

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 31st meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 29 June 2018, at 4:00 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 Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, 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 Claudia MO
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
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
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
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
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
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Dr Hon Helena WONG Pik-wan
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon Wilson OR Chong-shing, MH

Hon YUNG Hoi-yan
Hon Tanya CHAN
Hon Kenneth LAU Ip-keung, BBS, MH, JP

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)
Mr Sonny AU Chi-kwong, PDSM, PMSM, JP	Under Secretary for Security
Mr Alex CHAN Yuen-tak	Principal Assistant Secretary for Security B
Mrs Sylvia LAM YU Ka-wai, JP	Director of Architectural Services
Mr David CHAK Wing-pong	Project Director 2, Architectural Services Department
Mrs Miranda WAN CHAN Mei-ling	Senior Project Manager 242, Architectural Services Department
Mr Andy YEUNG Yan-kin	Assistant Director of Fire Services (Headquarters)
Mr WONG Ka-wing	Senior Divisional Officer (Planning Group), Fire Services Department
Mr Richard SIU Yee-lin	Acting District Planning Officer (Sai Kung and Islands), Planning Department
Ms Kitty LAM Shu-tsook	Senior Town Planner (Tseung Kwan O), Planning Department
Ms Iris LEE Ho-ki	Principal Assistant Secretary for Security A
Mr WONG Chi-lok	Senior Project Manager 231, Architectural Services Department
Mr NGAN Hing-cheung	Assistant Commissioner of Customs and Excise (Administration and Human Resource Development)
Mr Simon LEE Chi-ming	Staff Officer (Staff Relations), Customs and Excise Department
Mr Wallace LAU Ka-ki, JP	Deputy Secretary for Transport and Housing (Transport)4

Ms Alice YEUNG Lai-shan	Acting Principal Assistant Secretary for Transport and Housing (Transport) 8
Mr Kelvin NG Wai-yip	Assistant Secretary for Transport and Housing (Airport Expansion Project Coordination Office)A

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Ada LAU	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)6

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

**Item 1 — FCR(2018-19)27
RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 31 JANUARY AND 26 MAY 2018**

**PWSC(2017-18)26
HEAD 703 — BUILDINGS
Quarters — Internal security
64JA — Construction of Disciplined Services Quarters for the
Fire Services Department at Pak Shing Kok, Tseung
Kwan O**

**PWSC(2018-19)20
HEAD 703 — BUILDINGS
Quarters — Internal security
67JA — Construction of Departmental Quarters for Customs
and Excise Department at Tseung Kwan O Area 123
(Po Lam Road)(Enclosure 1 to PWSC (2018-19)20)**

2. The Chairman advised that this item sought the approval of the Finance Committee ("FC") for the recommendations of the Public Works Subcommittee ("PWSC") made at its meetings on 31 January and 26 May 2018, namely:

- (a) the recommendation in PWSC (2017-18)26 regarding the upgrading of 64JA to Category A at an estimated cost of \$1,625 million in money-of-the-day ("MOD") prices for the construction of disciplined services quarters for the Fire Services Department ("FSD") at Pak Shing Kok, Tseung Kwan O; and
- (b) the recommendation in PWSC (2018-19)20 regarding the upgrading of 67JA to Category A at an estimated cost of \$1,035.2 million in MOD prices for the construction of departmental quarters for the Customs & Excise Department ("C&ED") at Tseung Kwan O Area 123 (Po Lam Road).

The Chairman advised that some members had requested separate voting on the recommendations at the FC meeting. The Chairman directed that discussions on both items be combined but the items be voted on separately. The Chairman declared interest as an independent non-executive director of the Bank of East Asia.

Noise nuisance caused by the construction projects

3. Mr LAM Cheuk-ting said that the Democratic Party supported the construction of departmental quarters for disciplined services, and at meetings of various Panels members of the Party had expressed the view that departmental quarters were essential to upholding the continuity and morale of the disciplined services. Previously members of the Democratic Party had supported the construction of departmental quarters for the Police Force in Fanling. However, the piling work at the construction site in Fanling had caused serious noise nuisance to nearby residents; the Buildings Department had been requested to refrain from undertaking piling work for construction of departmental quarters near other residential buildings. Mr LAM was concerned that the construction site of the departmental quarters for C&ED on Po Lam Road was very near to other housing estates and yet piling work would be undertaken. Mr LAM enquired whether noise-mitigated piling methods could be used for construction of the departmental quarters on Po Lam Road so as to minimise noise nuisance, and the estimated noise level caused by the piling work at the site, if any. Mr LAM reiterated that government construction works should not adversely affect the environment of nearby areas,

including the noise level, vibration and settlement of buildings. Dr KWOK Ka-ki shared Mr LAM's concern about noise nuisance caused by piling work. Dr KWOK asked whether caissons could be used in lieu of piles so as to reduce the noise.

4. The Director of Architectural Services ("D of ArchS") responded that given the site condition, piling was inevitable in constructing the departmental quarters on Po Lam Road. However, having regard to members' concerns, and unlike the piling work in constructing the departmental quarters in Fanling, a noise-mitigated piling system would be utilised for the construction of the departmental quarters on Po Lam Road. The noise level of the piling work would be kept under 75 decibels at any time, and the piling work would only be undertaken within the hours permitted under the Construction Noise Permit issued by the Environmental Protection Department. D of ArchS pointed out that the respective noise levels generated by the new piling system and caisson work would be about the same. The Under Secretary for Security ("US for S") added that the Government aimed to limit the noise caused by its construction works to nearby residents to a minimal level.

Provision of departmental quarters

5. Dr KWOK Ka-ki remarked that while he supported the proposals for construction of departmental quarters, he was concerned whether the same percentage of officers in different disciplined services were being provided with departmental quarters.

6. Noting that the average waiting time for allocation of departmental quarters in the disciplined services was about six years, Mr YIU Si-wing enquired, with the building of the proposed new quarters, whether the waiting time would be shortened or would still be lengthened as a result of increased manpower in the disciplined services.

7. In reply, US for S remarked that the overall shortage rate for provision of quarters for officers in the disciplined services was about 24%. With the completion of the eight departmental quarters projects proposed since 2014, including the two projects currently under consideration, the shortage rate would drop to 17%. The average waiting time for allocation of quarters differed in various disciplined services, ranging from 3.7 years to 6.2 years. In view of the increase in manpower in the disciplined services in recent years, there were four projects currently under planning to increase the number of departmental quarters in order to meet the demand. The Security Bureau ("SB") would continue to monitor the situation and ensure the fair allocation of departmental quarters among the

various disciplined services.

8. Mr WU Chi-wai asked, in view of the trend of formation of small families in society, whether consideration would be given to providing more 2-room units instead of 3-room flats in the departmental quarters, in order to provide more flats to meet the acute demand. Mr LEUNG Yiu-chung echoed Mr WU's view. Given the long waiting time and the shortage of land for building departmental quarters, Mr LEUNG and Dr KWOK Ka-ki expressed concerns as to whether the Government should actively pursue the possibility of providing smaller flats in the departmental quarters so as to benefit more eligible officers in the disciplined services and shorten the waiting time.

9. In response, US for S remarked that one of the aims for provision of departmental quarters in the disciplined services was to uphold their staff morale. In designing the flats of the departmental quarters and their sizes, SB and the management of the disciplined services had taken into consideration the views of the staff side. The Assistant Commissioner of Customs & Excise (Administration and Human Resources Development) ("AC of C&E(A&HRD)") supplemented that the management of C&ED would continue to consult the staff side throughout the development of the project, including the number of 2-room and 3-room flats to be provided. The design of the flats in the departmental quarters was based on the need of different grades of staff in the department at the time of the project, after consultation with the staff side. US for S added that SB would liaise with relevant bureaux and departments to further review the general design of departmental quarters for the disciplined services, taking into account the views of the staff side of the disciplined services, and the need to acquire land for building departmental quarters.

10. Mr Gary FAN asked about the rationale for using different plot ratios, namely 3.74 and 7.3 for construction of the quarters in Pak Shing Kok and Po Lam Road respectively. Mr Martin LIAO echoed Mr FAN's concern, and asked why the proposed departmental quarters for FSD was only 16 to 17 storeys high. Mr LIAO asked whether consideration would be given to constructing higher buildings at the site with a view to providing more flats for allocation to eligible officers. Noting the shortage of 30.4% of quarters for eligible officers in FSD, Mr FAN pointed out that for a site not distant from the proposed quarters at Pak Shing Kok, the Town Planning Board had recently approved a plot ratio for construction of buildings of about 30 storeys high at the site. Mr FAN asked whether the Government would attempt to seek a review of the plot ratio for the departmental quarter project at Pak Shing Kok.

11. US for S responded that the plot ratio for the two project sites had already been raised when compared to the original plan. If a review of the plot ratio for the site at Pak Shing Kok was sought, it would take some more years before quarters could be provided at Pak Shing Kok. US for S reiterated that the proposed development of quarters at Pak Shing Kok had already reached the upper limit of the plot ratio. The Acting District Planning Officer (Sai Kung and Islands), Planning Department ("DPO(SK&I)(Atg), PlanD") supplemented that the plot ratio for the site at Pak Shing Kok had been increased to 3.1, in line with the stated policy in the Chief Executive's Policy Address in 2014 to increase the maximum domestic plot ratio in the territory (except for the north of Hong Kong Island and Kowloon Peninsula) by around 20%. The increased plot ratio, as approved by the Government Property Agency, had also been fully utilized. DPO(SK&I)(Atg), PlanD elaborated that the plot ratio adopted for the proposed departmental quarters at Pak Shing Kok had taken into account various planning factors, including the capacity of the infrastructure facilities, the environment and transport facilities in the area, etc. Based on the Tseung Kwan O Outline Zoning Plan (the OZP), Pak Shing Kok was more suitable for low rise developments with building height limit set at 100 to 120 metres above Principal Datum, and the building height for low rise developments was comparable to the height of the proposed departmental quarters at Pak Shing Kok.

12. In view of the importance of departmental quarters for upholding the morale of the disciplined services, and the shortage of quarters to cater for the need of eligible officers, especially as a result of the increased manpower in the disciplined services, Dr Elizabeth QUAT asked whether the Government would consider measures to streamline the planning and construction of departmental quarters, both within and outside the Administration, and to increase the supply of departmental quarters by raising the plot ratio of the construction sites, and/or expanding the gross floor areas of the projects. Dr QUAT opined that the Administration should more actively take steps to expedite the building of departmental quarters for the disciplined services.

13. US for S responded that four new projects were under planning for provision of more departmental quarters to disciplined services officers. In the past each project took about four to six years to materialize and the Government would continue to consider measures to streamline the planning and construction process. While pointing out that the plot ratio for the Pak Shing Kok project had been raised, D of ArchS added that the Government was actively liaising with the relevant industries with a view to streamlining the arrangements for construction of departmental quarters. As far as gross floor areas were concerned, government building projects

also had to comply with the requirements under the Buildings Ordinance (Cap. 123).

14. Mr CHAN Chi-chuen enquired about the longest and the shortest waiting time in the past for allocation of quarters to an officer in C&ED. US for S undertook to provide the information after the meeting.

15. Mr YIU Si-wing enquired whether the Government would consider other alternatives, such as provision of housing allowances, to meet the demand for quarters in the disciplined services.

16. US for S responded that SB worked closely with relevant bureaux and departments with a view to providing more quarters for the disciplined services. As regards the proposal to provide housing allowances in lieu of departmental quarters, it involved a major policy change and would need to be considered by the relevant bureaux, in particular the Civil Service Bureau ("CSB").

Parking spaces

17. Dr KWOK Ka-ki enquired why only seven parking spaces for motorcycles were provided in the quarters for FSD while 101 parking spaces for motor-vehicles would be available. Dr KWOK further enquired about the ratio for provision of parking spaces at departmental quarters. Mr LEUNG Che-cheung and Mrs Regina IP shared Dr KWOK's concern. Mrs IP said that adequate parking facilities should be provided at the quarters as the officers usually needed to use a private vehicle to travel to work, especially in emergency situations. Mrs IP enquired whether departmental transport was provided for officers who had to travel to the border control points to work.

18. D of ArchS said that the proposed number of private car parking spaces in the two departmental quarters was already at the upper limit of the Hong Kong Planning Standards and Guidelines ("HKPSG"). US for S added that SB had always strived to provide more parking spaces at the quarters. The Transport and Housing Bureau ("THB") was looking into the arrangements for provision of more parking spaces in Hong Kong, including parking facilities in future departmental quarters for the disciplined services. AC of C&E(A&HRD) supplemented that for officers of C&ED who needed to work at the boundary control points and attend duty at odd hours, departmental transport would be provided for these officers at the public transport interchanges near the working places. During emergencies such as typhoon, departmental transport would also be provided to collect officers at the quarters or appropriate public transport

interchanges and send them to their working places.

19. Given that the HKPSG planning standards and schedule were under review, Mr WU Chi-wai asked whether sufficient space was made available at the proposed quarters to provide for more parking spaces in case of relaxation of the standard for provision of parking spaces after the review.

20. In reply, US for S said that the sites of the two projects were already fully utilized. The increase of the number of parking spaces might be considered if the HKPSG for provision of parking spaces were relaxed in the future.

21. Mr Gary FAN remarked that he had previously raised concern with the Government regarding the shortage of parking spaces for motor-vehicles and motorcycles in Po Lam Road in Tseung Kwan O Area 123. Mr FAN enquired about the progress in plans to increase the provision of parking spaces in the area.

22. In reply, DPO(SK&I)(Atg), PlanD said that an inspection of the site adjacent to Hong Sing Garden was held on 19 April 2018 jointly with the District Council member concerned to explore the possibility of developing a carpark on the site. The piece of land concerned was zoned "Government, Institution or Community" on the OZP, and development of a carpark could be considered. In view of the lack of a vehicle access to the site, and the presence of dense vegetation cover on the site, the relevant Government departments were looking into the technical feasibility of developing a carpark on the site. If it was found technically feasible, local consultation would be carried out by the project agent on the development proposal.

Children facilities at the quarters

23. Mr Holden CHOW supported the provision of more departmental quarters for the disciplined services at a faster rate. Mr CHOW enquired why an outdoor children playground was provided at FSD quarters at Pak Shing Kok whereas no such facility was provided at C&ED quarters on Po Lam Road.

24. D of ArchS remarked that the departmental quarters on Po Lam Road were also provided with some children amenity facilities on the upper ground floor platform, corresponding with the size of the building site.

Construction costs

25. Pointing out that the construction costs for a public rental housing ("PRH") flat was about \$860,000 and a Home Ownership Scheme ("HOS") flat was about \$950,000, Mr CHU Hoi-dick enquired why the construction costs for each flat of the departmental quarters ranged from \$2.5 million to \$3.38 million.

26. At the request of Mr CHU Hoi-dick, D of ArchS undertook to provide information on:

- (a) the average construction costs per square foot of the two proposed departmental quarters projects, and of other government departmental quarters, in comparison with the construction costs per square foot of PRH flats and HOS flats; and
- (b) the construction cost indices laid down by the Project Cost Management Office for construction of schools, disciplined services quarters and government office buildings.

27. While supporting the provision of departmental quarters for the disciplined services, Mr AU Nok-hin expressed concern about the high average construction cost per square foot of the two departmental quarter projects, pointing out that the total construction costs were \$5,000 and over \$6,000 per square foot for the project at Pak Shing Kok and Po Lam Road respectively, which were much higher than the average construction cost of less than \$2,000 per square foot for public housing flats.

28. Mr CHU Hoi-dick pointed out that as far as the cost of building works and building services works were concerned, the construction cost for the quarters at Pak Shing Kok was about \$3,700 per square foot and for the quarters at Po Lam Road was about \$3,900 per square foot, compared with a cost of about \$2,000 per square foot for construction of HOS buildings. Mr CHU enquired why there was such a wide disparity in construction costs between government departmental quarters and HOS buildings.

29. D of ArchS responded that the construction costs for the two projects were based on the project specifications, and the returned tender prices or costs of similar projects. The project prices were generally comparable with those of similar projects implemented in the past years. The average construction costs had been affected by the presence of a slope

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at the Po Lam Road site and the relatively large size of the Pak Shing Kok site.

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30. In view of members' concern about the construction costs for the two projects, the Chairman requested the Administration to provide (a) a comparison of the average construction cost per square foot for the two departmental quarters projects at Pak Shing Kok and Po Lam Road, and the HOS flats, and (b) the factors affecting the construction costs of the two departmental quarters projects and the relevant expenses involved.

Provision of furniture and other furnishings at the quarters

31. While pointing out that the unit cost for provision of furniture and other furnishings for the departmental quarters at Po Lam Road for C&ED doubled that for the quarters at Pak Shing Kok for FSD, namely about \$13 million for 306 flats for the former and about \$14 million for 648 flats for the latter, Mr Gary FAN enquired about the reason for the higher cost for provision of furniture and other furnishings for the Po Lam Road project.

32. In reply, AC of C&E(A&HRD) said that officers joining the Government prior to 1 May 1999 who were allocated with departmental quarters were eligible for a set of standard furniture and furnishings. The cost for provision of furniture and furnishings at the departmental quarters at Po Lam Road was worked out based on the estimated number of officers eligible for allocation of standard furniture and furnishings.

Installation of solar energy panels

33. Mr LEUNG Che-cheung enquired whether solar energy panels would be installed for generation of electricity for the quarters, commensurate with the Government's environment protection policies. Mr WU Chi-wai was concerned about the extent of electricity gained as a result of the installation of the solar energy panels at the departmental quarters.

34. D of ArchS responded that photovoltaic systems would be installed in both departmental quarters to promote green buildings.

Surrender of quarters by retiring officers

35. While pointing out that many officers in the disciplined services were concerned about the need to surrender their quarters upon their retirement, Mr Holden CHOW enquired about the arrangements for

allocation of public housing flats to officers vacating their quarters on retirement from the disciplined services.

36. In reply, US for S said that officers retiring from the disciplined services had to surrender their quarters for allocation to other serving officers. Qualified retired officers could apply for allocation of public housing flats under a quota system administered by CSB.

Voting on FCR (2018-19)27 — PWSC(2017-18)26

37. There being no further questions from members, the Chairman put item PWSC(2017-18)26 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 39 members voted in favour of and no member voted against the item. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr WONG Ting-kwong
Ms Starr Y LEE Wai-king	Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin	Mrs Regina IP LAU Suk-ye
Mr Frankie YICK Chi-ming	Mr WU Chi-wai
Mr YIU Si-wing	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr CHAN Chi-chuen
Mr CHAN Han-pan	Ms Alice MAK Mei-kuen
Mr Dennis KWOK Wing-hang	Mr Christopher CHEUNG Wah-fung
Mr IP Kin-yuen	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Mr LAM Cheuk-ting
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Mr Wilson OR Chong-shing	Dr Pierre CHAN
Mr CHAN Chun-ying	Mr CHEUNG Kwok-kwan
Mr HUI Chi-fung	Mr LUK Chung-hung
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr Jeremy TAM Man-ho	Mr Gary FAN Kwok-wai
Mr AU Nok-hin	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	

(39 members)

Abstained:

Mr CHU Hoi-dick
(1 member)

38. The Chairman declared that the item was approved.

Voting on FCR(2018-19)27 — PWSC(2018-19)20

39. There being no further questions from members, the Chairman put item PWSC(2018-19)20 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 38 members voted in favour of and no member voted against the item. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin	Mr Frankie YICK Chi-ming
Mr WU Chi-wai	Mr YIU Si-wing
Mr MA Fung-kwok	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr CHAN Han-pan
Ms Alice MAK Mei-kuen	Mr Dennis KWOK Wing-hang
Mr Christopher CHEUNG Wah-fung	Mr IP Kin-yuen
Dr Elizabeth QUAT	Mr Martin LIAO Cheung-kong
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Mr Alvin YEUNG	Mr Andrew WAN Siu-kin
Mr LAM Cheuk-ting	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Dr Pierre CHAN	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr HUI Chi-fung
Mr LUK Chung-hung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho
Mr Gary FAN Kwok-wai	Mr AU Nok-hin
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(38 members)

Abstained:

Mr CHU Hoi-dick
(1 member)

40. The Chairman declared that the item was approved.

**Item 2 — FCR(2018-19)29
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 29 MAY 2018**

EC(2017-18)24

**HEAD 158 — GOVERNMENT SECRETARIAT: TRANSPORT
AND HOUSING BUREAU (TRANSPORT
BRANCH)**

Subhead 000 — Operational expenses

41. The Chairman said this item sought FC's approval of the recommendation of the Establishment Subcommittee ("ESC") made on 29 May 2018, i.e. the recommendation in EC(2017-18)24 regarding the creation of three supernumerary directorate posts, namely:

- (a) one Principal Government Engineer (D3) designated as Head (AEPCO);
- (b) one Administrative Officer Staff Grade C (D2) designated as Principal Assistant Secretary(AEPCO) ("PAS(AEPCO)"); and
- (c) one Chief Engineer (D1) designated as Chief Assistant Secretary (AEPCO)("CAS(AEPCO)")

in the Airport Expansion Project Coordination Office ("AEPCO"), Transport Branch of THB, so as to continue monitoring the work of the Airport Authority Hong Kong ("AA") and co-ordinating with relevant parties the implementation of the Three-Runway System ("3RS") project. ESC had discussed this item for three hours and 39 minutes. The Government had submitted two supplementary information papers.

42. Mr Jeremy TAM remarked that members of the Civic Party supported the funding proposal as the officers concerned had so far duly performed their functions in ensuring that the expenditure of the 3RS project would not exceed the original budget.

43. Mr Gary FAN enquired about the origin of the authority and mechanism based on which Government officers could exercise control and monitoring of the 3RS project, including the control on expenditure, progress and quality of individual projects, as the project was not a public works project.

44. The Deputy Secretary for Transport and Housing (Transport)4 ("DS(T)4") explained that despite the fact that the AA was an independent statutory body, the Government monitored the development initiatives and work of the AA as Members to the AA Board. DS(T)4 pointed out that the Secretary for Transport and Housing, the Secretary for Financial Services and the Treasury and the Director-General of Civil Aviation were members to the AA Board. Head(AEPCO) would also sit on the sub-committee of the AA Board for overseeing the 3RS project.

45. Mr AU Nok-hin expressed concern about the ambiguity of the responsibilities of the AA and the Government on the 3RS project. Mr AU asked, in the event of faults and/or slippage in implementing the 3RS project, whether the AA or the Government, or both parties, should be held responsible for the mistakes.

46. DS(T)4 responded that the 3RS project was implemented by AA. He stressed that the Government would assist, monitor and support AA to ensure the 3RS project was implemented in accordance with the budget, time-frame and quality requirements.

47. Mr AU Nok-hin enquired whether the Government would be responsible for payment of any over-expenditure of the construction of the third runway. Mr AU further asked whether the target of handling 102 flights per hour could be accomplished, given that owing to the surrounding land conditions, the existing runways could not be used to their full capacity.

48. In reply, DS(T)4 said that the Government had no plan to bear any cost overrun of the 3RS project. DS(T)4 added that target runway capacity of 102 air traffic movements per hour under the operation of the 3RS, as stated in the press releases of the Pearl River Delta Region Air Traffic Management Planning and Implementation Tripartite Working Group (TWG) meetings, was a long-term goal agreed among the aeronautical authorities of the Mainland, Hong Kong and Macao. The TWG would continue to progressively achieve the ultimate target runway capacity of 102 air traffic movements per hour under the 3RS operation at Hong Kong International Airport.

49. Mr Tony TSE was concerned about the staff composition of the AEPCO as the role of AEPCO would evolve at different stages of the 3RS project. Mr TSE sought elaboration on the role of Head (AEPCO).

50. The Acting Principal Assistant Secretary for Transport and Housing (Transport)8 ("PAS(T)8(Ag)") responded that the AEPCO consisted of

mainly Engineer grade and Administrative Officer grade staff to provide the requisite technical and policy steer respectively in taking forward the 3RS project. The Assistant Secretary for Transport and Housing (AEPCO)A ("AS(AEPCO)A") supplemented that Head(AEPCO) would play a leading role to steer through the complicated issues, including engineering and policy matters throughout the implementation of the 3RS project.

51. Mr CHAN Chi-chuen expressed serious concern that some of the contractors of the 3RS project were involved in some controversial construction incidents relating to the Hong Kong-Zhuhai-Macao Bridge and the MTR's Shatin to Central Link. Mr CHAN was concerned whether the AEPCO could effectively supervise and monitor the 3RS project, in respect of the quality, safety, progress and expenditure of the projects.

52. DS(T)4 responded that having regard to the recent MTR construction works, officers of the AEPCO had, on numerous occasions in the past year, conducted site inspections during the construction of the 3RS project. The AEPCO was liaising with the AA on measures to enhance the AEPCO's monitoring and verification role, e.g. regular inspection of construction works and site records.

53. Dr Elizabeth QUAT remarked that members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported the staffing proposals as the 3RS project was important to the development of Hong Kong, and the AEPCO performed a pivotal role in controlling and monitoring the expenditure, progress, quality and safety of the projects.

54. Mr WU Chi-wai enquired about the form and strategy of the AEPCO in monitoring the implementation of the 3RS project, e.g. playing the role of a consultant and/or adopting a "check the checkers" supervisory model. Mr WU asked whether the AEPCO would conduct supervision inspections at the site of the 3RS project to ensure the construction work at site complied with the AA's requirements. Mr WU also asked whether the AEPCO would review the AA's site inspection procedures to ensure that the projects were properly implemented. Mr WU opined that the AA should set detailed milestones for implementing the 3RS project, and regularly disclose to the public the progress of completing the milestones. Mr CHU Hoi-dick shared Mr WU's view and said that the AA and the Government should work out a time-line for the 3RS project so as to facilitate monitoring of the progress of the project.

55. DS(T)4 responded that the AA was responsible for performing the front-line supervision of the construction of the 3RS project, and submitting the relevant work records to the Government for checking. The AEPCO would provide an extra level of monitoring on the 3RS project, in addition to the AA's supervision work. AS(AEPCO)A supplemented that the Government and AA had agreed to report the progress of the 3RS project to the Economic Development Panel of the Legislative Council twice a year, and the last report was submitted in April 2018. The AEPCO was responsible for monitoring the progress of the 3RS project, including the expenditure, quality and the timely completion of the construction work. PAS(T)8(Ag) added that the AA had completed different works of the 3RS project, e.g. the re-alignment of the underwater power supply cables was completed in March 2017; the completion of the reference designs of automatic people mover and baggage handling systems in June and December 2017 respectively, and the completion of diversion of underwater fuel pipelines in the first quarter of 2018, etc. The AA would submit its next progress report on the 3RS project to the Economic Development Panel of the Legislative Council in November 2018. DS(T)4 added that the Government would review the format of the report submitted to the Economic Development Panel of the Legislative Council, with a view to more clearly presenting the progress of the work, the expenditure level, etc. of the 3RS project, in comparison with the laid down schedule and budget.

56. Mr WU Chi-wai asked which consultant company had been commissioned to supervise the 3RS project, and the mode of supervision undertaken by AEPCO and the consultant company. Mr WU asked whether the AA would need to seek the Government's endorsement in case of any major alternation(s) of the construction plans and/or construction methods relating to the 3RS project. Mr WU further asked whether in the past there were any major changes in the construction work of the 3RS project, resulting in enormous changes in the project expenditure, or leading to over-expenditure.

57. AS(AEPCO)A responded that the consultant company, namely WSP, had been commissioned to assist the AEPCO in monitoring the design and construction stages of the 3RS project. The consultant company would monitor the project through regular meetings with AA, evaluating AA's reports on the project, regular site inspections and discussions with different levels of AA staff on implementation of the project, with a view to forewarning the AA on potential pitfalls and problems.

58. AS(AEPCO)A said that as the 3RS project was self-financed by AA, AA could decide on any major alternation of the work schedule and methods. However, the AA would report any major changes of the project, including changes in project expenditure, to the Government, and to the AA Board and different working groups, of which Government representatives were members. AS(AEPCO)A added that in the past the AA had to review the design of the project because of obstructions encountered at the Deep Cement Mixing works, which, nevertheless, had not affected the progress of work nor resulted in over-expenditure of the 3RS project.

59. Noting that one of the responsibilities of the AEPCO was to ensure the compliance of statutory requirements, e.g. occupational safety requirements, at the sites of the 3RS project, Mr WU Chi-wai was concerned whether there was any overlapping of duties between the AEPCO and other Government departments.

60. AS(AEPCO)A responded that the enforcement of the statutory requirements at the AA's construction sites still rested with the relevant Government departments. The AEPCO would assist the AA in drawing up the relevant procedures and reports, and forewarn the AA on any possible pitfalls of the proposed arrangements, e.g. the AEPCO would discuss and review with the AA on the environmental monitoring results before the reports were submitted to the relevant department.

61. With regard to AEPCO's responsibility for providing assistance to the AA in case of difficulties in sourcing construction materials such as marine sand, Mr WU Chi-wai enquired how the AEPCO could assist in such matters.

62. In reply, DS(T)4 remarked that the filling materials used in the 3RS project would be supplied by an AA contractor. The AEPCO was looking into the possibility of using more recycled public fill materials derived from the local construction works, which would help diversify the sources of filling materials and maximize the use of recycled materials from the fill banks.

63. Ms Claudia MO expressed serious concern about the effectiveness of the supervision work of the AEPCO, in view of the fact that the 3RS project was the AA's self-financed project, and the AA was responsible for performing the frontline supervision of the project. Ms MO illustrated her point with the recent incident relating to the unsatisfactory implementation of the Shatin to Central Link Project and the ineffective monitoring by the Government.

64. DS(T)4 stressed that the 3RS project was owned and implemented by the AA, and in view of the importance of the project to Hong Kong in general, the Government had set up a designated office, namely the AEPCO, to oversee AA's implementation of the project, including, among other things, financial management, operational issues and environmental issues. PAS(T)8(Ag) supplemented that the AA had set up a dedicated team to oversee the construction work of the 3RS project, including the quality of materials and construction works, in order to ensure that they complied with the statutory and contractual requirements. The AA also had a team of about 400 staff stationed at various construction sites to monitor the construction works, including the checking of the documentation of the construction works. The AA provided monthly reports on the project to the Government, and the relevant Government bureaux and departments held regular meetings with the AA to discuss matters relating to the 3RS project, such as the quality of work, risk management and continuity of work contracts in implementing the 3RS project. Government officers also conducted on-site inspections of the project.

65. Mr CHU Hoi-dick doubted the need of setting up the AEPCO and the effectiveness of the supervisory work of AEPCO on the airport expansion projects, given that the 3RS project was a self-financed project of the AA which was ultimately accountable for the project. Mr CHU was concerned that the Government did not have the statutory authority to supervise the 3RS project and that there seemed to be a lack of clear segregation of the authority between the Government and the AA. While Government representatives at the meeting claimed that the AA was ultimately accountable for the 3RS project, the AA was an organization wholly owned by the Government and the AEPCO was responsible for the monitoring of the expenditure, progress and quality of the airport expansion projects. The Government was even involved in the sourcing of marine sand for the AA. Ms Claudia MO echoed Mr CHU's concerns. Ms MO was of the opinion that the AA should directly respond to the members of Legislative Council's questions. Mr AU Nok-hin was concerned that the AEPCO was involved in overseeing the planning and implementation of the 3RS project and yet it would not be held responsible for any problems arising from the project.

66. PAS(T)8(Ag) disagreed that the existence of AEPCO was unjustified. PAS(T)8(Ag) pointed out that THB and its AEPCO had an important role to play in ensuring the timely completion of the 3RS project, in accordance with the quality requirements and within budget. AS(AEPCO)A added that the Government, including THB, the Buildings

Department, the Environmental Protection Department, etc., had the statutory authority to ensure the 3RS project complied with the statutory requirements. DS(T)4 responded that under the Airport Authority Ordinance (Cap. 483), the AA shall conduct its business according to prudent commercial principles. THB was responsible for the policy matters relating to civil aviation and airport development. In partnership with the AA, THB strived to enhance Hong Kong's leading status as an international and regional aviation hub. THB took a macro perspective in overseeing the implementation of the 3RS project, to ensure that all statutory requirements were complied with. The current staffing proposal was to create three directorate posts in the AEPCO under THB, not under the AA. Representatives of the AA were also present when the progress reports on the 3RS project were discussed at the Legislative Council. DS(T)4 added that the advice given by THB to the AA regarding the use of public fill materials in the 3RS project was a Government initiative to ensure the eco-friendliness of the project from a macro environment protection perspective.

67. Noting that Head(AEPCO) would regularly report to the Executive Council, the Legislative Council and relevant parties on the progress of the 3RS project, Mr Gary FAN was concerned that the AEPCO reports were only based on AA's reports. Mr FAN opined that representatives of the AA should also attend the meetings of the Economic Development Panel to report on the projects. Mr FAN pointed out that in the case of the Shatin to Central Link incidents, the Highways Department claimed that they were not aware of the problems as the MTR Corporation Limited ("MTRCL") had not reported to them the problems.

68. DS(T)4 reiterated that the 3RS project was a self-financed project of the AA, and the Government performed an independent monitoring role in the project. DS(T)4 pointed out that, as an example of Government's input in the project, the AA had revised downward the level of the Airport Construction Fee, based on the advice of the AEPCO.

69. Pointing out that the AA had recorded a surplus of \$23.9 billion in the past three years, Mr CHU Hoi-dick asked whether the AA would cease levying the Airport Construction Fee if the target amount of \$47 billion had been reached. Mr CHU pointed out that the Government had forfeited a huge amount of dividends from AA's surplus to support the implementation of the 3RS project.

70. DS(T)4 responded that it was difficult to predict the financial situation of the AA in the coming years. The Government and the AA

would review the financial arrangements for the 3RS project as and when appropriate.

71. Ms Claudia MO was concerned that the AEPCO did not have the expertise to advise the AA on the preparation of the environmental monitoring report. Ms MO enquired about the type of public engagement work to be performed by the AEPCO.

72. In reply, DS(T)4 said that the AEPCO would assess the impacts of the 3RS project in different aspects, including the impact on navigation, transport requirements, and the impact on residents living in the vicinity of the third runway, and discuss the findings with AA and relevant Government Bureaux/departments with a view to finding the best solution to any problems.

73. Ms Claudia MO opined that the duty of monitoring the impact of the 3RS project on the Chinese white dolphins should be undertaken by the Environment Bureau. Ms MO was concerned that the work of the AEPCO would overlap with other Government bureaux/departments.

74. DS(T)4 responded that the AEPCO needed to monitor the AA on issues relating to the implementation of the conditions stipulated in the Environmental Permit for the 3RS project, including the impact of the project on Chinese white dolphins.

75. Mr AU Nok-hin requested that a full list of the facilities to be provided by the Government in connection with the 3RS project be provided and the time schedule for provision of such facilities.

76. AS(AEPCO)A replied that the funding proposal for the first batch of Government facilities for the 3RS project was endorsed by PWSC on 25 June 2018. The second batch of facilities, mainly relating to the security facilities such as immigration, customs and excise, and port health control arrangements, were being worked out. After completion of the planning process, the Government would consult the Economic Development Panel and submit the funding proposal to PWSC for consideration in 2019 the earliest.

77. At the request of Mr AU Nok-hin, DS(T)4 undertook to provide information on the annual income from the Airport Construction Fee, and the accumulated total of fees so far collected.

[*Post-meeting note:* The Chinese version of the supplementary information provided by the Administration was issued to members vide LC Paper No. FC15/18-19(02) on 25 October 2018.]

78. Mr CHU Hoi-dick asked whether the AEPCO had the authority to demand the AA to provide information on the 3RS project, which would facilitate public monitoring of the project. Mr CHU remarked that the MTRCL had in a previous case refused to provide information to the Government.

79. DS(T)4 responded that THB had maintained good working relations with the AA, and so far the AA had provided information requested by the Government for monitoring. DS(T)4 pointed out that the MTRCL was a listed company, and the AA was a statutory body, and direct comparison between the two organisations might be inappropriate.

80. At the request of Mr CHU Hoi-dick, DS(T)4 would provide information on (a) countries supplying marine sand to the AA and the prices involved, and (b) the targeted quantity of recycled materials supplied by the Government fill banks for reclamation purpose in the 3RS project, and the prices.

[*Post-meeting note:* The Chinese version of the supplementary information provided by the Administration was issued to members vide LC Paper No. FC15/18-19(02) on 25 October 2018.]

Arrangement of scrutiny of this item

81. At 6:51 pm, the Chairman remarked that as this item had been discussed for almost five hours at FC and ESC, he considered this item had been thoroughly discussed. He would end the discussion and put the item to vote after all members currently on the waiting list had spoken.

82. At 6:58 pm, the Chairman declared that the meeting be extended for 15 minutes.

Voting on FCR(2018-19)29

83. There being no further questions from members, the Chairman put item FCR(2018-19)29 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 20 members voted in favour of and 13 members voted against the item. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr WONG Kwok-kin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr Charles Peter MOK	Ms Alice MAK Mei-kuen
Mr Dennis KWOK Wing-hang	Dr Elizabeth QUAT
Mr POON Siu-ping	Mr Alvin YEUNG
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Mr CHAN Chun-ying	Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung	Mr Jeremy TAM Man-ho
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(20 members)

Against:

Mr James TO Kun-sun	Ms Claudia MO
Mr WU Chi-wai	Mr CHAN Chi-chuen
Mr Andrew WAN Siu-kin	Mr CHU Hoi-dick
Mr LAM Cheuk-ting	Mr SHIU Ka-chun
Mr HUI Chi-fung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Gary FAN Kwok-wai
Mr AU Nok-hin	

(13 members)

84. The Chairman declared that the item was approved.

**Item 3 — FCR(2018-19)31
RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 26 AND 28 MAY 2018**

85. The Chairman said that this item sought FC's approval of the recommendations made by PWSC at its meetings on 26 and 28 May 2018. He would first deal with items PWSC(2018-19)22, 23 and 24 which were not required to be separately voted on. He would then proceed to items PWSC(2018-19)18 and 21 which were required to be separately voted on, as requested by some members.

PWSC(2018-19)22

HEAD 703 — BUILDINGS

Recreation, Culture and Amenities — Swimming pools

288RS — Swimming pool complex and open space in Area 107, Tin Shui Wai

275RS — Provision of heated pool at the Morse Park Swimming Pool Complex, Wong Tai Sin

Recreation, Culture and Amenities — Open spaces

427RO — Open space in Area 47 and 48, North District

433RO — Open space in Area 6, Tai Po

Recreation, Culture and Amenities — Sports facilities

291RS — Redevelopment of Yuen Long Stadium – pre-construction activities

PWSC(2018-19)23

HEAD 708 — CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Education Subventions

32ED — Conversion to Heung Hoi Ching Kok Lin Association Buddhist Po Kwong School

33ED — Provision of Boarding Section of Hong Chi Pinehill School and reprovisioning of Boarding Section of Hong Chi Pinehill No. 2 School in Tai Po

PWSC(2018-19)24

HEAD 704 — DRAINAGE

Civil Engineering — Drainage and erosion protection

172CD — Rehabilitation of underground stormwater drains

108CD — West Kowloon drainage improvement – inter-reservoirs transfer scheme

86. The Chairman said that the proposals in items PWSC(2018-19)22, 23 and 24 were about the following projects:

- (a) the development of swimming pool complex and open space in Area 107, Tin Shui Wai, the provision of heated pool at the Morse Park Swimming Pool Complex, Wong Tai Sin and the development of open space in Area 47 and 48, North District;
- (b) conversion to Heung Hoi Ching Kok Lin Association Buddhist Po Kwong School, as well as the provision of

Boarding Section of Hong Chi Pinehill School and reprovisioning of Boarding Section of Hong Chi Pinehill No. 2 School in Tai Po; and

- (c) rehabilitation of underground stormwater drains stage 1 and West Kowloon drainage improvement – inter-reservoirs transfer scheme.

No member had requested that the aforesaid proposals be voted on separately at FC meetings. The Chairman declared he was an independent non-executive director of The Bank of East Asia.

Voting on PWSC(2018-19)22, 23 and 24

87. The Chairman put items PWSC(2018-19)22, 23 and 24 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 30 members voted in favour of and no member voted against these items. The votes of individual members were as follows:

For:

Mr James TO Kun-sun	Mr Tommy CHEUNG Yu-yan
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Mr WONG Kwok-kin	Mr Frankie YICK Chi-ming
Mr WU Chi-wai	Mr YIU Si-wing
Mr Charles Peter MOK	Mr CHAN Chi-chuen
Ms Alice MAK Mei-kuen	Dr Elizabeth QUAT
Mr POON Siu-ping	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Mr CHU Hoi-dick
Mr LAM Cheuk-ting	Mr Holden CHOW Ho-ding
Mr SHIU Ka-chun	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr HUI Chi-fung
Mr LUK Chung-hung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho
Mr Gary FAN Kwok-wai	Mr AU Nok-hin
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(30 members)

88. The Chairman declared that the items were approved.

89. The meeting ended at 7:13 pm.