

立法會
Legislative Council

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seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 15th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 26 January 2018, at 3:30 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, 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, SBS, MH, JP

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
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-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
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
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Members absent:

Dr Hon Elizabeth QUAT, BBS, JP
Hon Jimmy NG Wing-ka, JP
Dr Hon Pierre CHAN

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr CHOI Yuk-lin, JP	Under Secretary for Education
Miss Sharon KO Yee-wai	Principal Assistant Secretary for Education (Higher Education)
Miss Winnie WONG Ming-wai	Acting Secretary-General, University Grants Committee Secretariat
Mr Stephen CHIA Si-wai	Acting Chief Technical Adviser (Subvented Projects), Architectural Services Department
Ms Doris HO Pui-ling, JP	Deputy Secretary for Development (Planning and Lands) 1
Mr LAM Sai-hung, JP	Director of Civil Engineering and Development
Mr Michael LEUNG Chung-lap	Deputy Project Manager (East), Civil Engineering and Development Department
Mr Stephen LI Tin-sang	Chief Engineer (East 2), Civil Engineering and Development Department
Mr CHAN Jick-chi, JP	Under Secretary for Home Affairs
Mr CHENG Ching-wan	Principal Assistant Secretary for Home Affairs (Recreation and Sport) 1
Ms Michelle LI Mei-sheung, JP	Director of Leisure and Cultural Services
Mrs Doris FOK LEE Sheung-ling	Assistant Director of Leisure and Cultural Services (Leisure Services) 1
Mr HUI Fung-mang	Head (Information Technology), Leisure and Cultural Services Department
Mr Nicholas YANG Wei-hsiung, GBS, JP	Secretary for Innovation and Technology
Mrs Millie NG KIANG Mei-nei, JP	Deputy Secretary for Innovation and Technology
Ms Annie CHOI Suk-han, JP	Commissioner for Innovation and Technology

Mr Ivan LEE Kwok-bun, JP	Deputy Commissioner for Innovation and Technology
Mr WONG Wang-wah	Assistant Commissioner for Innovation and Technology (Infrastructure and Quality Services)

Attendance by invitation:

Prof CHAN Ying-shing	Associate Dean (Development and Infrastructure), Li Ka Shing Faculty of Medicine, The University of Hong Kong
Mr TAM King-leung	Director of Estates, The University of Hong Kong
Mr Bernard V LIM	Principal, Architecture Design and Research Group Ltd
Mr Albert WONG	Chief Executive Officer, Hong Kong Science and Technology Parks Corporation
Ms Emily LI	Senior Manager (Development), Hong Kong Science and Technology Parks Corporation

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Ms Ada LAU	Senior Council Secretary (1)7
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

The meeting was chaired by the Deputy Chairman. The Deputy Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure.

**Item 1 — FCR(2017-18)51
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 15 NOVEMBER 2017**

**PWSC(2017-18)20
HEAD 708 — CAPITAL SUBVENTIONS AND MAJOR SYSTEMS
AND EQUIPMENT**

Universities

The University of Hong Kong

63EG — Academic building at No. 3 Sassoon Road

2. The Deputy Chairman advised that the item sought approval from the Finance Committee ("FC") of the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting held on 15 November 2017, i.e. the recommendation in PWSC(2017-18)20 to upgrade 63EG to Category A at an estimated cost of \$810.9 million in money-of-the-day ("MOD") prices for construction of a new academic building for the Li Ka Shing Faculty of Medicine ("Medical Faculty") of the University of Hong Kong ("HKU") at No. 3 Sassoon Road, Pokfulam.

Capital cost of the proposed works

3. Mr CHAN Chun-ying expressed support for the proposed project. He noted that HKU had already invited tenders for the proposed works in March 2017, and the project was expected to be completed in the third quarter of 2021. In this regard, Mr CHAN enquired about the following: (a) whether the tender concerned was still valid to this date; and what actions would be taken by the Administration should project costs turn out to be higher than the current estimates; (b) why the project costs were still payable by the Administration even until 2023-2024; and (c) why the construction unit cost of the proposed building (about \$3,700 per square foot ("sq ft")) was slightly higher than that of a similar project around the same time (i.e. about \$3,600 for constructing the Nursing and Healthcare Complex of the Open University of Hong Kong).

4. In response, Mr Bernard V LIM, Principal, Architecture Design and Research Group Ltd ("Principal/AD+RG"), said that:

- (a) the tender price of the proposed project remained valid to this date;
- (b) given the provision of laboratories and other teaching facilities of the Medical Faculty in the proposed building, the project costs were at a reasonable level; and
- (c) the Administration would make payments for the proposed project according to the established mechanism.

Facilities of the proposed building

5. Dr KWOK Ka-ki expressed support for the proposed project. Apart from the teaching clinic of the School of Chinese Medicine inside the proposed building that would provide patient services upon the commissioning of the building, he asked whether other facilities in the building would likewise be open to the public.

6. Mr CHAN Chi-chuen welcomed the provision of gender-friendly toilets in the proposed building. He asked whether HKU had any plans to provide the same facilities in other new academic buildings to be constructed in future. He also asked whether the Telecentre for Survey Studies inside the proposed building was reserved for the use of the School of Nursing under the Medical Faculty of HKU.

7. Mr CHAN Chun-ying was concerned whether the provision of 26 carparking spaces in the carpark area of the proposed building was adequate to meet the need of both users and visitors.

8. Prof CHAN Ying-shing, Associate Dean (Development and Infrastructure), Medical Faculty, HKU ("Asso Dean (D&I)/LKS Fac Med, HKU"), Mr TAM King-leung, Director of Estates, HKU ("DoE/HKU") and Principal/AD+RG responded that:

- (a) a footbridge would be constructed to connect the proposed building with the existing footbridge linking to Queen Mary Hospital. Visitors of the hospital could access the proposed building via the footbridge. Facilities provided inside the proposed building including a garden, a cafeteria and common area would also be available for use by members of the public;

- (b) HKU would closely liaise with various stakeholders (such as HKU Student Union) on the provision of gender-friendly toilets in other new academic buildings;
- (c) the Telecentre for Survey Studies would be used by the Medical Faculty of HKU to conduct telephone surveys for collecting relevant data for teaching and research purposes; and
- (d) the carparking spaces in the proposed building were mainly provided for the use of visitors, and such provision was in line with the relevant statutory requirements. Separately, the main campus of the Medical Faculty of HKU, which was in close proximity to the proposed building, was provided with a two-storey carpark. This carpark could cope with the demand of teaching and general staff of the Medical Faculty on carparking spaces.

9. Referring to the supplementary information paper provided by the Administration to PWSC ([LC Paper No. PWSC50/17-18\(01\)](#)), Mr CHU Hoi-dick said that the Administration had not responded to the questions he raised about the photovoltaic ("PV") system to be installed under the proposed project, including its generating capacity and how the payback period was calculated. Mr CHU requested that the said information be provided by the Administration.

10. DoE/HKU and Principal/AD+RG explained that only a limited number of HKU buildings were installed with PV systems, and the payback period of such systems were quite long. The overall payback period of all energy saving installations (including the said PV system) under the proposed project was about 13 years. HKU undertook to provide the information requested by Mr CHU after the meeting.

[Post-meeting note: The supplementary information provided by HKU was circulated to members vide LC Paper No. FC255/17-18(01) on 8 May 2018.]

11. Referring to the floor layout plans set out in Enclosure 2 to discussion paper [PWSC\(2017-18\)20](#), Dr Fernando CHEUNG sought information about the use of the "母親房間/Mother's Room" and "考試診所/Exam Clinic" on the third floor of the proposed building.

12. Asso Dean (D&I)/LKS Fac Med, HKU replied that the Mother's Room was provided for the use of breastfeeding mothers, while the Exam Clinic was provided for nursing and Chinese medicine students to learn about the examination of patients. Dr Fernando CHEUNG suggested changing the Chinese name of the "Exam Clinic" from "考試診所" to "身體檢查室" or "診症室", so as to accurately reflect the use of the room.

Impact of the proposed works on important trees

13. Mr HUI Chi-fung enquired about the following: (a) whether the two important trees (T41 and T43) affected by the implementation of the proposed works could be preserved in situ; if not, whether the trees could be relocated to other places; and (b) whether the way forward for the two important trees would be subject to the consideration and approval by the Lands Department ("LandsD") under the Conditions of Exchange upon completion of the land transaction with HKU. Both Mr CHU Hoi-dick and Dr Fernando CHEUNG hoped that the two important trees could be preserved in situ. Meanwhile, Ms Tanya CHAN expressed concern about the terms and conditions in the relevant land lease regarding the felling/preservation of trees.

14. Principal/AD+RG said that a detailed site inspection on the two important trees had been conducted by tree experts after PWSC endorsed the funding proposal for the proposed works in November 2017. As T41 was in poor health condition, and T43 which was growing sideways could hardly survive after relocation, the proposal to fell the two trees to allow for the necessary slope upgrading works in the construction of the proposed building was maintained. Nonetheless, the engineering team would try to find ways to preserve the two trees during the construction works, and the trees would only be felled when it was certain that preservation was impossible. HKU was also discussing the Conditions of Exchange and the terms and conditions in the land lease regarding the felling/preservation of trees with LandsD, with a view to arriving at a solution satisfactory to all parties concerned.

15. Ms Tanya CHAN was unconvinced by the explanation that the engineering team would try to preserve the said two trees. Referring to the site plan set out in Enclosure 7 to discussion paper [PWSC\(2017-18\)20](#), she pointed out that given the close proximity of the two important trees (T43 in particular) to the boundary of the proposed building, it would be difficult to preserve them in situ as they would be damaged during the construction works and hence, must be felled. Ms CHAN and Dr KWOK Ka-ki also asked if the Administration had sought the views of tree expert, Prof JIM Chi-yung of HKU, on the proposal to fell the two important trees.

16. Principal/AD+RG further explained that T43 was not included in the Register of Old and Valuable Trees, but it was classified as an important tree because its trunk diameter was over 1 metre. Separately, while the root of T43 would not be affected by the foundation works of the proposed building, and its trunk was some distance away from the proposed building, T43 was located within the site area of slope upgrading works. In the course of the relevant works, the engineering team would try to preserve the said important tree. DoE/HKU supplemented that having inspected the two important trees on-site, Prof JIM Chi-yung was of the view that it would not be worthwhile to spend a large sum of money to preserve the said two trees because they were not particularly valuable.

17. Mr CHU Hoi-dick asked whether the slope upgrading works along the proposed building outline were required because the relevant slope was potentially dangerous or more space could be made available for the proposed building if the slope was flattened.

18. Principal/AD+RG confirmed that the slope upgrading works were required because the relevant slope did not meet the safety standard.

Fees of the teaching clinic of the School of Chinese Medicine

19. Mr CHAN Chi-chuen enquired how the consultation fees of the teaching clinic of the School of Chinese Medicine were determined, what the adjustment mechanism was, and whether the adjustment mechanism was subject to any external monitoring. He also asked whether an undertaking could be given by the School to maintain the level of consultation fees for a certain period of time.

20. Meanwhile, Dr KWOK Ka-ki was concerned about the level of consultation fees charged by HKU's School of Chinese Medicine in relation to the private patient services provided by teaching staff of professor cadre, as well as the income-sharing arrangement between the School of Chinese Medicine and the attending teaching staff of professor cadre. He was of the view that the Administration should monitor the said private patient services to ensure that the teaching staff would concentrate on teaching.

21. DoE/HKU responded that the level of consultation fees would be determined on the principles of non-profit-making and cost recovery. The level of consultation fees would be adjusted once every few years, taking into account the rate of inflation. He undertook to provide the information requested by Mr CHAN and Dr KWOK after the meeting.

[*Post-meeting note:* The supplementary information provided by HKU was circulated to members vide LC Paper No. FC255/17-18(01) on 8 May 2018.]

Academic space of universities in Hong Kong

22. Mr IP Kin-yuen expressed support for the proposed works. Referring to the academic space shortfall (in net operational floor area ("NOFA")) in the eight institutions funded by University Grants Committee ("UGC-funded universities"), Mr IP requested the Administration to provide information on the respective shortfall in each university and explain the reasons for such shortfall in academic space. For instance, after the commissioning of the proposed building, HKU would still have an academic space shortfall of 30 000 square metres ("sq m") in NOFA. Mr IP also requested the Administration to give an account on the actions to be taken to resolve the problem.

23. Under Secretary for Education ("USED") replied that in the 2016/2017 academic year, the total academic space shortfall in the eight UGC-funded universities was about 165 991 sq m in NOFA. She undertook to provide the respective shortfall in each university after the meeting. USED and Acting Secretary-General, University Grants Committee Secretariat, further said that the Administration attached great importance to the academic space shortfall in the UGC-funded universities and had been striving to secure funding for the relevant capital works proposals. Nonetheless, given the intense competition for funding under the Capital Works Reserve Fund, the Administration must set priorities for public works projects in different policy areas. Meanwhile, the universities could also expedite their campus development plans through other means (such as soliciting private donations in the community).

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC255/17-18(01) on 8 May 2018.]

24. Dr Fernando CHEUNG expressed grave concern about the substantial academic space shortfall in the UGC-funded universities and requested the Administration to provide information detailing its targets in making up for the abovementioned shortfall in NOFA, the specific plans involved and the timetables.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC255/17-18(01) on 8 May 2018.]

Soliciting of donations by the University of Hong Kong and naming of the proposed building

25. Mr Martin LIAO expressed support for the proposed project. Noting that three more academic buildings on the Main Campus would be constructed by HKU to resolve the problem of academic space shortfall, Mr LIAO enquired about the solicitation of donations by HKU in the community for the construction of the new academic buildings.

26. DoE/HKU responded that while contacts between HKU and prospective donors for donations to construct the new academic buildings were underway, no details could be divulged at this stage. Moreover, aside from the construction of the proposed building, HKU was also soliciting donations and undertaking design work for the expansion of the Main Campus of the Medical Faculty.

27. Referring to the supplementary information paper provided by the Administration to PWSC ([LC Paper No. PWSC50/17-18\(01\)](#)), Mr HUI Chi-fung asked whether the donation of \$1,000 million committed by the Li Ka Shing Foundation to the Medical Faculty of HKU had been paid in full and what the payment schedule was. Meanwhile, Dr KWOK Ka-ki asked whether the name of the proposed building would contain the words "Li Ka Shing Faculty of Medicine".

28. In reply, Asso Dean (D&I)/LKS Fac Med, HKU and DoE/HKU advised that the donation of \$1,000 million committed by the Li Ka Shing Foundation to the Medical Faculty of HKU had been received in full, and the name of the proposed building would not contain the words "Li Ka Shing Faculty of Medicine".

29. There being no further questions from members, the Deputy Chairman put the item to vote. The Deputy Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved by FC.

Item 2 — FCR(2017-18)52

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 29 NOVEMBER 2017**

PWSC(2017-18)21

**HEAD 707 — NEW TOWNS AND URBAN AREA
DEVELOPMENT**

Civil Engineering — Land development

765CL — Development of Anderson Road Quarry Site

30. The Deputy Chairman advised that the item sought FC's approval of the recommendation of PWSC made at its meeting held on 29 November 2017, i.e. the recommendation in PWSC(2017-18)21 to upgrade part of 765CL as 818CL to Category A at an estimated cost of \$2,654.4 million in MOD prices to implement road improvement and infrastructure works to support the proposed development of the Anderson Road Quarry ("ARQ") site.

Housing development at the Anderson Road Quarry site

31. Mr CHU Hoi-dick opined that even though all housing units produced under the Development at Anderson Road, a project in the neighbourhood of the ARQ site, would be public rental housing ("PRH") units, the Administration should not seek to only construct private and subsidized housing flats in the ARQ site. Mr CHU also asked if there were any changes to the total number of housing units to be produced as well as the target population of the entire project under the latest planning for the ARQ site as compared with the original planning. Meanwhile, Mr SHIU Ka-chun indicated that the proposed private-to-subsidized housing ratio at the ARQ site (i.e. 80:20) was unacceptable. Dr Fernando CHEUNG considered that in order to meet the housing demand of the general public, the Administration should scale down private housing production in the ARQ site, so as to increase the supply of subsidized housing.

32. Mr CHU Hoi-dick asked when the consultation on the proposed public-to-private housing ratio at the ARQ site was initiated by the Administration; whether adequate information had been provided by the Administration, so that the consultees could give informed views on the said proposal; and whether the consultees were aware that the latest number of housing units to be produced in the ARQ site was different from that envisaged under the original planning. Meanwhile, Mr SHIU Ka-chun asked whether the Administration had consulted the views of residents at

On Tat Estate and On Tai Estate (i.e. the Development at Anderson Road) concerning the development of the ARQ site nearby, the provision of social welfare facilities and supporting transport infrastructure, etc. In addition, Mr Wilson OR also called on the Administration to conduct further consultation on the development of the ARQ site and requested the Administration to provide details of the relevant consultation arrangements.

33. Mr Wilson OR further asked the Administration to ensure that PRH development in the Development at Anderson Road would bring benefits to the communities in the neighbourhood. Apart from the provision of social welfare facilities, Mr SHIU Ka-chun called on the Administration to deploy teams of social workers to the relevant PRH estates in the abovementioned development upon their completion, so as to provide all kinds of support as appropriate to the new residents. Mr SHIU's views were echoed by Mr WU Chi-wai.

34. Deputy Secretary for Development (Planning and Lands) 1 ("DS(P&L)1/DEVB") and Director of Civil Engineering and Development ("DCED") responded that:

- (a) two stages of public engagement exercise concerning the public-to-private housing ratio at the ARQ site were conducted by the Administration in 2011 and 2012 respectively to solicit public views, and the Kwun Tong District Council ("KTDC") and Sai Kung District Council ("SKDC") were also consulted on the matter in 2013. In addition, the Administration would consult the local District Council and local residents on the future use of "Government, Institution or Community" ("GIC") land at the ARQ site. Separately, the Administration would maintain communication with stakeholders in the community on the development of the ARQ site through the community liaison group ("CLG");
- (b) CLG would comprise members of the local District Council as well as representatives of residents in the nearby housing estates. Apart from attending regular CLG meetings held every three to four months, the Administration's representatives would also be willing to attend any additional meetings when necessary;
- (c) under the Administration's initial thinking, the abovementioned GIC land would be used to construct a community hall, a community service building for housing

various social welfare facilities, etc. The Development Bureau would also relay members' request for enhancing support services provided to new residents to the Transport and Housing Bureau and the Hong Kong Housing Authority for follow-up;

- (d) a total of about 18 000 PRH units were provided in On Tat Estate and On Tai Estate in the neighbourhood of the ARQ site. The Administration's major consideration was to provide a greater number of private housing units at the ARQ site, so as to strike a balance in the district's overall public-to-private housing ratio;
- (e) under the Administration's original planning, about 9 400 housing units would be provided at the ARQ site, of which 80% were private housing, and 20% subsidized housing in the form of Home Ownership Scheme ("HOS") flats;
- (f) to tie in with the relevant proposal in the 2017 Policy Address, the Administration converted a site within the ARQ site originally earmarked for private housing development to construct about 1 000 units under the "Starter Homes" Pilot Scheme for Hong Kong Residents. Moreover, in response to the views of members, the Administration also planned to convert another site within the ARQ site originally earmarked for private housing development to construct HOS flats; and
- (g) after the abovementioned land use changes, housing production at the ARQ site would increase to about 9 630 units, with the ratio of private housing dropping to 56% and that of subsidized housing increasing to 44%.

35. Mr WU Chi-wai welcomed the Administration's move to convert some sites within the ARQ originally earmarked for private housing development for the production of subsidized housing. Nonetheless, Mr WU was concerned that given the exorbitant prices in the private property market, Hong Kong people would still have difficulties in purchasing the "Starter Homes" units should their prices be pegged to market prices. Hence, Mr WU held that the price of subsidized housing should instead be set according to the public's affordability.

36. At Mr SHIU Ka-chun's further request, the Administration undertook to provide information after the meeting about the respective

numbers of people attending the public engagement exercises of KTDC and SKDC conducted in 2013 and the views of attendees.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC236/17-18(01) (Chinese version) on 18 April 2018.]

Supporting transport facilities and pedestrian connectivity facilities at the Anderson Road Quarry site

37. Mr Wilson OR requested the Administration to provide a detailed account on various short, medium and long-term measures to be taken to address the transport impact created by the development at the ARQ site for the neighbourhood, as well as the timetable for implementing such measures.

38. Expressing support for the proposed works, Mr HO Kai-ming suggested that in order to improve the external connectivity of the ARQ site, the Administration should consider constructing a road providing direct connection between the ARQ site and outside areas. Mr HO also asked whether the anticipated increase in capacity to be achieved upon completion of the proposed road improvement works at the junction of Lin Tak Road and Sau Mau Ping Road (including the construction of a new vehicular flyover from Lin Tak Road to Sau Mau Ping Road) would be offset by the additional traffic flows generated by a proposed project in the neighbourhood to construct five buildings of subsidized housing at the junction of Ko Chiu Road and Pik Wan Road in Yau Tong.

39. Mr WU Chi-wai noted that according to the findings of the traffic impact assessment ("TIA") study conducted by the Administration, there was still reserve capacity at New Clear Water Bay Road. Nonetheless, according to his observation, there was traffic congestion at the said road in the morning peak hours. In this regard, he enquired about the reasons for such differences.

40. Mr CHU Hoi-dick noted that many data in the TIA report for the ARQ site relating to the Territorial Population and Employment Data Matrix ("TPEDM") had been blocked out by the Administration. Mr CHU enquired about the reasons for blocking out the relevant data and whether the Administration could provide an unblocked version of the TIA report.

41. Mr HO Kai-ming, Mr WU Chi-wai and Mr CHU Hoi-dick asked whether given that the latest figures on the housing units to be constructed

and the projected population intake at the ARQ site were different from those under the original planning, another TIA study would be conducted by the Administration, taking into account the latest development in the nearby areas.

42. Mr Jeremy TAM asked whether any land had been reserved in the ARQ site for possible extension of the proposed MTR East Kowloon Line ("EKL") to the area in the future. Similar questions were raised by Mr Wilson OR. Meanwhile, Mr WU Chi-wai asked when the Administration would complete its assessment on the proposal submitted by MTR Corporation Limited ("MTRCL") on EKL.

43. Mr Jeremy TAM was concerned whether a lift would also be provided under the proposed works to facilitate access by wheelchair users, in addition to the construction of a two-way escalator link between Hiu Yuk Path and Hiu Ming Street. Meanwhile, Mr HO Kai-ming called on the Administration to extend the said escalator link for further connection between Hiu Ming Street and Tsui Ping Road. Dr Fernando CHEUNG asked whether barrier-free facilities (such as lifts and travellers) would be provided at the ARQ site and its neighbourhood to facilitate access by the elders and people with disabilities. Meanwhile, Mr Wilson OR noted that under the proposed works, a pedestrian connectivity facility ("PCF") would be constructed to provide linkage between Po Tat Estate and the proposed bus to bus interchange at the toll plaza of the Tseung Kwan O ("TKO") Tunnel, which would be further extended to Sau Mau Ping Road in the future. Mr OR suggested the additional provision of a cover for the relevant facility.

44. DS(P&L)1/DEVB, DCED and Deputy Project Manager (East), Civil Engineering and Development Department ("DPM(E)/CEDD"), responded that:

- (a) the Administration planned to adopt various short, medium and long-term measures to address the traffic impact arising from the development at the ARQ site, the details of which were set out in the supplementary information paper submitted by the Administration to PWSC ([LC Paper No. PWSC79/17-18\(01\)](#)) (Chinese version). For instance, one of the short-term measures to be taken was for CEDD to commission an engineering consultant in 2018 to conduct relevant detailed studies, site investigations and design works on how to further improve the traffic situation at Sau Mau Ping Road. The Administration would also introduce traffic improvement measures at New Clear Water

Bay Road near the Choi Hung Interchange;

- (b) the TIA study was conducted on the basis of the production of about 9 400 housing units at the ARQ site, with assessments made on the traffic flows generated by different types of housing at the said site during peak periods. The TIA study had already taken into account the additional traffic flows arising from all planned housing development projects in the neighbourhood (including the proposed subsidized housing construction project at the junction of Ko Chiu Road and Pik Wan Road in Yau Tong), as well as other possible sources;
- (c) the TIA study for the ARQ site was completed in 2016. Having reviewed the latest traffic flow data from the Transport Department, the Administration confirmed that similar projections had been made in the TIA report;
- (d) road improvements options for certain congested road sections were recommended by the TIA report. For instance, upon completion of the proposed widening of a section of New Clear Water Bay Road (Kowloon bound) near Shun Lee Tsuen Road from single-lane to two-lane, additional capacity would be provided to relieve the congestion at the bottleneck location to an acceptable level and allow a smoother flow of traffic;
- (e) as more vehicular traffic would be generated by private housing than subsidized housing, the conversion of some land at the ARQ site originally earmarked for the development of private housing to subsidized housing was not expected to create too much of an impact on the traffic situation in the neighbourhood;
- (f) the Administration would conduct another TIA study for the proposed subsidized housing construction project at the junction of Ko Chiu Road and Pik Wan Road in Yau Tong, in order to ascertain that the project would not create traffic impact of an unacceptable level in the neighbourhood;
- (g) as the projections in the TIA study were made on the basis of TPEDM data which were restricted, it was necessary for the Administration to block out the relevant data in the TIA report for the ARQ site in accordance with the established

practice;

- (h) under the Railway Development Strategy 2014, the Administration proposed to construct a new railway in the East Kowloon area connecting Diamond Hill Station of the Kwun Tong Line and Po Lam Station of the TKO Line (i.e. the proposed EKL). MTRCL had already submitted a proposal on the EKL project, including the proposed alignment, to the Administration. The departments concerned were currently assessing the contents of the EKL proposal and would strive to complete the assessment as soon as possible;
- (i) the proposed works for the development of the ARQ site included various PCFs to enhance pedestrian connectivity between the site and the neighbouring areas, so as to obviate the residents' need for land transport modes. The facilities concerned included a PCF with barrier-free facilities such as lifts to connect Hiu Kwong Street and Hiu Ming Street; and
- (j) the Administration would consider Mr Wilson OR's suggestion on the additional provision of a cover for the relevant PCF.

45. Mr CHU Hoi-dick sought information from the Administration on the vehicular traffic generated by PRH districts generally in the morning peak hours. Meanwhile, Dr Fernando CHEUNG sought information from the Administration on the number of lifts to be provided under the proposed development of the ARQ site, the respective numbers of wheelchairs to be accommodated by each lift, and whether more than one lift would be provided in the same location, so that wheelchair users could still make use of the other lift when one lift broke down.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC236/17-18(01) on 18 April 2018.]

Proposed environmental mitigation measures

46. Mr HO Kai-ming noted that some proposed road improvement works were closely located to residential settlements. He thus called on the Administration to minimize the impact of noise nuisance created during the implementation of works on the residents. Mr CHAN Chi-chuen was also concerned about the additional vehicular traffic to be created upon

completion of the proposed widening of the section of New Clear Water Bay Road (Kowloon bound) near Shun Lee Tsuen Road. Mr CHAN asked whether noise enclosures/noise barriers would be retrofitted at the relevant road section to mitigate the impact of traffic noise on the nearby residents.

47. In reply, DCED and DPM(E)/CEDD said that when carrying out the construction works in future, the contractors would be required to use quiet construction equipment and quieter construction methods, and to maintain close liaison with the neighbouring schools so as to avoid the scheduling of noisy works during the examination periods. Moreover, the Administration would maintain communication with local stakeholders on the proposed road improvement works through CLG. Regarding the road section mentioned by Mr CHAN Chi-chuen, the Administration would retrofit noise enclosures/noise barriers in accordance with the requirements of the relevant environmental impact assessment.

Open spaces within the Anderson Road Quarry site

48. Dr Fernando CHEUNG was concerned whether residents' meetings, etc. would be organized by the Administration to provide a channel for engaging the local residents in designing the provision of open spaces within the ARQ site. He was also concerned whether the barrier-free concept would be incorporated into the design of open spaces.

49. Mr CHU Hoi-dick asked whether the Administration had any plans to plant extensive vegetation on the rock face of the Quarry Park ("the Park") to be provided at the ARQ site, so as to increase the greening space in the Park.

50. Mr WU Chi-wai welcomed the Administration's move to proceed with greening and landscaping works for the open space at the ARQ site before commencement of works for the Park, so as to allow for early enjoyment by the residents. Mr WU called on the Administration to adopt the same approach for other new development areas in future.

51. Noting the use of the ARQ site primarily for private housing development, Mr CHAN Chi-chuen asked whether the open spaces within the ARQ site would be put under the management of private property management companies. Mr CHAN also asked whether pets would be allowed to enter the open spaces.

52. DCED and DPM(E)/CEDD responded that:

- (a) the total area of open spaces was about 15.5 hectares ("ha"), of which about 11.5 ha was provided for the Park. Design works for the Park under the theme of quarrying were being undertaken, and the relevant design must comply with the barrier-free standards. Once the design works were completed, the Administration would consult local stakeholders on the design of the Park through channels such as the local District Council, CLG, etc.;
- (b) the Administration would expeditiously commence greening and landscaping works for other new development areas in future, so that the relevant facilities could be provided for early enjoyment of the residents; and
- (c) the Leisure and Cultural Services Department ("LCSD") would be responsible for the management of the open spaces inside the ARQ site. LCSD would also follow up on the suggestion to allow the entry of pets into the open spaces.

53. The meeting was suspended at 5:38 pm and resumed at 5:45 pm.

Voting on FCR(2017-18)52

54. There being no further questions from members, the Deputy Chairman put item FCR(2017-18)52 to vote. At the request of members, the Deputy Chairman ordered a division. Twenty-eight members voted in favour of and three members voted against the item, and one member abstained from voting. The votes of individual members were as follows:

For:

Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun	Mr WONG Kwok-kin
Mr Paul TSE Wai-chun	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr WU Chi-wai
Mr YIU Si-wing	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr LEUNG Che-cheung
Ms Alice MAK Mei-kuen	Mr KWOK Wai-keung
Mr IP Kin-yuen	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr Andrew WAN Siu-kin
Mr HO Kai-ming	Mr Holden CHOW Ho-ding

Mr SHIU Ka-fai
Mr Wilson OR Chong-shing
Ms Tanya CHAN
Mr KWONG Chun-yu
(28 members)

Mr SHIU Ka-chun
Mr CHAN Chun-ying
Mr LUK Chung-hung
Mr Jeremy TAM Man-ho

Against:

Mr CHAN Chi-chuen
Dr CHENG Chung-tai
(3 members)

Mr CHU Hoi-dick

Abstained:

Dr Fernando CHEUNG Chiu-hung
(1 member)

55. The Deputy Chairman declared that the item was approved by FC.

**Item 3 — FCR(2017-18)53
CAPITAL WORKS RESERVE FUND**

HEAD 710 — COMPUTERISATION

Leisure and Cultural Services Department

**New Subhead — Development of New Intelligent Sports and
Recreation Services Booking and Information
System**

56. The Deputy Chairman advised that the item sought FC's approval to create a new commitment of \$499,816,000 for the development of a new intelligent sports and recreation services booking and information system ("the proposed system"). The Home Affairs Bureau ("HAB") had consulted the Panel on Home Affairs on the relevant proposal on 26 April 2017.

57. At the Deputy Chairman's invitation, Mr MA Fung-kwok, Chairman of the Panel on Home Affairs, briefed members on the salient points of the Panel's discussion. Mr MA said that members of the Panel generally supported the submission of the above proposal to FC for consideration. Members of the Panel expressed concern about whether the new system could help curb touting activities and enhance the transparency of booking records, as well as the measures to be taken to protect personal data privacy and facilitate the use of the elderly.

Combating touting activities

58. Mr Holden CHOW noted that upon commissioning of the proposed system, LCSD would consider the adoption of balloting first for some popular facilities, with the remaining sessions to be allocated in accordance with the existing allocation mechanism, i.e. advance bookings on a first-come-first-served basis. Mr CHOW was concerned that touts could still enter the ballot of popular facilities by collecting a large number of users' accounts. In this connection, Mr CHOW enquired about the measures to be taken by the Administration to deal with the matter.

59. Mr MA Fung-kwok, Mr YIU Si-wing and Mr Steven HO expressed support for developing the proposed system, but they were also concerned about the effectiveness of the Administration's efforts in curbing touting activities. Mr YIU requested LCSD to step up inspections after commissioning of the new system, so as to prevent touting activities arising from the self-service check-in arrangement at the smart self-service stations. Mr HO sought information about the existing penalties on touts and asked whether measures against touting activities (such as conducting undercover operations and referring suspected cases to the Department of Justice ("DoJ") for prosecution) would be launched by the Administration before the full operation of the proposed system. Mr HO's questions were echoed by Ms YUNG Hoi-yan and Mr Wilson OR.

60. Mr KWONG Chun-yu, Ms YUNG Hoi-yan and Mr Wilson OR asked how the proposed system could help eradicate touting activities. Mr KWONG was concerned whether the existing penalties against touts were too lenient. He also expressed concern about the number of persons penalized by the Administration in recent years for engaging in touting activities. Ms YUNG suggested that the abovementioned touting cases should be recorded by the proposed system, and the chance of the persons concerned in the allocation of sports and recreation facilities should be reduced. LCSD should also refer any suspecting non-compliant cases to the Police for investigation.

61. Ms YUNG Hoi-yan enquired about the respective ratios of allocating sports and recreation facilities through balloting and advance bookings on a first-come-first-served basis in future and asked whether consideration could be given by the Administration to increase the ratio of sports and recreation facilities allocated by balloting. Ms YUNG also sought information about the respective ratios of sports and recreation facilities allocated to individual and group users and asked whether the relevant allocation mechanism could be disclosed with a view to increasing transparency. Mr Steven HO was concerned about the suspected

involvement of coaches in touting activities and asked whether coaches could have priority in booking sports and recreation facilities under the name of group users.

62. Mr LUK Chung-hung was worried that the function of assigning a secondary patron for check-in of facilities under the proposed system could become a loophole in the advanced booking arrangement, such that touts could sell their pre-booked sports and recreation facilities bookings to other persons and then assign them as secondary patrons. Mr MA Fung-kwok expressed similar concerns and suggested that restrictions be imposed by LCSD for functions like online cancellation of booking, assignment of a secondary patron, etc. to prevent abuse of the relevant arrangements.

63. In response, Under Secretary for Home Affairs ("USHA") and Director of Leisure and Cultural Services ("DLCS") said that:

- (a) the allocation of facilities by ballot would only be adopted for some popular facilities, such as turf football pitches and multi-purpose arenas (badminton courts, basketball courts, volleyball courts, etc.) of sports centres, with the aim of curbing touting activities. For facilities (such as table tennis rooms and tennis courts) not affected by touting activities, the existing allocation mechanism of advance booking on a first-come-first-served basis would be maintained;
- (b) LCSD would allocate sports and recreation facilities for use by individual and group users according to specified ratios, with booking priority given to organizations such as national sports associations, community sports clubs and schools, while booking sessions would also be reserved for individual users. Booking procedure for the use of sports and recreation facilities (including information on organizations eligible for priority booking) had already been uploaded onto the LCSD's website, and the implementation of the proposed system would not have any impact on the abovementioned allocation ratios;
- (c) LCSD attached great importance to the problem of touting, and a multi-pronged approach (i.e. through stepping up monitoring against touting activities, enforcement and publicity) would be adopted to curb the touting activities;

- (d) since 2013-2014, various measures had been implemented by LCSD to curb touting activities. For example, the advance booking period was shortened from 30 days to 10 days, so that touts would have less time to sell the hired facilities for profit. Moreover, the pre-booking right for sports and recreation facilities of non-compliant hirers would be suspended;
- (e) to further curb touting activities, successful hirers must pay the hiring fees within two days, while the venue staff would verify the identity documents of the hirers when they signed in to ensure that they were genuine hirers;
- (f) individual users found to be engaging in unauthorized transfer or touting of user permits would have their pre-booking right suspended for 180 days, while group users would have their priority booking status for facilities of the same district suspended for six months if they received two default notices for the same venue within 12 months. Moreover, for bookings made by group users, only authorized persons could sign in on their behalf;
- (g) the above penalties were also applicable to coaches who abused the use of pre-booked facilities, while the actual penalties to be imposed would depend on whether the bookings were made by the coaches concerned as an individual or group user;
- (h) any person engaging in touting of user permits in the sports and recreation venues would be in contravention of the relevant provisions under the Public Health and Municipal Services Ordinance (Cap. 132), while persons who bought user permits from the touts must bear risks of loss arising from deception, etc.;
- (i) in 2017, LCSD received a total of 18 complaint cases relating to touting activities. The department would continue to monitor the situation, cooperate with the Police (including giving consideration to conducting undercover operations) and refer any suspected case to DoJ for follow-up. The department would also consider imposing heavier penalties if necessary;

- (j) under the proposed system, users must register with their true identity and create a personal account before they could book sports and recreation facilities through the system. Apart from facilitating data analysis for detecting possible abuses of the booking arrangements, the proposed system could also allow LCSD to set the maximum number of ballots that each user could enter per day. The department would also consider ways to further enhance the functions of the proposed system, with a view to combating touting activities; and
- (k) the arrangement for assigning a secondary patron was intended to provide flexibility in case the original hirer could not sign in for the facility under exceptional circumstances. That said, LCSD would monitor the situation and consider imposing restrictions for functions like online cancellation of booking, assignment of a secondary patron, etc. to prevent abuse of the relevant arrangements.

Admin

64. At Mr Steven HO's further request, the Administration undertook to provide after the meeting a breakdown of statistics on undercover operations and prosecution cases against touting activities in the past three years.

Functions of the proposed system

65. Mr Steven HO called on the Administration to ensure that the functions to be provided under the proposed system would be better than those of the existing Leisure Link System ("LLS").

66. Mr Charles Peter MOK expressed support for the development of the proposed system. He considered that the proposed system should accept all forms of electronic payment in order to keep abreast with the development of financial technologies, while the Administration should, as stated in the discussion paper, open up the data in the proposed system for direct use of third parties. Meanwhile, Mr MA Fung-kwok was concerned whether the Administration would release the relevant data for the use of researchers.

67. Mr LUK Chung-hung suggested that a new feedback function should be provided under the proposed system for users to give views on the satisfaction level on the sports and recreation facilities. Mr LUK also asked whether group users with priority in booking sports and recreation facilities included only national sports associations, community sports

clubs as well as schools but not other societies such as those registered under the Societies Ordinance (Cap. 151).

68. Mr YIU Si-wing expressed support for the development of the proposed system. He pointed out that at present, smart cards for the Public Swimming Pool Monthly Ticket Scheme implemented by LCSD could only be topped up at designated Leisure Services Offices. He hoped that upon commissioning of the proposed system, the smart cards could be topped up at all Leisure Services Offices of LCSD. Mr YIU also asked how the Administration would encourage the public to access the proposed system via mobile applications ("mobile apps") and the Internet, while catering for the need of the elderly who had little knowledge about using new technologies, so that they would no longer have to queue up as they used to when booking sports and recreation facilities and services.

69. Mr MA Fung-kwok said that the Administration had yet to provide information as requested by members of the Panel on Home Affairs concerning the user requirement specifications to be set out in the tender document for the development of the proposed system. He requested the Administration to resubmit the relevant information. Mr MA also enquired whether preparation would be made to allow for interoperability between the proposed system and similar systems for booking sports and recreation services in the Mainland in the future, so as to facilitate both local and Mainland users.

70. USHA and DLCS responded that:

- (a) functions of the proposed system would be better than those of the existing LLS. For instance, the proposed system could allow users to book sports and recreation facilities and services via mobile apps. It was expected that core functions of the proposed system could be launched in 2021, while other enhanced functions be made available in 2023;
- (b) flexibility had been built in under the proposed system to accept different types of electronic payment, so that members of the public could go cashless when making payments;
- (c) except for privacy data which would be stored in the central database, other data in the proposed system would be stored in cloud servers and released to the public for research and reference purposes;

- (d) a new feedback function would be included under the proposed system, so that users of sports and recreation facilities could express views instantly via mobile apps. On the other hand, LCS D could also use the system to consult the users' views;
- (e) group users also included societies registered under the Societies Ordinance;
- (f) with the new smart self-service stations to be provided in about 270 leisure venues, members of the public could book sports and recreation facilities and services, as well as top up their Public Swimming Pool Monthly Ticket smart cards;
- (g) the proposed system would be designed to cater for the special needs of the elderly and people with disabilities. For example, users could freely change the text size when using the proposed system, while the height of the smart self-service stations was also adjustable. LCS D would also arrange customer service ambassadors to station at leisure venues to assist the public in using the smart self-service stations;
- (h) as per the request of members of the Panel on Home Affairs, the Administration had provided a comprehensive list of key functions of the proposed system in Enclosure 1 to the discussion paper [FCR\(2017-18\)53](#); and
- (i) while the proposed system was primarily intended for use by local residents, the Administration would build in flexibility to allow for connection with other systems.

Expenditure incurred by the existing and proposed sports and recreation services booking systems

71. Mr CHAN Chi-chuen asked whether any funding application had been made by the Administration to FC previously for the development of the existing LLS; and what was the amount of funding provisions sought. He also enquired about the expected service life of the proposed system. Mr CHAN also noted that savings in staff cost associated with the operation of the existing LLS could be achieved after the commissioning of the proposed system. He was concerned whether any staff would be made redundant as a result.

72. Mr Steven HO considered that the staff and maintenance costs of the existing LLS (\$54.1 million) were too high. He also expressed concern about the expenditure incurred during the transitional period up to 2026-2027 before the full operation of the proposed system as the Administration would need to maintain the operation of both the existing LLS and the proposed system.

73. DLCS replied that:

- (a) as the existing LLS was developed through the amalgamation and upgrading of the two computer-booking systems of the former Urban Council and Regional Council, no funding application for its development had been made by the Administration to FC;
- (b) the proposed system would cater for the latest development in information technology ("IT"), as well as the functions of the next generation smart identity cards. If necessary, a next generation leisure services booking system could be developed by the Administration in due course;
- (c) apart from developing the proposed system, the opportunity would also be taken to upgrade the communication network infrastructure of LCSD's leisure venues with the provisions sought under the present funding application; and
- (d) upon full implementation of the proposed system, savings of \$54.1 million for maintaining the existing LLS could be achieved, including the avoidance of costs for maintaining and repairing the said system, as well as staff cost savings arising from automation of business processes. Instead of being made redundant, the manpower saved would be redeployed to work in other posts.

Tendering requirements

74. Mr Charles Peter MOK called on the Administration to forsake the principle of simply awarding the contract to the lowest bidder when inviting tenders for the proposed system. Instead, relevant requirements on innovation and technology ("I&T") should be included in the tender. Mr MOK and Mr LUK Chung-hung also requested the Administration to ensure the development of the proposed system by local IT talents.

75. USHA explained that the developer for the proposed system must be selected in accordance with the established procurement procedures, but the Administration would consider how the requirement for involving local IT talents in developing the proposed system could be incorporated through the tendering arrangements.

76. There being no further questions from members, the Deputy Chairman put the item to vote. The Deputy Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved by FC.

Item 4 — FCR(2017-18)54

CAPITAL INVESTMENT FUND

HEAD 962 — INDUSTRY

New Subhead — Equity in the Hong Kong Science and Technology Parks Corporation for an InnoCell

77. The Deputy Chairman advised that the item sought FC's approval to a commitment to inject \$560 million as equity from the Capital Investment Fund to the Hong Kong Science and Technology Parks Corporation ("HKSTPC") as well as a guarantee by the Government for a commercial loan amounting to \$240 million and the interest arising therefrom to HKSTPC for developing an InnoCell adjacent to the Hong Kong Science Park ("HKSP"). The Innovation and Technology Bureau ("ITB") had consulted the Panel on Commerce and Industry on the relevant proposal on 18 July and 21 November 2017.

Financial analysis, construction cost and management fees of the proposed project

Admin

78. Mr Charles Peter MOK sought information from the Administration on the creation of jobs by start-ups from the Mainland or overseas which set up offices in HKSP or Cyberport, as well as the impact of such on Hong Kong's economy. Mr MOK relayed that difficulties were invariably encountered by start-ups in providing accommodation for I&T talents who came to work in Hong Kong. Hence, he considered that the development of the InnoCell could help address the accommodation need of I&T talents.

79. Mr CHAN Chun-ying supported the idea of developing the InnoCell. He requested the Administration to clarify the funding arrangements for developing the InnoCell. According to the proposal, 70% of the construction cost would be met by Government equity injection, while the remaining 30% by a commercial loan guaranteed by the

Government. Mr CHAN opined that the actual amount of loan should be determined by HKSTPC after commencement of the proposed works, having regard to the cash flow situation. In this connection, he asked why depreciation was not factored in by HKSTPC when projecting the cash flow situation, and whether HKSTPC would have to pay an excessively high handling fee for the loan vis-à-vis the actual amount of loan. Mr CHAN also asked why the per sq ft construction cost and management fees of the Innocell were as high as \$4,810 and \$70 respectively.

80. Referring to an earlier remark by the Secretary for Development to construct the Innocell with the modular integration construction ("MiC") technology, Mr CHAN Chi-chuen requested the Administration to give an account on the construction method to be adopted for the proposed project, and whether consideration had been given to the savings in construction cost and time achieved by the use of MiC technology when calculating the capital cost of the project.

81. In response, Secretary for Innovation and Technology ("S for IT"), Commissioner for Innovation and Technology ("CIT") and Mr Albert WONG, Chief Executive Officer, HKSTPC, advised that:

- (a) in calculating the cash flow from operating activities, depreciation was treated as a non-cash accounting item. Hence, the expenses on depreciation would not have any impact on the cash flow situation of HKSTPC;
- (b) the proposed capital cost of the project was calculated on the assumption of developing the Innocell by conventional construction method;
- (c) unlike the uniform design of PRH units, different types of residential units would be provided in the Innocell. Hence, the Administration could not ascertain at this stage the cost savings to be achieved by constructing the Innocell with MiC technology. When inviting tenders in the future, HKSTPC would ask bidders to submit tenders for constructing the Innocell by ways of both conventional construction and permanent MiC for consideration of the best way forward for the project;
- (d) the per sq ft construction cost of the Innocell, calculated in MOD prices, was similar to those of two ongoing hostel projects (i.e. the construction of student hostel of the Chinese University of Hong Kong and the youth hostel project of the

Hong Kong Federation of Youth Groups in Tai Po); and

- (e) value-added common space for work and accommodation purposes would be provided in the Innocell for use by the tenants. Experience in other places indicated that a higher fee would be incurred for the management of such common space.

Tenancy arrangements

82. Mr Charles Peter MOK enquired about the maximum tenancy period of the Innocell and whether consideration would be given by the Administration to shorten the tenancy period, with a view to speeding up the turnover of Innocell units.

83. S for IT replied that under the current thinking, the tenancy period of the Innocell could last from 1 month to 24 months and be extended once at the most, so as to meet the accommodation need of I&T talents for various durations.

84. Mr CHAN Chi-chuen noted that the monthly rental of the Innocell would tentatively be set at 60% of the market rent of properties of similar quality in the nearby areas. The expected monthly rental of the InnoCell in 2021 would be in the range of \$8,000 to \$10,000 for a unit with a saleable floor area of about 250 sq ft. Mr CHAN expressed concern about how the rental of Innocell was set by the Administration and whether the said rental level was too high.

85. S for IT said that given the provision of value-added common space for work and accommodation purposes in the Innocell for use by the tenants, the rental level would generally be higher. CIT supplemented that the criteria for determining the rental of the Innocell had been set out in the discussion paper [FCR\(2017-18\)54](#). Moreover, the rental level of the Innocell would be set by HKSTPC, taking into account the scale and affordability of the tenants. If the tenants were small and medium enterprises and start-ups, the rental would be much lower than 60% of the market rent.

Supporting transport services

86. Mr Charles Peter MOK enquired about the Administration's plans to improve supporting transport services for the Innocell as well as HKSP in the vicinity; for example, whether the MTR East Rail Line would be

extended to HKSP, together with the additional provision of a Pak Shek Kok station.

87. S for IT and CIT explained that TIA had already been conducted for the proposed project. As most tenants of the Innocell would be working in HKSP, the development of the Innocell was not expected to have a substantial impact on local traffic flow. That said, the Administration would strengthen the provision of shuttle bus and public transport services in the area. In the long run, the Administration would also examine the feasibility of extending the MTR East Rail Line and adding the Pak Shek Kok station.

88. The meeting ended at 7:32 pm.

Legislative Council Secretariat
10 October 2018