Finance Committee of the Legislative Council

Minutes of the 19th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 2 March 2018, at 2:30 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
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, GBS, 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 YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, 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
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-yan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
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
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Members absent:

Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon MA Fung-kwok, SBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Public officers attending:

Mr James LAU, JP  Secretary for Financial Services and the Treasury
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)
Mr Mike CHENG Wai-man  Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Doris HO Pui-ling, JP  Deputy Secretary for Development (Planning and Lands)
Mr SOH Chun-kwok  Assistant Director of Planning (Special Duties)
Mr Raistlin LAU Chun  Deputy Secretary for Financial Services and the Treasury (Treasury)
Ms Margaret HSIA Mai-chi  Principal Assistant Secretary for Financial Services & the Treasury (Treasury)(W)
Mr John KWONG Ka-sing  Head of Project Cost Management Office, Development Bureau
Dr LEUNG Siu-fai, JP  Director of Agriculture, Fisheries and Conservation
Dr LIU Kwei-kin, JP  Assistant Director of Agriculture, Fisheries and Conservation (Agriculture)
Mr Bill WONG Kwok-piu  Principal Assistant Secretary for Food and Health (Food)
Mr Albert CHEUNG Ka-lok  Acting Assistant Director of Lands (Specialist 3)
Ms Lily CHIU Lee-lee  Chief Estate Surveyor (Acquisition), Lands Department
Mrs Sylvia LAM YU Ka-wai, JP  Director of Architectural Services
Mr HUI Chiu-kin  Assistant Director of Architectural Services (Property Services)
Mr Edwin TONG Ka-hung, JP  Director of Drainage Services
Mr LAM Sai-hung, JP  Director of Civil Engineering and Development
Miss Hinny LAM Shuk-yee  Assistant Director of Environmental Protection (Waste Management Policy)
Mr FONG Kin-wa  Acting Assistant Director (Environmental Infrastructure)
Mr CHUI Wing-wah  Deputy Director of Highways
Mr Sam LAM Sai-wing  Chief Engineer (Major Works) 1, Highways Department
Ms Eugenia CHUNG Nga-chi, JP  Assistant Director of Home Affairs (2)
Mr Martin KWAN Wai-cheong  Chief Engineer (Works), Home Affairs Department
Miss Winnie WONG Ming-wai  Acting Secretary-General, University Grants Committee Secretariat
Mr LEE Sin-wah  Chief Maintenance Surveyor (School Premises Maintenance), Education Bureau
Mr Samuel FAN Kim-fung  Senior Property Services Manager (School Works Section), Education Bureau
Mr Alex WONG Kwok-chun  Assistant Director of Social Welfare (Subventions)
Ms PANG Kit-ling  Assistant Director of Social Welfare (Elderly)
Mr Kenneth WOO Chi-man  Chief Executive Officer (Subventions/Planning), Social Welfare Department
Mr WONG Chung-leung, JP  Director of Water Supplies
Mr Gavin WAH Kwok-kee  Chief Systems Manager (Governance and Resources), Office of the Government Chief Information Officer
Mr Kenneth LEUNG Tak-yan  Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau

Clerk in attendance:
Ms Anita SIT  Assistant Secretary General 1

Staff in attendance:
Mr Derek LO  Chief Council Secretary (1) 5
Ms Ada LAU  Senior Council Secretary (1) 7
Mr Raymond SZETO  Council Secretary (1) 5
Miss Queenie LAM  Senior Legislative Assistant (1) 2
1. The Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure.

Item 1 — FCR(2017-18)62
RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON 12 JANUARY 2018

EC(2017-18)12
HEAD 138 — GOVERNMENT SECRETARIAT: DEVELOPMENT BUREAU (PLANNING AND LANDS BRANCH)
HEAD 118 — PLANNING DEPARTMENT
Subhead 000 — Operational expenses

2. The Chairman advised that the item sought the approval of the Finance Committee ("FC") of the recommendation made by the Establishment Subcommittee at its meeting held on 12 January 2018 vide EC(2017-18)12 regarding the following proposals with immediate effect upon FC's approval:

(a) the creation of one supernumerary Administrative Officer Staff Grade C post, to be designated as Principal Assistant Secretary (Planning and Lands)7 ("PAS(PL)7"), to lead a new team under the Planning Unit of Planning Division in the Development Bureau (Planning and Lands Branch) ("DEVB(PLB)"); 

(b) the creation of one permanent Chief Town Planner ("CTP") post, to be designated as Chief Town Planner/Housing and Office Land Supply ("CTP/HOLS"), to lead the Housing and Office Land Supply ("HOLS") Section; and

(c) the redeployment of an existing permanent CTP post within the Planning Department ("PlanD"), to be designated as District Planning Officer/Fanling, Sheung Shui & Yuen Long East ("DPO/FS&YLE"), to oversee the district planning work for the areas.

3. The Chairman advised that Mr CHU Hoi-dick and Mr CHAN Chi-chuen had requested before the FC meeting that the three proposals be
put to vote separately, and the Administration had indicated no objection to the request. The Chairman hence directed that the three proposals would be put to vote one by one after discussion of the item.

Proposed job descriptions

4. Mr CHAN Chun-ying put forth the following views/questions on the enclosures to the discussion paper which set out the proposed job descriptions of the relevant posts:

   (a) while the three proposed posts were all required to carry out any other duties as assigned by their superiors as set out in their proposed job descriptions, the same item was not found in either the existing or revised job description of Principal Assistant Secretary (Planning and Lands)2 ("PAS(PL)2"); what the reasons were; and

   (b) CTP/HOLS and DPO/FS&YLE seemingly had quite a heavy workload for they were required to provide planning inputs and support to at least 10 and 6 committees respectively; what specific areas of work were involved; separately, the two posts were required to supervise tendering of professional advice/comments to various parties including media enquiries and the general public on related matters; what the details of such work were.

5. Deputy Secretary for Development (Planning and Lands)1 ("DS(PL)1") took note of the observations made by Mr CHAN Chun-ying on the preparation of the job description documents. Assistant Director of Planning (Special Duties) ("AD/SD") replied that the job description documents were intended to give members an understanding of the specific areas of work related to the proposed posts.

Principal Assistant Secretary (Planning and Lands)7

Reactivating the revitalization scheme for industrial buildings

6. Mr Jimmy NG was concerned whether PAS(PL)7 would be too preoccupied with the handling of brownfield policy to the extent of neglecting the work in formulating measures to reactivate the revitalization scheme for industrial buildings ("IBs"). Mr Jeremy TAM enquired about the Administration's timetable and approach for reactivating the revitalization scheme for IBs.
7. Mr Andrew WAN noted that work relating to measures to encourage revitalization of older IBs was mentioned in the job description of both the existing PAS(PL)2 and the proposed PAS(PL)7 posts. He enquired about the division of work between the two posts in actual implementation.

8. DS(PL)1 advised that the priorities of the Administration's work in future included overseeing the formulation of brownfield policy framework, launching a $1 billion funding scheme to support gainful uses of vacant government sites and formulating measures to reactivate the revitalization scheme for IBs. She stressed that the Administration attached great importance to reactivating the revitalization scheme for IBs. It was the Administration's plan to consult the views of the relevant Panel of the Legislative Council ("LegCo") and stakeholders on the preliminary proposal to reactivate the revitalization scheme for IBs in mid-2018. Since the establishment of the Task Force on Land Supply ("the Task Force") in September 2017, PAS(PL)2 was fully engaged in providing secretariat support to the Task Force and could not possibly take up the equally time-critical and urgent tasks relating to the brownfield policy and the reactivation of the revitalization scheme for IBs at the same time.

9. Mr James TO and Mr CHAN Chi-chuen were worried that reactivating the revitalization scheme for IBs might further restrict the room for survival of the arts, cultural and creative industries operating in older IBs. Mr CHAN suggested that when approving the relevant rezoning, redevelopment or conversion applications, the Administration should impose conditions requiring IB owners to reserve some space for the arts, cultural and creative industries, so that workers in those industries could rent the space at reasonable rental levels. Ms Claudia MO expressed concern whether the Administration's proposal to impose rent control conditions on the owners under the reactivated revitalization scheme for IBs was lawful.

10. DS(PL)1 said that by encouraging owners to undertake redevelopment or wholesale conversion of older IBs, the Administration's aim was to provide a safe operating environment for users of the buildings, including arts, cultural and creative groups. To this end, the Administration had contacted some arts, cultural and creative groups. While no objection had been raised towards the relevant policy direction, they also expressed the same concern as Mr James TO. To alleviate the concern of those groups and to ensure greater effectiveness of the reactivated revitalization scheme for IBs as compared with the previous scheme, the Administration proposed that owners participating in the scheme be required to reserve some floor space for the use of arts, cultural
or creative groups. In this regard, PAS(PL)7 would be responsible for preparing suitable land lease and waiver conditions. She advised that the Government could provide appropriate incentives to promote the policy objectives, so long as it was in the interests of the public to do so.

**Brownfield policy**

11. **Dr KWOK Ka-ki** expressed dissatisfaction that the Administration had yet to fully disclose the distribution of the 1,300 hectares ("ha") of brownfield sites already identified by the Government. In addition, **Dr KWOK** expressed concern about the extensive destruction of rural land as a result of improper land administration and slack enforcement on the Administration's part. **Mr Jeremy TAM** requested the Administration to provide detailed information about the said 1,300 ha of brownfield sites, including their location, size and specific special circumstances.

12. **DS(PL)1** advised that having conducted various review and studies, the Administration had gradually grasped the distribution and size of the brownfield sites. According to the preliminary desktop review conducted by the consultant engaged by PlanD, it was estimated that around 1,300 ha of land in the New Territories ("NT") might be regarded as brownfield sites; of which, 540 ha were concentrated in new development areas ("NDAs") already under planning or covered by preliminary feasibility studies (including Hung Shui Kiu and Yuen Long South), while the remaining 760 ha of brownfield sites were scattered in different parts of NT. The Administration undertook to provide a paper after the meeting to describe/tabulate (including showing on a map) the distribution and size of brownfield sites identified by the Administration, as well as the problems involved in the resumption and development of each of those sites. However, such information as the respective size and exact address of those 760 ha brownfield sites would only be available after the completion of the consultancy study conducted by PlanD.

*Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC318/17-18(01) on 23 July 2018.*

13. **Dr CHIANG Lai-wan** enquired about the specific development direction of the 540 ha brownfield sites proposed to be used for Kwu Tung North/Fanling North NDAs, Hung Shui Kiu NDA, Yuen Long South Development and NT North Development. Noting the Administration's proposal to zone some brownfield sites for industrial use, **Dr CHIANG** was concerned whether the Administration had fully grasped the demand of the industries for industrial land and asked if public views would be consulted
Dr CHIANG requested the Administration to provide the current ratio of the use of manufacturing to warehousing of the space in the industrial estates.

14. DS(PL)1 replied that it was the Administration's plan to develop the said 540 ha of brownfield sites under the new town approach. In this regard, the Administration would need to resume not only the brownfield sites concerned, but also the land nearby to enable holistic development. The Administration would make planning for individual NDAs, taking into account various factors such as their respective locations, local situation, demand for housing, employment and community facilities, etc. As each NDA had its unique circumstances and demand, the ratio of land earmarked for commercial and industrial, housing, "Government, Institution or Community" ("GIC") uses would be different. When formulating the outline zoning plans for NDAs, the Administration would be required to undergo the process of public consultation. If a planning application was made to the Town Planning Board ("TPB") to change the land use, the relevant information would be made available for public inspection, and members of the public could submit views to TPB. The Administration would provide the information sought by Dr CHIANG Lai-wan after the meeting.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC318/17-18(01) on 23 July 2018.]

15. Mr Andrew WAN said that it might be premature to create the post of PAS(PL)7 now as the Administration's study on the brownfield sites and rehousing policy for brownfield operators was still ongoing.

16. DS(PL)1 explained that while the relevant study undertaken by PlanD had yet to be completed, it did not mean the Administration must grasp the exact definition of brownfield before it could commence work. Of the 1300 ha of land that might be regarded as brownfield sites, about 540 ha had been confirmed to be located within NDAs. Hence, the Administration would handle those 540 ha of brownfield sites as a matter of priority, with future work focusing on how to resume the land for comprehensive development and deal with the affected brownfield operations. Regarding the remainder of about 760 ha of brownfield sites, the Administration could only formulate the way forward after grasping the detailed information upon completion of PlanD's study within this year.

17. Mr CHAN Chi-chuen asked whether, apart from the formulation of brownfield policy framework, PAS(PL)7 would also be responsible for
implementing the policy and measures thereunder; if that was the case, whether the post holder could complete the work concerned within the four-year term of the post.

18. **DS(PL)1** replied that within the four-year term of the post, the post holder would need to complete work related to the formulation of brownfield policy framework and to take forward the brownfield policy under NDA projects. The Administration anticipated that the relevant measures would first be implemented under the Kwun Tong North and Fanling North NDAs. By that time, the Administration could gauge the effectiveness of the policy and related measures and seek improvements accordingly. The continued need for the proposed PAS(PL)7 post would be reviewed towards the end of 2021, taking into account the progress of implementing the proposed policy framework and measures for brownfield and relaunching the revitalization scheme for IBs, as well as the overall workload of the Planning Division of DEVB(PLB) at that time.

19. **Mr LAU Kwok-fan** held that considering the progress of the Northeast NT development, PAS(PL)7 must work expeditiously during the term of the post to properly handle the rehousing and compensation policies for the affected persons, in particular, the livelihood problems faced by operators of undertakings on government land leased from the Government continuously through short-term tenancies ("STTs"). **Mr LAU** asked whether the post holder would be responsible for following up the Administration's recommendations regarding the brownfield studies. **Mr LAU** requested DEVB to hold meetings and discussion with the operators on various policy options and to take heed of their concerns.

20. **Ms Claudia MO** was concerned that the proposal to accommodate brownfield operations in multi-storey buildings ("MSBs") might fail to meet the demand for logistics facilities of all industries currently operating in brownfields (for example, the provision of parking space for container trucks). She asked whether the Administration had any options and timetable for resolving the matter. **Mr Michael TIEN** considered that given the close relationship between the undertakings of brownfield operators and Hong Kong's economy, suitable alternative accommodation must be provided for their operations. **Mr TIEN** was of the view that MSBs could hardly satisfy the need of specific industries involving operations of heavy machinery. He suggested that the Administration should adopt the land exchange approach by offering land without development potential to brownfield operators in exchange for the existing land on which they operated.

21. **DS(PL)1** said that the Administration was aware of the importance
of brownfield operations on Hong Kong's economy, including those affected by the Kwu Tung North and Fanling North NDAs project. The Civil Engineering and Development Department ("CEDD") was now conducting a study on accommodating certain brownfield operations that were still needed in Hong Kong in MSBs. In addition, the Administration would endeavour to identify suitable sites for those operations not suitable for relocation to MSBs. Work of PAS(PL)7 would include following up the Study on the Existing Profile and Operations of Brownfield Sites in NT commissioned by PlanD, and the two studies on the proposed MSBs for brownfield operations in Yuen Long Area and Hung Shui Kiu NDA commissioned by CEDD. She pointed out that it was necessary to sustain brownfield operations in a more land-efficient manner. Given the shortage of land resources in Hong Kong, the Administration could not handle the brownfield issue through land exchanges or the "one-for-one" approach. Regarding the feasibility of parking container trucks in MSBs, she noted that there were successful examples overseas. Meanwhile, the Transport and Housing Bureau was conducting a feasibility study on the construction of similar facilities in Tsing Yi and Kwai Chung.

22. **Dr Junius HO** considered that the Administration's unsatisfactory progress in identifying sites and increasing land supply was due to the lack of a clear policy preference, rather than manpower. He suggested that the Administration should consider reinstating the "Letter B" system implemented in earlier years for acquisition of rural land, so that land could be resumed in a more efficient manner.

23. **Mr LUK Chung-hung** and **Dr KWOK Ka-ki** enquired about the policies for enhancing the efficiency of brownfield resumption. They expressed concern about the compensation and relocation arrangements, as well as the establishment of compensation criteria.

24. **DS(PL)1** said that regardless of whether the land to be resumed was brownfield or private land used for other purposes, the Administration must proceed according to the Lands Resumption Ordinance, including the requirement that land must be resumed for public uses, while compensation payment must also be calculated according to the established mechanism.

**Releasing land resources**

25. **Mr Charles Peter MOK** said that there was inadequate supply of industrial land in Hong Kong, and communication was lacking between the Administration and representatives of different industrial sectors in respect of the supply situation of industrial land and policy planning. **Mr MOK** asked how the three posts proposed to be created could help strengthen
communication with different sectors.

26. DS(PL)1 said that according to the study findings of the "Hong Kong 2030+: Towards A Planning Vision and Strategy Transcending 2030", there was a shortfall of land supply in meeting the demands for special industry uses ("SIU"). In this regard, the Administration would consider earmarking land for SIU when planning for NDAs or other larger scale development projects. Examples would include the Lam Tei development project and Hung Shui Kiu NDA. PlanD would maintain routine communication with the relevant stakeholders on individual development projects. As the duties of the proposed PAS(PL)7 post would include overseeing the policy on industrial land use planning, the post holder would maintain contact and communication with the industrial sectors on policy matters. Noting Mr Charles Peter MOK's view about the need to strengthen communication, she said that the Administration would pay attention in this regard and step up its public engagement initiatives.

Non-directorate support

27. Mr Jeremy TAM was concerned whether PAS(PL)7 would be provided with adequate staffing support. DS(PL)1 explained that as set out in paragraph 10 of the discussion paper, policy and administrative support for the proposed post would mainly be provided by four supporting staff, including a Senior Administrative Officer, an Administrative Officer, a Land Surveyor and an Assistant Clerical Officer. Separately, considering the planning aspects of PAS(PL)7's duties, the Administration would redeploy a Senior Town Planner internally to provide the necessary support. She added that the Buildings Department, CEDD and PlanD under DEVB would also complement the work of DEVB and PAS(PL)7 by taking care of the technical aspects of work.

Chief Town Planner/Housing and Office Land Supply

28. Mr CHAN Chi-chuen enquired about the justification for creating the permanent post of CTP/HOLS. AD/SD explained that given the need for long-term and sustained efforts in solving Hong Kong's land supply problem, the Administration considered it appropriate to create the said permanent post.

Land use reviews

29. Mr Jeremy TAM pointed out that at present, some vacant school premises ("VSPs") were available for use by non-government organizations ("NGOs") through the issue of STTs. In the 2018-2019 Budget, $1 billion
had been set aside to subsidize the costs of basic works of eligible projects. He asked whether, apart from reviewing the use of VSP sites, CTP/HOLS would also be responsible for handling applications made by NGOs for the aforesaid subsidy.

30. DS(PL)1 stated that implementation of the funding scheme was one of the duties of PAS(PL)7. It was the Administration's intention to present the funding proposal of $1 billion to the relevant LegCo Panel in mid-2018, together with details on the policy underpinning the funding scheme as well as the application criteria. She added that as those VSPs had already been confirmed by the Education Bureau as not suitable for educational uses, the Education Bureau would not take part in handling the relevant applications.

31. Mr Holden CHOW enquired about the progress of work of HOLS Section in respect of identifying suitable alternative uses for sites reserved for government facilities but without a concrete development programme. Mr CHOW requested the Administration to tabulate information about the land planned for GIC use but left idle, including the Administration's timetable for implementing the proposed development of GIC facilities on such land. Mr CHOW asked whether carparking facilities would also be included in the development of GIC sites to alleviate the shortage of parking spaces in different areas.

32. Mr HO Kai-ming asked how the proposed CTP post could help advocate support from other policy bureaux for DEVB's planning policy of "single site, multiple use", including giving consideration to constructing underground car parks in proposed new government buildings. He hoped that the proposed post could underpin the implementation of the said policy.

33. In response, DS(PL)1 advised that existing vacant GIC sites would be developed along the principle of optimizing site utilization and under the "single site, multiple use" model. Depending on the supply and demand of parking spaces in individual areas, as well as the provision of public transport facilities nearby, the Administration would decide whether underground carparking facilities would be provided in government building construction projects. At present, during the planning stage of a proposed new government building project, the user bureau/department ("B/D") would circulate the relevant proposal to other B/Ds. Other departments (including the Transport Department ("TD")) could then give views on the provision of other facilities (including underground carparking facilities) in the proposed building. As such, views and suggestions collected during the planning stage that were feasible would be
incorporated into the design proposal.

34. Mr Alvin YEUNG and Mr Jeremy TAM were concerned that some land planned for the use of open spaces had been left idle for many years. Mr YEUNG requested the Administration to tabulate information about the land planned for the use of open spaces but left idle for many years, including the location of such land, the periods left idle (5 years, 10 years, 20 years, etc.) and the results of follow-up actions taken by the relevant departments. Mr YEUNG also enquired about the process or mechanism adopted by the Administration in reviewing whether land resources had been put to proper use.

35. DS(PL)1 advised that PlanD would regularly review whether land was being developed according to its planned use. In case of undeveloped land, PlanD would approach the department concerned for the progress and latest situation of the development. If the department could not give a valid reason, the Administration could put the land to other uses. She was aware that the Administration had already increased resource allocation to the Leisure and Cultural Services Department for implementing open space projects. In addition, when implementing NDA projects in recent years, DEVB would develop open spaces thereunder in parallel, so that open space facilities could be provided for public enjoyment in tandem with future population intake. The Administration undertook to provide the information requested by Mr Holden CHOW, Mr Alvin YEUNG and Mr Jeremy TAM after the meeting.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC318/17-18(01) on 23 July 2018.]

210 potential housing sites

36. Mr CHAN Chun-ying enquired about the deadline for the proposed CTP post to complete the rezoning of the 210 potential housing sites. Mr LUK Chung-hung sought information about the progress of such work. Mr LUK considered that the Administration's 10-year housing construction plan was consistently lagging behind its target and asked how the Administration could expedite the implementation progress.

37. In reply, DS(PL)1 said that 104 of the 210 said sites had already been rezoned for housing development in accordance with TPB's procedures, while the rezoning of another 41 sites would be completed soon. Regarding the rezoning of the remaining 70-odd sites, the Administration envisaged that it would take several years to complete the
necessary procedures. DS(PL)1 also advised that the Administration was gradually increasing the ratio of rezoned land used for public housing development, with a view to meeting the target under the 10-year housing construction plan.

38. Mr CHU Hoi-dick had reservation about the proposed creation of the CTP/HOLS post. He pointed out that half of those 104 rezoned sites would be used for private housing development, and some of those sites were originally green belt or government facilities sites. In addition, eight of those sites for private housing production would be used for low density development. One such site located in Sai Kung with a size of 0.13 ha was originally a green belt site, yet the Administration was proposing that the site be used to construct four private residential flats. Mr CHU expressed concern that such housing to be constructed might be beyond the affordability of the general public. He queried that work of the CTP post in this regard could hardly help address the housing problem faced by the public and the Administration had allowed private developers to construct luxurious residential properties by sacrificing many government facilities and green belt sites. He thus requested the Administration to undertake that no more government facilities and green belt sites would be rezoned for luxurious housing developments and suggested that the Administration should impose additional conditions when granting land to private developers to ensure that the housing units to be constructed would meet the public's need and implement administrative measures to set a per capita cap on the number of properties to be purchased by individual persons, in order to resolve the shortage of private housing supply in the long run.

39. Dr Fernando CHEUNG also expressed similar concerns. He pointed out that the site of Yau Chong Home in Tuen Mun Area 39 would also be rezoned for public housing production, yet the average size of public housing units to be constructed was only 1/60 of the average size of private housing flats proposed to be constructed at the Shouson Hill Road site. Dr CHEUNG held that such planning was inappropriate and it would only serve to aggravate the disparity between the rich and the poor.

40. Taking note of Mr CHU Hoi-dick's suggestions, DS(PL)1 stressed that it was DEVB's aim to ensure a steady and stable supply of land. She pointed out that public housing would constitute 60% of the total housing production from the said 104 sites, while the share of private housing would be 40%. In addition, for the 41 sites currently undergoing the rezoning process, public housing would constitute more than 90% of the total housing production, while most of the remaining 70-odd sites would also be used towards public housing production. She called on members to consider, from an overall and comprehensive perspective, the results to
be achieved by the CTP proposal and the relevant policies in addressing the public's keen demand for housing. She further said that the Administration would decide whether particular sites were suitable for large scale housing development projects, taking into account the provision of transport infrastructure in the nearby areas, such as their proximity to mass transit systems. Take for example the Shouson Hill Road site. The Administration considered that transport facilities in the nearby areas could not cope with large scale public housing developments as well as the transport need generated by the new population.

41. Dr Fernando CHEUNG and Mr CHU Hoi-dick said that local residents and other people directly affected by land development projects were invariably the last ones to be notified about the impending destruction of their homes. Mr CHU opined that while TPB would consult local residents on development projects by posting a notice in the areas concerned, given the difficult wording of the notice, it might not effectively convey the message to those disadvantaged groups directly affected by the development projects. Dr CHEUNG held that the Administration must improve its mode of communication with the residents. He requested the Administration to elaborate on the improvement measures of consulting people directly affected in the process of planning development projects after the creation of the proposed permanent CTP post. Mr CHU called on PlanD to strive to ensure that when taking forward development projects, staff would be deployed to contact the affected residents personally and inform them about the relevant procedures as well as the available channels for submitting views, instead of having the directly affected residents become aware of the development projects only upon the activation of land resumption process by the Lands Department ("LandsD") after all procedures had been completed and finalized. DS(PL)1 agreed that there was room for improvement in the consultation process of development projects. The Administration agreed to provide the information requested by Dr CHEUNG after the meeting.

\[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC318/17-18(01) on 23 July 2018.\]

District Planning Officer/Fanling, Sheung Shui & Yuen Long East

42. Mr Jeremy TAM asked whether DPO/FS&YLE would be required to handle work relating to the use of the Fanling Golf Course ("FGC") site. DS(PL)1 replied that the lease on FGC site would be reviewed as part of the Administration's review on private recreational leases ("PRLs"). Separately, the Task Force's public engagement exercise would commence
from April 2018, and PRL sites (including FGC site) would be one of the land supply options identified by the Task Force. Based on the outcome of the public engagement exercise, the Task Force would submit recommendations on the overall land supply strategy and prioritization of different land supply options to the Government in end-2018. Subject to the Task Force's recommendations, DPO/FS&YLE would then take follow-up actions as appropriate.

43. Dr CHENG Chung-tai said that it was the Administration's intention to take forward some NDA development projects by adopting the Enhanced Conventional New Town Approach ("Enhanced CNTA"), under which owners of private land might apply for modification of lease (including in-situ land exchange) to pursue their own private developments. Dr CHENG opined that it was incumbent upon the Administration to clearly specify the development mode and details of the development projects; otherwise, it might give rise to the perception of collusion between the Government and the business sector. Dr CHENG referred to the two NDAs in Hung Shui Kiu and Yuen Long South and asked how many private landowners had already submitted applications or indicated their intention to pursue private developments through lease modification.

44. DS(PL)1 explained that currently, the Administration intended to adopt Enhanced CNTA as the implementation mode for the Kwu Tung North/Fanling North NDAs project, as well as the Hung Shui Kiu NDA project, while the development mode of the Yuen Long South NDA project had yet be finalized. She said that during the first stage of the Kwu Tung North/Fanling North NDAs project, two applications for in-situ land exchange had been received, involving a total of more than 2000 housing units. She said that as the Administration had imposed more stringent conditions for in-situ land exchange under the Hung Shui Kiu NDA project as compared with those under the Kwu Tung North/Fanling North NDAs project, there were views that it would be more difficult to obtain approval for in-situ land exchange applications under the Hung Shui Kiu NDA project.

Arrangement of scrutiny of this item

45. At 4:26 pm, the Chairman directed that the meeting be suspended for members to take a short break. The meeting resumed at 4:39 pm. At 4:45 pm, the Chairman advised that members could speak for a final round on FCR(2017-18)62. FC would then proceed to vote on whether motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") should be proceeded with forthwith.
Motion proposed by a member under paragraph 37A of the Finance Committee Procedure

46. At 5:06 pm, FC voted on whether a motion proposed by Mr CHAN Chi-chuen under paragraph 37A of FCP should be proceeded with forthwith. At the request of members, the Chairman ordered a division. The Chairman declared that members had decided not to proceed with the motion forthwith.

Voting on FCR(2017-18)62

47. There being no further questions from members on the item, the Chairman ordered a division for each of the three establishment proposals thereunder at the request of members.

First voting: Creation of the supernumerary post of Principal Assistant Secretary (Planning and Lands)7 in the Development Bureau

48. The Chairman declared that 26 members voted in favour of and no member voted against the proposal, and 7 members abstained from voting. The votes of individual members were as follows:

For:
Mr LEUNG Yiu-chung
Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr Steven HO Chun-yin
Mr Charles Peter MOK
Mr CHAN Han-pan
Mr KWOK Wai-keung
Mr IP Kin-yuen
Mr CHUNG Kwok-pan
Mr HO Kai-ming
Mr SHIU Ka-fai
Ms Tanya CHAN
Mr LAU Kwok-fan
(26 members)

Abstained:
Mr James TO Kun-sun
Mr Andrew WAN Siu-kin
Mr LAM Cheuk-ting
Mr KWONG Chun-yu
(7 members)
Second voting: Creation of the permanent post of Chief Town Planner/Housing and Office Land Supply in the Planning Department

49. The Chairman declared that 23 members voted in favour of and 5 members voted against the proposal, and 4 members abstained from voting. The votes of individual members were as follows:

For:
Prof Joseph LEE Kok-long  Mr WONG Ting-kwong
Mr CHAN Hak-kan       Mr WONG Kwok-kin
Mr Michael TIEN Puk-sun  Mr Steven HO Chun-yin
Mr YIU Si-wing         Mr Charles Peter MOK
Mr CHAN Han-pan        Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung      Mr IP Kin-yuen
Mr POON Siu-ping       Mr CHUNG Kwok-pan
Mr Alvin YEUNG         Mr HO Kai-ming
Mr Holden CHOW Ho-ding  Mr SHIU Ka-fai
Mr CHAN Chun-ying      Ms Tanya CHAN
Mr LUK Chung-hung      Mr LAU Kwok-fan
Mr Jeremy TAM Man-ho
(23 members)

Against:
Mr LEUNG Yiu-chung      Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung  Mr CHU Hoi-dick
Dr CHENG Chung-tai
(5 members)

Abstained:
Mr James TO Kun-sun      Mr Andrew WAN Siu-kin
Mr LAM Cheuk-ting        Mr KWONG Chun-yu
(4 members)

Third voting: Redeployment of an existing permanent Chief Town Planner post, to be designated as District Planning Officer/Fanling, Sheung Shui & Yuen Long East, within the Planning Department

50. The Chairman declared that 31 members voted in favour of and 1 member voted against the proposal. The votes of individual members were as follows:

For:
Mr James TO Kun-sun      Prof Joseph LEE Kok-long
Mr WONG Ting-kwong Mr CHAN Hak-kan
Mr WONG Kwok-kin Mr Michael TIEN Puk-sun
Mr Steven HO Chun-yin Mr YIU Si-wing
Mr Charles Peter MOK Mr CHAN Chi-chuen
Mr CHAN Han-pan Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung Dr Fernando CHEUNG Chiu-hung
Mr IP Kin-yuen Mr POON Siu-ping
Mr CHUNG Kwok-pan Mr Alvin YEUNG
Mr Andrew WAN Siu-kin Mr CHU Hoi-dick
Dr Junius HO Kwan-yiu Mr HO Kai-ming
Mr LAM Cheuk-ting Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai Mr CHAN Chun-ying
Ms Tanya CHAN Mr LUK Chung-hung
Mr LAU Kwok-fan Mr KWONG Chun-yu
Mr Jeremy TAM Man-ho
(31 members)

Against:
Dr CHENG Chung-tai
(1 member)

51. The Chairman declared that the three establishment proposals under the present item were approved.

Item 2 — FCR(2017-18)63
RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 31 JANUARY 2018

PWSC(2017-18)25
CAPITAL WORKS RESERVE FUND
HEAD 701 — LAND ACQUISITION
HEAD 702 — PORT AND AIRPORT DEVELOPMENT
HEAD 703 — BUILDINGS
HEAD 704 — DRAINAGE
HEAD 705 — CIVIL ENGINEERING
HEAD 706 — HIGHWAYS
HEAD 707 — NEW TOWNS AND URBAN AREA DEVELOPMENT
HEAD 708 (PART) — CAPITAL SUBVENTIONS
HEAD 709 — WATERWORKS
HEAD 710 — COMPUTERISATION
HEAD 711 — HOUSING
Block allocations
52. The Chairman advised that the item sought FC's approval of the recommendation made by the Public Works Subcommittee ("PWSC") at its meeting held on 31 January 2018 regarding the proposal in PWSC(2017-18)25 for a total allocation of $12,491.9 million for 2018-2019 for the block allocation subheads under the Capital Works Reserve Fund ("CWRF"). PWSC had spent about 5 hours and 10 minutes on the scrutiny of the aforesaid proposal. The Administration had also provided a number of information papers. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

53. Secretary for Financial Services and the Treasury ("SFST") spoke on the item. In gist, he said that the effect of block allocations was wide-ranging as provisions under the present item would be used towards landslip preventive works, refurbishment of government buildings, drainage works, waterworks, repairs of highways, minor works relating to education facilities and social welfare facilities, etc. In addition, the provisions would also cover the cost of pre-construction studies for Category B projects. A total of 10 000-odd projects were covered under the block allocations proposal for 2018-2019; among those, more than 9 000 projects were underway. In the event that FC could not complete the scrutiny and approval of the present financial proposal before 1 April 2018, those 9 000-odd on-going projects would have to be halted, and the remaining 1 000-odd new projects could not be activated. Under the circumstances, provision of public services would be affected. Separately, as most projects funded by the block allocations were undertaken by small and medium contractors, they would be faced with cash flow problems and hence, the livelihood of over 10 000 employees would also be affected. He called on FC to approve the block allocations proposal for 2018-2019.

Review of the block allocations mechanism under the Capital Works Reserve Fund

54. The Chairman advised that at the special meeting held on 28 November 2017, some members had requested the Administration to review the mechanism for making and scrutinizing CWRF block allocations proposals. The Chairman asked whether SFST would speak on the matter.

55. In response, SFST said that the Administration had provided a written response (LC Paper No. FC165/17-18(01)) on 28 February 2018 to the matters raised by members at the aforesaid special meeting. Regarding members' concerns about the provisions under block allocations for land acquisition items, the Administration had explained in Annex II of
the paper the reasons for creating the relevant subheads and the principles of their application. To alleviate members' concerns and to affirm FC's authority in approving the relevant works projects, the Administration also made the following commitments:

(a) as a general practice, the Government would not proceed with land resumption and clearance until funding approval was obtained, from either FC or the authority acting under delegated authority, for the commencement of public works triggering the need for the resumption and clearance; and

(b) should there be circumstances warranting a departure from the above general practice for any individual projects, the Government would consult the relevant LegCo Panel on the particular case beforehand.

56. Mr CHU Hoi-dick opined that FC should first discuss whether it was necessary to review the CWRF block allocations mechanism and come to a conclusion on the matter before proceeding with discussion on whether the block allocations proposal for 2018-2019 should be approved. The Chairman consulted the views of other members, and no member opposed the discussion by FC on the block allocations mechanism.

Land acquisition items

57. Mr CHU Hoi-dick asked how the situation would be handled by the Administration in case an individual project had departed from the above general practice as stated by the Administration, and a motion was passed by a LegCo Panel opposing the relevant land resumption proposal. Mr CHU suggested that under the circumstances, the funding application for the specific land resumption proposal must be submitted to FC for scrutiny and approval as a standalone item; he also asked the Administration whether such a practice would contravene the Public Finance Ordinance ("PFO") (Cap. 2, Laws of Hong Kong) or the Basic Law ("BL").

58. SFST replied that the Administration would decide on how to handle the specific block allocations item relating to the land resumption proposal, taking into account the urgency of the associated main construction project, as well as the concerns and views expressed by members.

59. DS(PL)1 advised that according to the existing internal guidelines, works departments must have strong justifications before they could
request LandsD to activate the land resumption process before funding approval was obtained from FC for the relevant main construction project. She stressed that in most circumstances, the Administration would commence the relevant land resumption process only after obtaining funding approval for the main construction project. For most of the land resumption cases in the past five years, the resumption notice was published in the Gazette only after funding approval of the main construction project was obtained from FC. Early activation of the land resumption process was only required in a limited number of cases (i.e. 5 out of 33 cases). She added that the Administration would issue clearer guidelines in writing to the departments in accordance with the established guidelines and principles. DS(PL)1 advised that should a particular land resumption proposal meet with strong opposition from the Panel, the Administration would reassess the implementation progress of the project when deciding whether the relevant funding application should be submitted to FC. Hence, the Administration held that it was proportionate to respond to members' concerns by the aforesaid commitments as set out in Annex II of the relevant paper. Deputy Secretary for Financial Services and the Treasury (Treasury)3 ("DS(Tsy)3") supplemented that the commitments set out in Annex II only applied to newly created land resumption items. While individual land resumption items could be taken out from the block allocations proposal in case they met with strong opposition from members, the Administration could also seek funding approval from FC by subsuming them under the associated main construction projects or retaining them under the block allocations proposal, after giving regard to the aforesaid consideration. He stressed that no matter which course of action was taken, the Administration must act in accordance with law.

60. Mr LAU Kwok-fan expressed support for the arrangement set out in LC Paper No. FC165/17-18(01). He explained that major development projects (for example, the Northeast NT development) would invariably be undertaken in phases. Under the existing policy, the Administration would resume land occupied by the affected residents in phases and proceed with works under the relevant stages of the development project. As a result, impact and inconvenience would be caused to other residents also living within the development project area but affected by the later phases. Those residents invariably hoped that the Administration could resume their land together with land in earlier stages of the development project in one go. Hence, it would be a better arrangement for the affected residents if flexibility could be introduced under the established land resumption mechanism. Mr LAU called on the Administration to adopt the aforesaid approach as he suggested when handling the Northeast NT development.
61. **DS(PL)1** said that the second commitment made by the Administration as set out in Annex II of LC Paper No. FC165/17-18(01) should be able to satisfy Mr LAU Kwok-fan's demand.

**Handling of controversial items**

62. Mr CHU Hoi-dick cited Annex I of LC Paper No. FC165/17-18(01) which stated the Administration's view that his proposal to subject individual block allocations items considered controversial to further examination would undermine the very purpose of introducing block allocations mechanism. Mr CHU said that at the special meeting held on 28 November 2017, the proposal to make special arrangement for controversial block allocations items was supported by other members from different groupings and affiliations. Mr CHU considered that the Administration should directly respond to the question of whether such a practice would contravene PFO (Cap. 2, Laws of Hong Kong) or BL 73. Dr Fernando CHEUNG opined that establishing a mechanism to allow for separate examination of controversial items could expedite FC's approval process of the block allocations proposal.

63. Mr Holden CHOW suggested that controversial items under the block allocations proposal should first be discussed by the Panels for a decision on whether those items should be included under the block allocations proposal, instead of leaving it until the stage of FC's scrutiny on the block allocations proposal when members requested for separate examination of individual controversial items.

64. SFST responded that at the special meeting held on 28 November 2017, he had already explained why amendments to the block allocations proposal should not be made by members by citing BL 62(4), section 8(1) of PFO and paragraph 27 of FCP. As the relevant contents had already been set out in Annex I of LC Paper No. FC165/17-18(01), he would not repeat the same at the meeting. **DS(Tsy)3** supplemented that the Administration would first present the CWRF block allocations proposal to three LegCo Panels for discussion before submitting the same to PWSC. After taking into account the views of the LegCo Panels and balancing the public interests involved, the Administration would decide whether individual controversial items should remain in the block allocations proposal to be submitted to PWSC and FC for scrutiny.
Head 701—Land acquisition

Subhead 1100CA—Compensation and ex-gratia allowances in respect of projects in the Public Works Programme—The establishment of an agricultural park in Kwu Tung South (phase 1)—road works

65. Mr CHU Hoi-dick said that while a single two-lane carriageway would be constructed to connect Tsiu Keng Road and Fan Kam Road under the project, Tsiu Keng Road was a single lane two-way carriageway. He asked whether the Administration had any plan to widen Tsiu Keng Road and Fan Kam Road. Director of Agriculture, Fisheries and Conservation and Director of Civil Engineering and Development replied that the Administration would consider the implementation of widening works for Tsiu Keng Road when taking forward phase 2 of the Agricultural Park.

Head 706 Subhead 6100TX—Highway works, studies and investigations for items in Category D of the Public Works Programme

Item 67NRC00I—Reconstruction of EVA with concrete paving blocks and footpath at Mui Wo Rural Committee Road

66. Mr CHU Hoi-dick sought supplementary information from the Administration on the following:

(a) reasons for the discrepancy between the Chinese and English titles of the project;

(b) whether the emergency vehicle access referred to under the project would be opened to other vehicles, and what the specific circumstances were; and

(c) given that TD had earlier designated the unnamed access road starting from about 300 meters west of junction of Ngan Shek Street and Mui Wo Committee Road and its nearby area as prohibited zone 24 hours daily, whether the said prohibition zone order was still in operation to this date, and what the specific circumstances were.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC199/17-18(01) on 21 March 2018.]
67. Mr Holden CHOW and Dr Fernando CHEUNG respectively sought supplementary information from the Administration on the following:

(a) regarding the five social welfare facilities, namely a child care centre, a day care centre for the elderly, an early education and training centre, a residential care home for the elderly and a centre of integrated support service for persons with severe physical disabilities, in the public housing development at Chung Nga Road East, Tai Po, what their respective implementation timetables were, and whether individual construction projects would be funded by the Lotteries Fund or CWRF (or public expenditure under other heads); and

(b) an explanation on the principles adopted by the Administration when deciding whether the provision of social welfare facilities should be funded by the Lotteries Fund or CWRF (or public expenditure under other heads).

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC199/17-18(01) on 21 March 2018.]

68. Given that the Hong Kong Section of Guangzhou—Shenzhen—Hong Kong Express Rail Link ("XRL") would be commissioned in the third quarter of 2018, Mr CHAN Chi-chuen asked why expenditures for the item would still be incurred in 2018-2019 and 2019-2020, and what the current progress of the project was. The Administration undertook to provide relevant information after the meeting.
[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC199/17-18(01) on 21 March 2018.]

Head 710 Subhead A007GX—New administrative computer systems

Item 171—IT Facilities for Customs control at the West Kowloon Terminus of Express Rail Link

69. Mr CHAN Chi-chuen asked why project cost would still be payable under the item in 2018-2019 and 2019-2020, even upon the commissioning of XRL in the third quarter of 2018. Chief Systems Manager (Governance and Resources), Office of the Government Chief Information Officer replied that while the relevant works would be completed in tandem with the commissioning date of XRL, the Administration would still need to pay the remaining project cost in 2019-2020.

70. The Chairman said that Mr CHAN Chi-chuen still had two minutes of speaking time left, but the present meeting had come to the scheduled ending time. As a compensation, he would allow Mr CHAN Chi-chuen to speak for two minutes at the next meeting.

71. The meeting ended at 6:31 pm.

Legislative Council Secretariat
28 January 2019