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

**Minutes of the 31st meeting
held in Conference Room 1 of the Legislative Council Complex
on Friday, 22 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 Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, 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
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 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:

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon Tanya CHAN

Public officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works)
Ms Doris HO Pui-ling, JP	Deputy Secretary for Development (Planning and Lands) ¹

Mr WONG Chuen-fai	Assistant Director of Environmental Protection (Environmental Assessment)
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 and Economic Development
Ms Ophelia Tsang Oi-lin	Principal Assistant Secretary for Commerce and Economic Development (Commerce and 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)
Dr Raymond SO Wai-man, BBS, JP	Under Secretary for Transport and Housing
Mr Wallace LAU, JP	Deputy Secretary for Transport and Housing (Transport) ⁴
Mr Kelvin NG	Assistant Secretary for Transport and Housing (Airport Expansion Project Coordination Office) ^A
Mr Frank WONG Tak-choi	Project Director (1) Architectural Services Department

Mr David CHAK Wing-pong	Project Director (2) Architectural Services Department
Ms Athena FUNG Chi-shan	Senior Project Manager 122 Architectural Services Department
Ms Mandy IP Man-wai	Senior Project Manager 124 Architectural Services Department
Mr HO Tak-hei	Senior Project Manager 233 Architectural Services Department
Miss Linda SO Wai-sze	Deputy Director-General of Civil Aviation (2)
Mr Raymond NG Che-on	Assistant Director-General of Civil Aviation (Air Traffic Engineering Services)
Mr Raymond LI Kwok-chu	Assistant Director-General of Civil Aviation (Air Traffic Management)
Mr HUI Man-ho	Chief Electronics Engineer (Projects) Civil Aviation Department
Miss Sharon LAU Sum-yee	Assistant Director of Hong Kong Observatory (Aviation Weather Services)
Mr LI Luen-on	Principal Experimental Officer (Three Runway System Project) Hong Kong Observatory
Mr Andy YEUNG Yan-kin	Assistant Director of Fire Services (Headquarters)
Mr YIP Yun-yu	Divisional Commander (Air) Fire Services Department

Attendance by invitation:

Mr WONG Koi-hou	General Manager (Engineering, Third Runway) Airport Authority Hong Kong
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Clerk in attendance:

Ms Doris LO

Chief Council Secretary (1)2

Staff in attendance:

Mr Keith WONG

Council Secretary (1)2

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 were two funding proposals on the agenda for the meeting. The first proposal was carried over from the previous meeting of the Subcommittee, while the second proposal was a new submission from 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, i.e. [PWSC\(2017-18\)31](#), sought to upgrade 23PP to Category A at an estimated cost of \$1,600.9 million in money-of-the-day ("MOD") prices for construction of a postal complex ("the new complex") at Wang Chin Street, Kowloon Bay, to reprovision the Hongkong Post's Headquarters ("HKP HQs") currently housed in the General Post Office ("GPO") Building in Central, some out-housed units, and a new delivery office. The Subcommittee commenced deliberation on the proposal at the meeting on 13 June 2018.

Consultation on the demolition of the General Post Office Building in Central

3. Mr WU Chi-wai, Mr HUI Chi-fung and Mr KWONG Chun-yu shared the view that the reprovisioning of HKP HQs to Kowloon Bay proposed by the Administration did not involve much controversy. However, they

opposed to the demolition of the GPO Building and criticized the Administration for the absence of adequate consultation on the demolition decision. Mr Andrew WAN pointed out that according to a public opinion survey conducted by the Democratic Party in 2016, more than half of the respondents were in favour of maintaining the GPO Building. These members urged the Administration to maintain the GPO Building while developing Site 3 of the new Central Harbourfront ("NCH").

4. Deputy Secretary for Development (Planning and Lands)1 ("DS(PL)1/DEVB") said that two stages of public engagement for the urban design study ("UDS") for NCH had been conducted in 2007 and 2008 respectively. During the stage 2 public engagement, two options were put forward for the development of Site 3, both of which involved demolition of all structures thereat, including the GPO Building. Both options received general public support. In the light of the views received during the public engagement, the Administration subsequently drew up a planning brief on the planning requirements of Site 3 for consideration by the Town Planning Board. In the meantime, it also solicited views from LegCo and the Central and Western District Council ("DC") on the development direction.

5. Dr Fernando CHEUNG and Dr KWOK Ka-ki pointed out that the Administration did not invite public views on whether the GPO Building should be maintained during the public engagement in 2008. Neither was it stated clearly in the consultation paper that the GPO Building would be demolished, except for the conceptual plans for illustration purpose. They considered it improper for the Administration to claim that consultation on the decision to demolish the GPO Building was adequate.

6. Mr HUI Chi-fung enquired whether the Administration had sought the views of the Antiquities Advisory Board ("AAB") during the public engagement in 2008 as to whether the GPO Building should be maintained.

7. DS(PL)1/DEVB added that conservation was one of the urban design emphasis of the Government in taking forward the UDS for NCH. To that end, AAB's views on conservation issues were sought during the public engagement. The consultation digest published for the stage 2 public engagement had set out more than ten cultural heritage sites in Central, but the GPO Building was not among them. The conceptual plans and the physical model at the public exhibitions at the time also showed clearly that new commercial buildings would be developed at the site of the GPO Building.

8. Mr AU Nok-hin referred to the final report of the stage 2 public engagement of the UDS for NCH, which stated clearly that there were public

views in support of maintaining the GPO Building. In this connection, DS(PL)1/DEVB said that as far as she knew, one person among those who had submitted their views was in favour of maintaining the GPO Building. However, after consolidating all the views received, the consultant found that there was general support for the two design options for Site 3.

9. Mr CHU Hoi-dick pointed out that a few years ago, the Administration had decided to lower the development density of Site 1 and Site 2 of NCH in the light of the public views received, and Site 5 would make up for the commercial floor area so reduced. However, the Administration changed its development plan recently by converting the use of Site 5 from commercial development to reprovisioning of the High Court Building. He opined that as the Administration could change the land use of Site 5 in response to the latest development in the community, it should shelve the demolition plan of the GPO Building to address the prevailing public views.

10. Dr KWOK Ka-ki opined that development of Site 2 of NCH caused less controversy as no historic buildings were involved. However, he questioned that the Administration's move to concentrate the commercial development on Site 3 was to take care of the wishes of the owners of commercial buildings concerned. He requested the Administration to explain the justifications for lowering the development density of Site 1 and Site 2.

11. DS(PL)1/DEVB said that during the public consultation on development of Site 1 and Site 2 of NCH, the Administration had received views from numerous community groups and political parties calling for lowering the development density. In this connection, the Administration reported the study findings to LegCo in 2009, and explained the justifications for lowering the development density and converting the sites for use as civic icon facilities for the public. As Site 5 was zoned for "Government, Institution or Community" use and it had been proposed earlier that the site should be used to make up for the office floor area reduced in Site 1 and Site 2, the Administration planned to reprovision the High Court Building at Site 5 and the office floor area for judiciary purposes was taken into account. This was in line with the original planning concept for the site.

12. Mr WU Chi-wai was concerned that the Subcommittee's endorsement of the reprovisioning proposal of HKP HQs in Kowloon Bay would be tantamount to confirming the demolition of the GPO Building. Then the Administration could auction the site in future and have the GPO Building demolished by the developer at the latter's expense, circumventing the need to further consult LegCo. He enquired whether there were similar

precedents in which the Administration was not required to seek the funding approval of the Finance Committee ("FC") but just had the government buildings at the sites concerned demolished by developers directly through land auction after LegCo had endorsed the proposed reprovisioning of such buildings.

13. DS(PL)1/DEVB replied that the Government sold the site of Murray Road Multi-storey Car Park Building in Central to a developer for commercial development in 2017 under the Land Sale Programme. The successful developer was required to undertake the demolition of the multi-storey car park.

14. The Chairman opined that the funding proposal only involved the reprovisioning of HKP HQs to Kowloon Bay. It was not directly related to the decision on whether the GPO Building should be demolished and the future development of the site. He suggested that members might follow up on the matter at the Panel on Development. The Chairman also said that he would relay members' concerns about the matter to the Panel Chairman.

15. Dr KWOK Ka-ki requested the Administration to undertake that Site 3 would not be included in the Land Sale Programme pending the discussion of the Panel on Development on whether the GPO Building should be demolished.

16. DS(PL)1/DEVB said that Site 3 was not included in the 2018-2019 Land Sale Programme announced earlier by the Government. She pointed out that the Government respected members' wish to discuss the demolition of GPO Building at the Panel on Development. However, as regards the inclusion of government sites in the Land Sale Programme, the timing was a collective decision made by senior government officials. She was not in a position to make any undertaking on the timing of including Site 3 in the Land Sale Programme.

Supply of Grade A offices

17. Mr Gary FAN said that the Government had been emphasizing that the demolition of the GPO Building and development of Site 3 would increase the supply of Grade A offices in Central Business Districts ("CBDs") to address the shortage of such offices. However, according to the statistics of the Rating and Valuation Department, the vacancy rates of Grade A offices in Wan Chai and Sheung Wan in 2017 were 7.9% and 5.8% respectively, which showed that there was no shortfall in the supply of Grade A offices. He therefore considered that the Administration lacked the justification for rushing ahead with the development of Site 3.

18. Mr Christopher CHEUNG pointed out that financial regulators and the Hong Kong Exchange, as well as many offices operated by law and accounting firms involved in financial services, were all located in Central. This reflected that Central was the heart of Hong Kong as an international financial hub. He opined that it was necessary for the Government to continue with its efforts to increase the supply of Grade A offices in Central, so as to keep Hong Kong competitive. He also suggested that the Administration should conduct comparative studies on the supply and rental levels of Grade A offices in Central vis-à-vis other financial hubs in the region, such as Singapore.

19. DS(PL)1/DEVB said that the current vacancy rate of Grade A offices in Central was 3.8%. Given that some premises were vacant due to office relocation or renovation works, the rate was considered low. She opined that the higher vacancy rates of Grade A offices in other districts highlighted the fact that the demand for Grade A offices in Central could not be met by the supply in other districts. She added that the Director of Audit's report had also pointed out that having HKP HQs in CBDs ran contrary to the principle of maximizing the development potential of land resources. The Administration therefore planned to demolish the GPO Building to release the potential of Site 3 for commercial development.

20. Mr HUI Chi-fung pointed out that according to the Administration's paper ([PWSC\(2017-18\)31](#)), there remained a space shortfall of around 480 000 square metres in the gross floor area ("GFA") of Grade A offices by 2023. He enquired whether the estimate had taken into account the additional floor area of Grade A offices anticipated to be made available by redevelopment projects, such as the redevelopment of Queensway Plaza, the public car park on Murray Road and the public car park on Rumsey Street. He requested the Administration to provide information on the Grade A office floor area arising from the three redevelopment projects respectively.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC315/17-18\(01\)](#) on 4 October 2018.)

21. DS(PL)1/DEVB said that the estimated shortfall of GFA of Grade A offices had already taken into account the office floor area to be made available by the three redevelopment projects. Among them, the redevelopment of Queensway Plaza and the public car park on Murray Road would provide 93 000 and 43 000 square metres of estimated office floor area respectively. The Administration would provide information on the public car park on Rumsey Street in writing.

Development of Site 3 of the new Central Harbourfront

22. Mr CHAN Chi-chuen said that in its supplementary information paper ([LC Paper No. PWSC260/17-18\(01\)](#)), the Administration advised that the demolition cost of the GPO Building (excluding the substructure and foundation) was estimated to be as high as \$35 million. He questioned why the Administration was unable to provide the estimated demolition cost of the substructure and foundation.

23. Deputy Director of Architectural Services ("DDArchS") said that the demolition cost of the GPO Building at around \$35 million was a rough estimate projected on the basis of the cost of the recent demolition of the superstructures at the site on Caroline Hill Road in Causeway Bay. As those works did not include the demolition of substructure and foundation, the cost concerned could not provide any basis for calculating the cost of the demolition of the substructure and foundation of the GPO Building. She added that for the sake of reducing the volume and transportation cost of construction waste generated from excavation works, the Administration preferred retaining the substructure and foundation, which would be dealt with under the future project as necessary, as far as practicable when demolishing government buildings.

24. Mr KWONG Chun-yu, Dr KWOK Ka-ki and Mr Andrew WAN suggested that the Administration should preserve the GPO building and turn it into a commercial building to complement the commercial development at Site 3. They enquired about the technical feasibility of such a proposal and whether the Administration had conducted relevant studies. In addition, Dr KWOK requested the Administration to provide supplementary information setting out the relevant technical data, so as to compare the commercial floor area that could be provided by retaining and expanding/modifying the GPO Building as appropriate with that by demolishing the building and constructing a new commercial building.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC315/17-18\(01\)](#) on 4 October 2018.)

25. DS(PL)1/DEVB said that under the relevant planning criteria, Site 3 was subject to a building height limit of 50 metres above the Principal Datum and the planning requirement of stepping building heights towards the harbourfront. Situated at the south-western corner of Site 3, the site of the GPO Building enjoyed the highest permissible height for development of commercial buildings. If the GPO Building was not demolished, Site 3 would not be able to provide a commercial GFA of 150 000 square metres as

currently planned. She added that while the standard floor height of Grade A offices should be four metres, the GPO Building had a floor height of two to three metres only, making its conversion to a Grade A office building rather difficult. DDArchS supplemented that the building load of the GPO Building was considered to be able to accommodate minor expansion works. However, the additional commercial floor area provided was expected to be less than that by demolition and redevelopment.

26. Mr Holden CHOW noted that the photomontage of the design concept at Annex B to the Administration's supplementary information paper ([LC Paper No. PWSC260/17-18\(01\)](#)) showed that nearly half of Site 3 would be used for landscaped open space. He enquired whether the Administration would plan the development of Site 3 with reference to the photomontage in future. In addition, he suggested that the Administration might consider erecting a commemorative facility at the original site of the GPO Building after its demolition to showcase its history.

27. DS(PL)1/DEVB said that according to the planning brief endorsed by the Town Planning Board in 2016, half of Site 3 should be reserved for development of a quality and green public open space. The future developer must adhere to the relevant statutory plans and the planning brief in planning the development of the site. As the western and eastern portions of Site 3 were subject to building height limits of 50 and 16 metres respectively, it was expected that the final planning would follow the design concept illustrated in the photomontage, under which the western portion would be used for commercial building development and the eastern portion for landscaped open space.

[At 10:02 am, the Chairman said that he would allow members who were waiting for their turns to speak to do so, after which he would end the "question time" and proceed to deal with the motions proposed by members under paragraph 32A of the Public Works Subcommittee Procedure.]

Reprovisioning of the Hongkong Post's Headquarters to Kowloon Bay

28. Mr CHEUNG Kwok-kwan noted that many units of HKP currently out-housed in leased premises, including the Bulk Airmail Centre in Tsuen Wan, would be relocated to the new complex after the reprovisioning. He enquired whether the rental expenses so saved could help relieve the pressure on postage increase, and whether the relocation exercise would have implications on the operation of the Bulk Airmail Centre.

29. Postmaster General ("PMG") said that HKP could save about \$14 million annually in rental expenses after a number of out-housed units were relocated to the new complex. However, the saving accounted for only a small part of HKP's annual expenditure of nearly \$4 billion to \$5 billion and was insufficient to offset the pressure on future postage increase. HKP would explore revenue sources and reduce expenses in order to keep postage rates stable and affordable to the public. He added that at present, clients from different districts would deliver their bulk mail to the Bulk Airmail Centre in Tsuen Wan for bulk posting. Even if the Bulk Airmail Centre was relocated to Kowloon Bay, it was anticipated that bulk posting service would not be affected.

30. Mr Wilson OR noted from the Administration's supplementary information paper ([LC Paper No. PWSC151/17-18\(01\)](#)) that a total net operating floor area of 10 610 square metres would be provided by the new complex, which was only 1 420 square metres larger than the existing GPO Building. Even after the commissioning of the new complex, some currently out-housed units would still have to operate in rented premises, which was undesirable. He enquired whether the permissible plot ratio of the new complex site had been fully utilized. He also enquired whether the Administration had planned to relocate the Kowloon Speedpost Operations Centre currently situated in Lei Yue Mun Estate to the new complex, so that the parking spaces being occupied by HKP could be released for use by residents.

31. Under Secretary for Commerce and Economic Development ("USCED") said that the new complex site had nearly optimized the reference plot ratio of 5.2. As such, there would not be any remaining space to accommodate the Kowloon Speedpost Operations Centre. PMG supplemented that the Kowloon Speedpost Operations Centre had rented some shop space and parking spaces from the Housing Department to meet operational needs. HKP was actively considering renting fewer parking spaces from the Housing Department.

32. Mr Wilson OR pointed out that traffic in the business district of Kowloon Bay was seriously congested and he was worried that the situation would be further aggravated after the commissioning of the new complex.

33. USCED said that the estimated volume of additional vehicular traffic arising from the new complex was low and would mainly be generated during non-peak hours. In addition, it was expected that the new complex, which was provided with separate exits/entrances complementing with the design of the road and sufficient pickup/drop off and loading/unloading areas, would not aggravate the traffic congestion in the area after its commissioning.

He added that public car parks were available in the vicinity to meet the additional parking demand arising from the new complex.

Motions proposed under paragraph 32A of the Public Works Subcommittee Procedure

34. At 10:10 am, the Chairman said that he had received two motions proposed by Dr KWOK Ka-ki and Mr AU Nok-hin under paragraph 32A of the Public Works Subcommittee Procedure. As both Dr KWOK and Mr AU were not present at the meeting, the Chairman would not put to vote the questions that the proposed motions be proceeded forthwith.

Voting on PWSC(2017-18)31

35. There being no further questions from members on the item, the Chairman put [PWSC\(2017-18\)31](#) to vote. At the request of members, the Chairman ordered a division. Nineteen members voted for and 14 members voted against the proposal. No member abstained from voting. The votes of individual members were as follows:

For:

Mr Abraham SHEK
Ms Starry LEE
Mr Paul TSE
Mr Frankie YICK
Mr CHAN Han-pan
Ms Alice MAK
Mr HO Kai-ming
Mr Wilson OR
Mr LUK Chung-hung
Mr Vincent CHENG
(19 members)

Mr Tommy CHEUNG
Mr CHAN Hak-kan
Mr Michael TIEN
Mr YIU Si-wing
Mr LEUNG Che-cheung
Mr Christopher CHEUNG
Mr Holden CHOW
Mr CHEUNG Kwok-kwan
Mr LAU Kwok-fan

Against:

Ms Claudia MO
Mr CHAN Chi-chuen
Mr Alvin YEUNG
Mr CHU Hoi-dick
Mr HUI Chi-fung
Mr KWONG Chun-yu
Mr Gary FAN
(14 members)

Mr WU Chi-wai
Dr KWOK Ka-ki
Mr Andrew WAN
Mr LAM Cheuk-ting
Dr CHENG Chung-tai
Mr Jeremy TAM
Mr AU Nok-hin

Abstain:

(0 member)

36. The Chairman declared that the item was endorsed by the Subcommittee. Dr KWOK Ka-ki and Mr Gary FAN requested that the item, i.e. [PWSC\(2017-18\)31](#), be voted on separately at the relevant FC meeting.

Head 703 – Buildings

PWSC(2018-19)25	69GI	Provision of Air Traffic Control Facilities to support the Three-Runway System at the Hong Kong International Airport
	70GI	Provision of Aviation Weather Services Facilities to support the Three-Runway System at the Hong Kong International Airport
	176BF	Provision of Fire Services Facilities to support the Three-Runway System at the Hong Kong International Airport

37. The Chairman advised that the proposal, i.e. [PWSC\(2018-19\)25](#), sought to upgrade 69GI, 70GI and 176BF to Category A at the estimated costs of \$1,902.9 million, \$281.5 million and \$2,605.8 million in MOD prices respectively for the provision of air traffic control ("ATC") facilities, aviation weather services facilities and fire services facilities to support the Three-Runway System ("3RS") at the Hong Kong International Airport ("HKIA"). The Administration consulted the Panel on Economic Development on the proposed works on 28 May 2018. Panel members supported the submission of the funding requests of the three projects to the Subcommittee for consideration. A report on the gist of the Panel's discussion was tabled at the meeting.

Air traffic control facilities related to the Three-Runway System at the Hong Kong International Airport

38. Mr Jeremy TAM enquired whether the Civil Aviation Department ("CAD") was required to procure the products made by Raytheon, the provider of the new Air Traffic Management System ("ATMS"), when sourcing the computer system for use by the ATC personnel at the new ATC tower and the new radar equipment for 3RS to ensure their interface with ATMS.

39. Dr KWOK Ka-ki pointed out that Director of Audit's report had revealed many misconducts in CAD's procurement of the new ATMS. He requested the Administration to explain how it would ensure that the

tendering exercise for the new ATC facilities complied with the relevant procedures and requirements.

40. Deputy Director-General of Civil Aviation (2) ("DDGCA(2)") replied the new ATC tower would adopt a more advanced system of integrated controller working positions to enhance its work efficiency and safeguard air traffic safety. As for the new radar equipment, given that the interface of the radar system and ATMS was governed by international standards, the two could interface with each other even if they were procured from different providers. She added that CAD would select the system providers through open tendering in accordance with the established government procedures. Experts would also be invited to give independent advice and assessment on the procurement during the process.

41. Dr KWOK Ka-ki pointed out that since CAD switched to the new ATMS, the system had experienced a number of operational problems which undermined air traffic safety. He enquired whether the operational problems had been fixed. In addition, he asked the Administration whether HKIA could achieve the target runway capacity of 102 air traffic movements per hour after the commissioning of 3RS

42. DDGCA(2) said that the new ATMS was running smoothly in general. Despite a 7.6% increase over 2016 in the flights handled and the few days when extra flights had to be dealt with to facilitate the flow of passengers stranded by typhoons, the new system maintained normal operation in 2017. As regards the air traffic movement target of HKIA, Deputy Secretary for Transport and Housing (Transport)4 ("DS(T)4/THB") said that the governments of Guangdong, Macau and Hong Kong had entered into a Memorandum of Co-operation in July 2017 to explore ways of collaboration among the three regions in such aspects as air traffic volume and use of airspace so that the ultimate target runway capacity of up to 102 air traffic movements per hour under 3RS operation at HKIA could be achieved progressively. The Administration also published a press release to make public the negotiation progress among the three governments.

Financial arrangement for acquiring government facilities

43. Dr KWOK Ka-ki noted that the estimated project cost of the first batch of government facilities was about \$8.1 billion in MOD prices, including \$4.8 billion for the capital works and about \$3.3 billion for the procurement of air navigation service equipment and fire services vehicles under capital non-works items. He enquired whether the cost of acquiring the above government facilities was included in the estimated capital cost of

\$141.5 billion for 3RS, and about the details of acquiring the second batch of government facilities.

44. DS(T)4/THB said that the Airport Authority would bear the estimated capital cost of 3RS by itself, which did not cover the government facilities to be acquired by the Administration for 3RS. He added that the second batch of government facilities, which included the development of new immigration clearance facilities, was estimated to cost around \$9 billion to \$9.5 billion.

45. The Chairman said that the Subcommittee would continue to discuss this item at the next meeting. The meeting ended at 10:29 am.

Council Business Division 1
Legislative Council Secretariat
18 July 2018