted that the three supernumerary posts proposed to be retained by the Administration had lapsed on 31 December 2017. He enquired about HyD's interim manpower arrangement prior to FC's approval for the extension of the supernumerary posts.

19. <u>Under Secretary for Transport and Housing</u> ("USTH") responded that upon the lapse of the three PGE/CE posts, HyD had allocated the relevant post holders to other positions (including work relating to maintenance and strategic studies). Their duties were shared by other incumbent directorate officers of HyD instead. Given that the incumbent directorate officers were already fully loaded with their existing duties, the above interim arrangement was highly undesirable and unsustainable. There was urgency to retain the three supernumerary posts so as to ensure the sustained implementation of the TM-CLKL project, TMWB project and remaining works of the HZMB Hong Kong Section.

Technical difficulties encountered in the Tuen Mun-Chek Lap Kok Link

20. <u>Mr WONG Ting-kwong</u> pointed out that the Lantau Link ("LL") was currently the only road connecting Lantau (including the Hong Kong International Airport ("HKIA")) with the urban areas. Any traffic incident on LL would block the access to HKIA. TM-CLKL could serve as an alternative route linking HKIA and the urban areas in addition to LL. He requested the Administration to explain in detail the works progress of TM-CLKL.

21. <u>Dr KWOK Ka-ki</u> was concerned about the delay and cost overrun of the TM-CLKL project. He enquired about the latest anticipated completion date of the project.

22. <u>USTH</u> and <u>DHy</u> replied that HyD had carried out a comprehensive review on the commissioning of TM-CLKL and announced in March 2017 that the Southern Connection was anticipated to be completed in the first half of 2019 at the earliest, whilst the Northern Connection was targeted for completion in 2020 at the earliest. The progress of the TM-CLKL project was not directly related to the commissioning of HZMB. <u>DHy</u> supplemented that the construction works under the Northern Connection Sub-sea Tunnel Section had been encountering various technical difficulties. HyD had drawn up revised proposals with the contractor and consulting engineers after months of discussion, and maintained that the Northern Connection would be completed in 2020 at the earliest.

23. <u>Mr CHAN Chi-chuen</u> noted that it had been reported that the tunnel alignment below the seawall of the Southern Landfall ("SLF") of the

Northern Connection Sub-sea Tunnel Section had to be lowered by approximately 10 metres to avoid passing through the stone columns so as to ensure the safe operation of the tunnel boring machines ("TBMs"). The above-mentioned amendment to the tunnel design also needed to take account of the effects due to the outward movement at the top of the steel cellular seawall of the artificial island and the more complicated than expected soil conditions at deeper strata. He criticized HyD for failing to properly manage the HZMB Hong Kong Section project, and enquired whether amendment to the tunnel design was made as a result of human negligence or errors in respect of the design of the Northern Connection, the reasons for HyD's late identification of the causes of the problems, as well as whether the change in the tunnel alignment was related to the drifting of the artificial island.

24. <u>Mr CHU Hoi-dick</u> queried that the Administration had not conducted adequate ground investigations for the construction of the tunnel. He was also concerned about the party required to pay the additional cost incurred by the change in the tunnel alignment.

25. DHy explained that the Northern Connection works contract was a design-and-build contract, hence the contractor was responsible for both the design and construction of the project. He advised that tunnel works normally encountered various technical difficulties, and modifications were often made to the design during construction subject to the ground The Government had conducted ground investigations before conditions. the commencement of the project, but the reclamation works had not been carried out and the stone columns had not been installed at that time. Before the commencement of the project, HyD had provided the contractor with relevant ground investigation information and the design of the reclamation, and the stone columns had also been taken into account in the original design. In 2015, when assessing the risks of construction based on the latest site investigation information, the contractor assessed that the risks were too high, and thus proposed that the sub-sea tunnel alignment be lowered by 10 metres to avoid passing through the stone columns so as to ensure the safe operation of the TBMs. The proposal was also the only technically feasible construction method as suggested by independent experts in their reports.

26. <u>Mr CHU Hoi-dick</u> requested the Administration to provide information on the stone columns installed at the Northern Connection Sub-sea Tunnel Section of TM-CLKL and the thickness of relevant marine mud, and explain the justifications for changing the alignment of a tunnel section of SLF of the Northern Connection (by lowering the alignment by approximately 10 metres to avoid passing through the stone columns), including the details of the recommendations and study reports on the incident made by the independent experts engaged by HyD.

[*Post-meeting note*: The supplementary information provided by the Administration was circulated to members on 2 February 2018 vide LC Paper No. ESC78/17-18(01).]

27. <u>Dr Fernando CHEUNG</u> said that it had been reported that the required change to the alignment of SLF of the Northern Connection Sub-sea Tunnel Section was attributed to the drifting of the artificial island or the significant settlement of the steel cells. He requested the Administration to clarify whether the report was true, and give an account of whether the required change to the alignment was ascribed to the ineffective monitoring on the part of HyD which gave rise to errors in both design and works, or to the settlement of the steel cells being more serious than expected. He was of the view that the Northern Connection works contract was a design-and-build contract, so the contractor should be liable to any additional cost incurred by the change to the alignment and any loss arising from the corresponding delay in works.

DHy clarified that while there was outward movement at the top of 28. the steel cellular seawall of the artificial island, there was neither drifting of the artificial island nor significant settlement of the two steel cells of the tunnel alignment. He said that the design of the tunnel works might need to be modified during construction, especially in case of complicated ground conditions. The contractor had conducted on-site drilling during the works of reclamation and stone column installation, and carried out further studies based on the latest information. The contractor opined that passing through the stone columns would pose unacceptably high risks to the tunnel excavation work, and thus proposed lowering the alignment by 10 metres so as to ensure the safe operation of the TBMs. This proposal was also the only technically feasible construction method as suggested by independent experts in their reports. HyD would further study and discuss the liability issues in respect of the change to the alignment with the contractor according to the contract terms and the views of consulting engineers. In response to Dr Fernando CHEUNG's further enquiry, DHy advised that the PM/MW(SD) post (which was proposed to be retained) could help the Government examine the validity, principles and liabilities of the claims submitted by the contractors with a view to safeguarding the interest of the Government and ensuring the proper use of public funds.

29. <u>Mr Holden CHOW</u> noted that the Northern Connection Sub-sea Tunnel Section was constructed by deploying three large-diameter TBMs. This was the first time that such tunnelling technique was deployed for the construction of a sub-sea tunnel in Hong Kong, and the sizes of the TBMs deployed were the largest ever in the city's history. He requested the Administration to explain whether the required change to the alignment of SLF of the tunnel section was attributed to the technical issues arising from the use of TBMs for the construction of a sub-sea tunnel, or to the erroneous design on the part of the contractor.

30. <u>DHy</u> pointed out that TBM was a commonly used large-sized machine and the relevant technique was rather mature, but various difficulties and risks might arise in the face of different ground conditions. He said that the original design of the alignment was to pass through the bottom part of the stone columns, but the contractor ultimately proposed a change to the alignment as the contractor and independent experts considered that the risks involved were quite high. HyD would further study and discuss the liability issues in respect of the change to the alignment with the contractor according to the contract terms and the views of consulting engineers.

Progress of the Tuen Mun Western Bypass project

31. <u>Mr WU Chi-wai</u> and <u>Dr KWOK Ka-ki</u> were aware that the Administration had commenced the investigation and preliminary design for TMWB as early as 2008, and the alignment proposal had also been amended repeatedly. HyD engaged a consultant to commence a two-year investigation study on the latest proposed alignment option for TMWB in 2017. <u>Mr WU</u> queried the need to dedicate the task of taking forward the relevant works project to Chief Engineer 2/Special Duties ("CE2/SD") before the completion of the study. <u>Mr KWOK</u> enquired whether the post of CE2/SD would be retained or extended upon its expiry in the light of the progress of the TMWB project.

32. <u>DHy</u> advised that the alignment option for TMWB had been amended repeatedly in response to the objections and views of the local community. HyD consulted the local community, including the Tuen Mun District Council and the Ha Tsuen Rural Committee, Yuen Long on the latest proposed alignment option, and engaged a consultant to commence a two-year investigation study on it in October 2017. CE2/SD was required to provide technical support and professional advice in relation to the design, planning, feasibility study, environmental impact assessment study, etc. for the TMWB project. He was also required to conduct public consultations according to the study outcomes at different stages, and prepare a scheme generally acceptable to all parties. Depending on the outcomes of the studies and public consultations, HyD would conduct detailed planning for the implementation of the TMWB project, including the manpower arrangement.

Claims filed by contractors

33. <u>Mr HO Kai-ming</u> enquired whether the Government had filed claims to the contractors of the TM-CLKL, HKLR and HKBCF projects in respect of these projects apart from the claims filed to the Government by these contractors, and enquired about the claims filed to the contractors by the Government in the past. He also enquired whether penalties had been stipulated in the contracts made between the Government and the contractors in respect of works delay and cost overrun.

34. <u>DHy</u> advised that as of November 2017, in relation to the TM-CLKL, HKLR and HKBCF projects, HyD had received claims of \$3 billion, \$3.2 billion and \$5.4 billion respectively. The Government had not filed any claim to the contractors so far, but the Government would do so in case of any loss incurred by the Government caused by the contractors while the projects were being taken forward. The contracts between the Government and the contractors were made in line with international standards and had included penalty provisions. When there was delay in the works and the contractors failed to complete the projects before the revised final completion dates, the Government would impose penalties on the contractors according to the contract terms.

35. <u>Mr Holden CHOW</u> enquired whether the Administration would, apart from the project teams under the leadership of PGE and CEs, engage third-party consultants to review the claims filed by the contractors and provide independent professional advice so as to ensure the reasonableness of claims and proper use of public funds.

36. DHy explained that the contractors were required to file claims with sufficient grounds and information as reasonable support. After receiving the claims filed by the contractors, the consulting engineers engaged by HyD would review the reasonableness of these claims in the light of the contracts, the grounds of the claims and related documents, etc. submitted by the contractors, and seek HyD's comments in respect of the assessments. HyD had to strenuously examine each claim assessment review submitted by the consulting engineers, closely monitor the assessment process and progress, offer professional comments in respect of the analysis of claim assessments, review the validity, principles and liabilities of all the claims with a view to safeguarding the interest of the Government and ensuring the proper use of public funds. Under special circumstances or in complicated cases, HyD would engage relevant engineering experts to conduct further professional analysis and assessments on the cases.

Separately, in case of legal issues or issues relating to contract terms, the Development Bureau also had an independent team of legal experts in place to provide legal advice on such issues. The Government would also engage external legal experts to conduct reviews and provide advice on cases where necessary.

37. <u>Dr KWOK Ka-ki</u> expressed concern about the progress of claim assessments in respect of TM-CLKL. He enquired about the time as expected by the Administration for the completion of the assessments of all claims, especially whether the assessments of all claims could be completed before the expiry of the terms of the posts proposed to be retained or extended to the end of 2019 or 2020. He also requested the Administration to explain how the project teams under the leadership of PGE and CEs could effectively deal with the claims filed by the contractors with a view to minimizing the potential amount of compensation to be borne by the Government so as to ensure the proper use of public funds.

38. <u>DHy</u> replied that in view of the current situation and based on the experience from the implementation of mega-scale infrastructure projects previously, the assessment procedures for major and large claims required the leadership of PGE and CEs to ensure the project teams handled the claims prudently, and were anticipated to be concluded at least one to two years after the projects had been completed. If the contractors did not accept the compensation packages proposed by the Government, it might have to take a longer time to handle individual cases. The Administration would review the need to further retain or extend such posts in mid-2019 and mid-2020.

39. <u>Mr CHAN Chi-chuen</u> noted that the claims received by HyD in relation to the TM-CLKL, HKLR and HKBCF projects had increased from around \$2.8 billion, \$2.6 billion and \$3.4 billion respectively as of May 2017 to around \$3 billion, \$3.2 billion and \$5.4 billion respectively as of November 2017. He enquired about the reasons for the increased amounts of claims.

40. <u>DHy</u> pointed out that the contractors would file claims to HyD from time to time after gathering sufficient justifications and information; separately, HyD had also completed the assessments of some simpler claims, so the amounts of claims for different periods might vary.

<u>The second phase of the Hong Kong-Zhuhai-Macao Bridge Hong Kong</u> <u>Section – Hong Kong Boundary Crossing Facilities project</u>

41. <u>Mr WU Chi-wai</u> pointed out that the Administration had sought a supplementary provision of \$5 billion from FC for the HZMB Hong Kong Section project. It was pointed out in paragraph 9 of the Government's paper that the implementation schedule of the second phase of the HKBCF project would depend on the passenger and traffic flows after the commissioning of HKBCF. He requested the Government to give a clear account of the amount earmarked for the second phase project, how and when such provision would be used, and the criteria the Administration would resort to when deciding whether there was a need to take forward the second phase project.

42. <u>DHy</u> advised that around \$1.94 billion was earmarked for the second phase project. He pointed out that the second phase had been included in the initial design of the HKBCF project. As stated in the supplementary paper the Government submitted to the Legislative Council ("LegCo") while seeking a supplementary provision for the HKBCF project in 2015, the second phase of the HKBCF project would commence after the commissioning of HKBCF. He said that the cost of the second phase project had been included in the provision granted for the HKBCF project. He supplemented that based on a preliminary estimate, in the long run, the passenger and traffic flows of HKBCF would increase, so it would be necessary to take forward the second phase project.

43. <u>Mr LEUNG Yiu-chung</u> said that if the Administration anticipated that the facilities of the first phase were not sufficient in addressing the long-term development and needs of HKBCF, it should take forward the second phase project as soon as possible so as to prevent the facilities from lagging behind and failing to meet the demand.

44. <u>DHy</u> reiterated that the Government had earmarked around \$1.94 billion for the second phase project. He said that as stated in the supplementary paper the Government submitted to LegCo while seeking a supplementary provision for the HKBCF project in 2015, the second phase of the HKBCF project would commence immediately after the commissioning of HKBCF. He added that the Government anticipated that the clearance kiosks at the vehicle clearance plaza would fail to meet the long-term needs of HKBCF in respect of its traffic flow; therefore, space had been reserved for the construction of additional clearance kiosks.

45. <u>The Deputy Chairman</u> remarked that as some members were still waiting for their turns to ask questions, the Subcommittee would continue

the discussion on this item at the meeting on 5 February 2018.

46. The meeting ended at 10:28 am.

Council Business Division 1 Legislative Council Secretariat 22 March 2018