

立法會
Legislative Council

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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 30th meeting
held in Conference Room 1 of the Legislative Council Complex
on Wednesday, 13 June 2018, at 8:30 am**

Members present:

Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)
Hon Charles Peter MOK, JP (Deputy Chairman)
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung

Dr Hon Helena WONG Pik-wan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
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
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Vincent CHENG Wing-shun, MH

Public officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Miss Joey LAM Kam-ping, JP	Deputy Secretary for Development (Works) ¹
Ms Doris HO Pui-ling, JP	Deputy Secretary for Development (Planning and Lands) ¹

Mr Elvis AU Wai-kwong, JP	Deputy Director of Environmental Protection (1)
Ms Margaret HSIA Mai-chi	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Dr Bernard CHAN Pak-li, JP	Under Secretary for Commerce & Economic Development
Ms Ophelia Tsang Oi-lin	Principal Assistant Secretary for Commerce & Economic Development (Commerce & Industry)5
Ms Winnie HO Wing-yin, JP	Deputy Director of Architectural Services
Ms Maria TSANG Pui-shan	Chief Project Manager 102 Architectural Services Department
Mr Gordon LEUNG Chung-tai, JP	Postmaster General Post Office
Mr Leo YAN Kwok-yuen	Director (New Projects) Post Office
Miss Rosalind CHEUNG Man-yee	Principal Assistant Secretary for Development (Harbour)
Mr SOH Chun-kwok	Assistant Director of Planning (Special Duties)

Clerk in attendance:

Mr Derek LO	Chief Council Secretary (1)5
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Staff in attendance:

Ms Ada LAU	Senior Council Secretary (1)7
Ms Christina SHIU	Legislative Assistant (1)2
Ms Christy YAU	Legislative Assistant (1)7
Ms Clara LO	Legislative Assistant (1)8

Action

The Chairman advised that there was one discussion paper on the agenda for the meeting, which was a new funding proposal submitted by the Administration. He reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the proposals. He also drew members' attention to Rule 84 of RoP on voting in case of direct pecuniary interest.

Head 703 – BUILDINGS

PWSC(2017-18)31 23PP Reprovisioning of the Hongkong Post's Headquarters

2. The Chairman advised that the proposal sought to upgrade 23PP to Category A at an estimated cost of \$1,600.9 million in money-of-the-day ("MOD") prices for the construction of a building at Wang Chin Street, Kowloon Bay as a postal complex ("the complex") to reprovision the Hongkong Post's Headquarters ("HKP HQs") currently housed in the General Post Office ("GPO") Building in Central, and accommodate some out-housed units and a new delivery office. The Administration consulted the Panel on Economic Development on the proposed works on 21 July 2017. Members of the Panel supported the submission of the funding proposal to the Subcommittee for consideration. A gist of the Panel's discussion on the project was tabled at the meeting.

Demolition of the General Post Office Building in Central

Supply of Grade A office sites

3. Mr Gary FAN expressed reservation about the project. Mr FAN questioned the lack of justifications for the proposed reprovisioning of the HKP HQs and subsequent demolition of the GPO Building in Central in order to release the site for commercial development. Mr FAN said that although the Administration stated in its discussion paper that Hong Kong was running short of Grade A offices in Central Business Districts ("CBDs"), the vacancy rate of Grade A offices in Hong Kong had been increasing in the past few years and reached 9.6% in 2017 according to the Rating and Valuation Department. This was quite different from the estimates of the Development Bureau.

4. Deputy Secretary for Development (Planning and Lands)1 ("DS(P&I)1/DEVB") advised that the vacancy rate of Grade A offices in Central was 3.8% in 2017, which was the lowest in Hong Kong. As far as office rentals were concerned, the average rental of \$110 per square foot for offices in Central was the highest in Hong Kong. Trailing behind were Wan Chai and Causeway Bay with rentals around \$70 per square foot. This showed that Grade A office sites in Central had a unique appeal over those located in other districts on Hong Kong Island and other areas in Hong Kong, and were irreplaceable. As the supply of Grade A office sites in Central had been tight, the Administration considered it necessary to re-provision the HKP HQs to the proposed complex and demolish the GPO Building so that the site could be released for commercial development.

5. Dr KWOK Ka-ki objected to the demolition of the GPO Building. Dr KWOK considered that the site occupied by the Central Government Offices and the Tamar site, where the Chinese People's Liberation Army Forces Hong Kong Building was situated, could also be used for commercial development. The site of the GPO Building was not the only option.

6. Mr CHU Hoi-dick pointed out that the Administration's original plan was to develop Site 3 of the new Central Harbourfront, where the GPO Building was currently situated, into a commercial site with a total gross floor area ("GFA") of 190 000 square metres, which was larger than that of the present proposal (150 000 square metres). This showed that the Administration's development proposal had room for modification. Mr CHU opined that other sites in the new Central Harbourfront, such as Sites 1 and 2, had ample room for development in terms of permitted GFA. If fully developed, these sites might make up for the reduction in permitted GFA under the development plan to preserve the GPO Building. Mr CHU enquired whether the Administration had made any estimate in this regard.

7. DS(P&I)1/DEVB advised that the Administration had conducted two stages of public engagement ("PE") in 2007 and 2008 on the future development of the new Central Harbourfront, which comprised eight sites including Site 3. After the public consultation exercises in 2007 and 2008, the Administration intended to develop recreational and cultural facilities for public enjoyment in Sites 1 and 2. In addition, it was announced in 2017 that Site 5, which was originally planned for office development, would be allocated to Judiciary. Hence, it was not possible to increase Grade A office space in other sites of the new Central Harbourfront.

Proposed development plan for Site 3

8. Dr Fernando CHEUNG considered the GPO Building a structurally-sound iconic building, providing necessary postal services for the district to address the local need for public facilities. He expressed objection to its demolition.

9. Mr AU Nok-hin enquired about the details of the reprovisioning of the existing postal facilities in the GPO Building, namely a Delivery Office, Speedpost Section, Counter Office and the Post Box Office Section to Site 3, including the location and mode of reprovisioning, the GFA of the reprovisioned facilities and a photomontage, rentals and whether the expenditure related to the reprovisioning had been included in the project cost.

10. Postmaster General ("PMG") advised that large-scale repairs and component replacement works had to be carried out for the GPO Building once every several years. There was also varying degrees of concrete spalling inside the building, and the construction material was also suspected of containing asbestos, which was harmful to human. Under Secretary for Commerce & Economic Development ("USCED") added that apart from the reprovisioned HKP HQs, the Kowloon Bay Post Office, Bulk Airmail Centre, Post Office Staff Training Centre and a new Kowloon Bay Delivery Office would also be relocated to or housed in the proposed complex. The consolidation of the HQs units into the new complex would enhance synergy and efficiency in HKP's operations.

11. Director (New Projects), Post Office replied that district-tied postal facilities in the GPO Building, including a Counter Office, Delivery Office, Speedpost Section and the Post Office Box Section would be reprovisioned within Site 3A, occupying a net operating floor area ("NOFA") of around 4 000 square metres. DS(P&I)1/DEVB supplemented that according to the planning brief of the new Central Harbourfront endorsed by the Town Planning Board ("TPB") in 2016, the future developer was required to construct necessary facilities for reprovisioning the existing district-tied postal facilities in the GPO Building when taking forward the Site 3 development project. The developer would hand over the completed facilities to the Administration.

12. Ms Tanya CHAN objected to the demolition of the GPO Building insisted by the Administration and its refusal to consider other win-win alternatives, such as entering an agreement with the developer to preserve the GPO Building while implementing suitable addition or alteration works, so that the building could be retained for commercial use. Ms Tanya CHAN

said that with regard to building conservation policy, there were successful overseas cases of balancing conservation and development for the Administration to consider. Mr Jeremy TAM and Mr CHAN Chi-chuen also expressed similar concerns. Mr TAM and Mr CHAN Chi-chuen supported the reprovisioning of the HKP HQs to the complex.

13. Mr LUK Chung-hung enquired about the additional GFA made available by demolishing the GPO Building for commercial development, and the auction price of the site according to the Administration's estimate.

14. Mr HUI Chi-fung did not object to the proposal of reprovisioning non-frontline postal facilities at the HKP HQs to a complex located in a non-CBD zone. However, Mr HUI considered it worthwhile to preserve the GPO Building given its unique architectural style and historical background, and he objected to its demolition. Mr HUI enquired about the reduction in permitted GFA under the development proposal with the retention of the GPO Building as compared with the Administration's present development proposal. Mr HUI opined that even if the GPO Building was preserved, neither the Administration nor the developer would violate the planning brief of the new Central Harbourfront endorsed by the TPB in 2016. He sought confirmation from the Administration.

15. Mr WU Chi-wai considered that if the total GFA of the GPO Building was more or less the same as the permitted GFA of the new commercial development, the Administration should consider requiring the developer to preserve the GPO Building as a land grant condition.

16. DS(P&I)1/DEVB replied that in the view of the Administration, retaining the GPO Building would make it impossible to fully develop Site 3 into a commercial site with a total GFA of 150 000 square metres as planned. DS(P&I)1/DEVB supplemented that Site 3 was subject to stringent building height requirements, and according to the planning brief, commercial buildings were required to adopt a terrace design with varying building heights descending towards the harbour. The GPO Building occupied a section of Site 3 which was farthest from the harbourfront, thus enjoying the highest permissible building height. Retaining the GPO Building would not only fail to maximize the permissible building height, but also make it impossible to develop the space in the basement. This would significantly reduce the total developable GFA and the design which could optimize the use of the site permissible under the planning brief could not be materialized. Moreover, the planning brief required that more than half of the Site 3 area should be turned into a landscaped pedestrian deck and public open space so as to create more green space for the public, as well as providing other public

facilities. As such, it was not feasible to include other parts of the site in the calculation of the total commercial GFA .

17. Mr Christopher CHEUNG supported the reprovisioning of the HKP HQs to the complex and the demolition of the GPO Building in a bid to make available more space for commercial development. Mr CHEUNG opined that the GPO Building did not have any conservation value given its non-distinctive appearance and relatively short history. On the contrary, the proposed development of Site 3 was worthy of support as it could increase the supply of Grade A office space in Central, enhance the competitiveness of Hong Kong as an international financial centre, and provide more green space for the general public.

18. Mr WU Chi-wai considered that the Administration should not bundle up the reprovisioning of the HKP HQs with the decision of demolishing the GPO Building. He asked the Administration to clarify its stance on the matter. The Chairman reminded members that the item under deliberation was about the construction of a complex to reprovision the HKP HQs, consolidate some units of HKP currently out-housed in leased premises and set up a new delivery office. In his opinion, the item had nothing to do with the demolition of the GPO Building, and whether members supported the construction of a complex or not was not tantamount to stating their positions on the demolition of the GPO Building or the site's future development. The Chairman requested the Administration to make clarifications in order to allay members' concerns. USCED confirmed that the Chairman's understanding was correct.

19. The Chairman reminded members that according to paragraph 37 of the Public Works Subcommittee Procedure, members' questions on a proposal must relate directly to the contents of the agenda item. On wider questions of policy, members should raise them either in the full Council or at an appropriate LegCo Panel.

Cost of demolition and environmental implications

20. Mr CHAN Chi-chuen enquired about the estimated cost of demolishing the GPO Building and its estimated building life.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC260/17-18\(01\)](#) on 22 June 2018 .)

21. Mr KWONG Chun-yu was opposed to the demolition of the GPO Building. Mr KWONG and Ms Tanya CHAN considered that the

demolition of the GPO Building, which was structurally sound and served practical functions, would generate a large amount of construction waste. Mr KWONG asked the Administration whether it had estimated the quantity of construction waste to be generated, regarded the demolition a waste, and taken the proposal of retaining the GPO Building into consideration.

22. DS(P&I)1/DEVB advised that the Administration appreciated members' concerns. When demolishing the GPO Building, the Administration would require the developer of the site to submit a technical assessment report setting out in detail the handling of construction waste, including how the construction waste generated and other usable materials (such as furniture or other equipment) could be re-used.

23. Mr CHU Hoi-dick suggested that the Administration, by making reference to the demolition of existing superstructures at Caroline Hill Road site ("Caroline Hill Road project"), should turn the demolition works of the GPO Building into a funding submission for which public money was to be sought to demolish the building. In so doing, the cost of demolition would be subject to scrutiny by LegCo.

24. DS(P&I)1/DEVB replied that unlike the Caroline Hill Road project which had yet to complete the TPB procedures, the new Central Harbourfront site had gone through all necessary TPB procedures and the planning brief had also been endorsed by TPB. Entrusting the demolition works of the GPO Building to the future developer could expedite the development progress.

Design of the complex

25. Mr WU Chi-wai enquired about the NOFA of the GPO Building and the proposed complex. PMG replied that the NOFA of the existing GPO Building and the proposed complex were 14 000 square metres and 10 600 square metres respectively.

26. Mr MA Fung-kwok supported the project and agreed that the site of the existing GPO Building should be freed up for commercial development with a view to increasing the supply of Grade A offices in Central. Mr MA and Mr LUK Chung-hung enquired whether the proposed complex, with only eight storeys, had reached the maximum height permitted by the plot ratio. Mr MA considered that since Kowloonbay International Trade & Exhibition Centre, located in front of the proposed complex, could extend nearly 100 metres horizontally, the complex should be able to merge with the adjacent Central Mail Centre so that certain facilities could be shared between them, thereby saving space and achieving economy of scale. He

asked the Administration whether it would consider expanding the complex and merge it with the Central Mail Centre.

27. Mr LUK Chung-hung and Mr HO Kai-ming supported the proposed reprovisioning of the HKP HQs to the complex. Mr LUK and Mr HO suggested constructing a bridge linking the complex with the Central Mail Centre to provide convenient access for the staff and vehicles of HKP to enhance work efficiency. Mr HO requested the Administration to provide supplementary information on the feasibility and estimated cost of constructing a bridge connecting the proposed complex and the Central Mail Centre, and whether the estimated cost of the bridge would be included in the funding proposal to be submitted to the Finance Committee.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC260/17-18\(01\)](#) on 22 June 2018.)

28. Deputy Director of Architectural Services ("DDArchS") and PMG replied that the current design of the proposed complex had almost maximized the plot ratio permitted by the planning brief. Given that the proposed complex and the Central Mail Centre were located on different land lots, and the Outline Zoning Plan of the Planning Department required that a 15-metre wide non-building area between the two buildings had to be reserved for a wind corridor, it was not feasible to merge the two buildings as far as site planning was concerned.

29. PMG added that although it was not feasible to fully merge the proposed complex with the Central Mail Centre, it was technically feasible to construct a bridge linking the two buildings. The current design of the complex also allowed such development. The Administration would decide in the future the construction of a bridge as necessary and work out the details for implementing the proposal.

30. Mr LUK Chung-hung and Mr HO Kai-ming enquired whether the Administration would consider expanding the basement in the proposed complex so as to provide more parking spaces. Mr LUK asked whether the parking spaces would be open for public use in view of the strong parking demand in the district. Moreover, Mr LUK was concerned whether the public transportation facilities in the vicinity of the complex could cope with the people working and using postal services there.

31. USCED advised that sufficient public parking facilities were available within about 10 minutes' walk from the complex. The Administration did not intend to open the parking facilities for public use due to mail security concerns. PMG replied that the proposed basement would be used as the

car park of HKP. Due to cost consideration, there was no plan to expand the basement. The Administration had determined the number of parking spaces in accordance with the Government's established mechanism. The number of parking spaces in the current design could meet the operation needs of HKP.

32. Mr YIU Si-wing supported the project under discussion. Given the rapid development of the logistics industry, Mr YIU enquired whether the design and functions of the complex had taken into account the fact that HKP had to meet the challenges brought about by the ever evolving logistics industry. USCED replied that the proposed complex would consolidate the HKP HQs' various divisions and some other units currently out-housed in leased premises. Rising to the challenges posed by the development of the logistics industry, the Administration was considering the redevelopment of the Air Mail Centre at the Hong Kong International Airport. The Centre would be equipped with modern facilities to enhance its efficiency, capacity and transshipment capacity. A total of \$5 billion had been set aside for this purpose.

Public engagement

33. Mr WU Chi-wai expressed concern about the format of the PE exercises conducted for the development plan of Site 3, in particular whether the consultation papers contained some leading questions.

34. Dr KWOK Ka-ki criticized that the PE exercises conducted in 2007 and 2008 only covered a small number of people and the consultation questions were superficial. Dr KWOK, Mr AU Nok-hin, Dr Fernando CHEUNG and Mr HUI Chi-fung were concerned and dissatisfied that the demolition of the GPO Building under the proposed project had been deliberately withheld and not stated clearly in the consultation papers.

35. In response, DS(P&I)1/DEVB said that the Stage 1 PE conducted in 2007 invited public views mainly on the development and design principles of the new Central Harbourfront, and the design proposals for individual sites were put forward in the Stage 2 PE conducted in 2008 for public comments. As far as Site 3 was concerned, the Administration worked out two design options (the Administration referred to them as Options A and B) having considered the public views collected. Both options envisioned a mix of commercial development, green area and open space, with Option A having a smaller landscaped deck than that of Option B. The photomontage in the PE paper clearly showed that the GPO Building would be replaced by other buildings after the site had been redeveloped. The Administration put

forward the two design options for public consultation in 2008, and the public generally supported that Site 3 should be used for comprehensive development for commercial and open space uses. TPB endorsed in 2016 the planning brief derived from the design concept as the basis for the development of Site 3. According to the design requirements of the planning brief, the GPO Building would be demolished. She and USCED advised that in the Administration's view, the outcome of the PE exercises and TPB's decision should not be revoked for the sake of reopening discussion on whether the GPO Building should be retained.

36. DS(P&I)1/DEVB supplemented that during the Stage 2 PE exercise conducted in 2008, the consultant had widely canvassed public views on the development of the new Central Harbourfront through telephone polls, comment cards, consultation with the 18 District Councils and various organizations, and invitations of written submissions. The Public Policy Research Institute of the Hong Kong Polytechnic University was commissioned to analyse the views received. In addition, during the two stages of the PE exercises, the Central and Western District Council and some members of the public had asked the Administration whether the GPO Building would be demolished under the proposed development plan of Site 3, and the reply was in the affirmative. She acknowledged that the demolition of the GPO Building had not been explicitly mentioned in the consultation papers of the two stages of PE, but disagreed with some members' allegation that the Administration had withheld the demolition plan during the public consultation.

37. At the request of the Chairman, the Administration would provide supplementary information on the PE exercises on Site 3 development conducted in 2007 and 2008, including but not limited to the format and content of questionnaires; the two design options put forward for public consultation (which were referred to as Options A and B by the Administration and members at the meeting); and the process, findings and conclusion of the consultation, together with the relevant Master Layout Plan and photomontage.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. [PWSC260/17-18\(01\)](#) on 22 June 2018.)

Construction cost of the complex

38. Mr Gary FAN pointed out that the cost of site works, piling and basement accounted for 17% of the estimated total capital cost of the project. Given that the complex was only eight-storey high with a basement, he

considered the percentage too high. Mr FAN enquired about the reason for that.

39. DDArchS replied that the project required 345 piles at a depth of 50 to 60 metres. Moreover, the underground water level of the site was high, which was only one to two metres from the ground. Those factors would have a bearing on the cost of piling and constructing the basement. The cost of the proposed project was comparable to that of similar projects.

40. The meeting ended at 10:29 am.

Council Business Division 1
Legislative Council Secretariat
18 July 2018