

**立法會**  
*Legislative Council*

LC Paper No. CB(1)222/18-19  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/DEV

**Panel on Development**

**Minutes of meeting**  
**held on Tuesday, 26 June 2018, at 2:30 pm**  
**in Conference Room 1 of the Legislative Council Complex**

**Members present** : Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)  
Hon Kenneth LAU Ip-keung, BBS, MH, JP (Deputy  
Chairman)  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon CHAN Kin-por, GBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
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  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon HO Kai-ming  
Hon LAM Cheuk-ting

Hon Holden CHOW Ho-ding  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon HUI Chi-fung  
Hon LAU Kwok-fan, MH  
Dr Hon CHENG Chung-tai  
Hon Jeremy TAM Man-ho  
Hon Gary FAN Kwok-wai  
Hon Tony TSE Wai-chuen, BBS

**Member attending** : Hon James TO Kun-sun

**Members absent** : Hon Jeffrey LAM Kin-fung, GBS, JP  
Dr Hon Junius HO Kwan-yiu, JP  
Hon Wilson OR Chong-shing, MH  
Hon CHEUNG Kwok-kwan, JP  
Hon KWONG Chun-yu  
Hon Vincent CHENG Wing-shun, MH

**Public officers attending** : **Agenda item III**

Mr Michael WONG Wai-lun, JP  
Secretary for Development

Mr Maurice LOO Kam-wah, JP  
Deputy Secretary for Development (Planning  
and Lands)2

Mr Raymond SY Kim-cheung  
Principal Assistant Secretary for Development  
(Planning and Lands)4

**Agenda item IV**

Mr Victor CHAN Fuk-yiu  
Principal Assistant Secretary for Development (Works)2

Mr Wallace TANG Wing-keung  
Assistant Secretary for Development (INCO)4

Ms YING Fun-fong, JP  
Project Manager (East)  
Civil Engineering and Development Department

Mr Anthony LO Kam-yan  
Head (Kai Tak Office)  
Civil Engineering and Development Department

Mr George MAK Kin-ming  
Chief Engineer/E5  
Civil Engineering and Development Department

**Agenda item V**

Mr Paul WONG Yan-yin  
Principal Assistant Secretary for Environment (Energy)

Mr Raymond POON Kwok-ying  
Assistant Director/Electricity & Energy Efficiency  
Electrical and Mechanical Services Department

Mr LO Siu Kuen  
Advisor/District Cooling System  
Electrical and Mechanical Services Department

**Agenda item VI**

Mr Vitus NG  
Principal Assistant Secretary for Development (Works)<sup>3</sup>

Mr LEE Tai-on  
Assistant Director/Mechanical & Electrical  
Water Supplies Department

Mr NG Chung-on  
Senior Electrical and Mechanical Engineer/Technical  
Development  
Water Supplies Department

**Attendance by Invitation : Agenda item III**

Urban Renewal Authority

Mr Victor SO Hing-woh, JP  
Chairman

Ir WAI Chi-sing, GBS, JP, FHKEng  
Managing Director

Mr Pius CHENG Kai-wah  
Executive Director (Operations)

Mr Michael MA Chiu-tsee  
Executive Director (Commercial)

Mr Daniel HO Chi-wai  
Director (Building Rehabilitation)

Mr Wilfred AU Chun-ho  
Director (Planning & Design)

**Clerk in attendance** : Ms Doris LO  
Chief Council Secretary (1)2

**Staff in attendance** : Miss Rita YUNG  
Senior Council Secretary (1)2

Mr Raymond CHOW  
Senior Council Secretary (1)6

Mr Keith WONG  
Council Secretary (1)2

Ms Anki NG  
Council Secretary (1)6

Ms Christina SHIU  
Legislative Assistant (1)2

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**I Information papers issued since the last meeting**

- (LC Paper No. CB(1)1144/17-18(01) — Referral memorandum from the Public Complaints Office of the Legislative Council Secretariat on the planning for the provision of car parking spaces and review of the Hong Kong Planning Standards and Guidelines (Restricted to members)
- LC Paper No. CB(1)1163/17-18(01) — Submission on land supply from Green Sense dated 21 June 2018 (Restricted to members)
- LC Paper No. CB(1)1163/17-18(02) — Submission on land supply from Liber Research Community dated 21 June 2018
- LC Paper No. CB(1)1163/17-18(03) — Submission on land supply from Greeners Action dated 21 June 2018)

Members noted that the above information papers had been issued since the last meeting on 29 May 2018.

**II Items for discussion at the next meeting**

- (LC Paper No. CB(1)1133/17-18(01) — List of outstanding items for discussion)
- LC Paper No. CB(1)1133/17-18(02) — List of follow-up actions)

2. Members agreed that the next regular meeting would be scheduled for Tuesday, 18 July 2018, from 2:30 pm to 5:00 pm to discuss the following items:

- (a) Strengthening the staffing of the Civil Engineering and Development Department to take forward land supply and Kai Tak Development projects;
- (b) Pier Improvement Programme;

- (c) Progress Report on Energizing Kowloon East Initiatives; and
- (d) Briefing on the proposed Member's Bill to amend the Waterworks Ordinance (Cap. 102).

*(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, item (a) was deferred to a future meeting, and an item on "Proposed revision of fees under Mines (Safety) Regulations, Cap. 285B, Dangerous Goods (General) Regulations, Cap. 295B, and Dangerous Goods (Government Explosives Depots) Regulations, Cap. 295D under the purview of the Civil Engineering and Development Department" was included for discussion at the regular meeting in July.)*

3. The Chairman advised that the Panel would arrange a special meeting in September 2018 to receive public views on "Planning for land supply in Hong Kong".

*(Post-meeting note: Members were notified vide LC Paper No. CB(1)1253/17-18 issued on 12 July 2018 that the above special meeting was scheduled for Wednesday, 19 September 2018, from 9:00 am. The special meeting was held until 7:15 pm on 19 September 2018. A total of 123 individuals/deputations attended the special meeting to give their views.)*

### **III Work of the Urban Renewal Authority**

(LC Paper No. CB(1)1133/17-18(03) — Administration's paper on work of the Urban Renewal Authority

LC Paper No. CB(1)1133/17-18(04) — Paper on the Urban Renewal Strategy and the work of the Urban Renewal Authority prepared by the Legislative Council Secretariat (Updated background brief))

Other relevant papers

(LC Paper No. CB(1)1188/17-18(01) — Submission from a deputation (東青重建關注組) dated 25 June 2018

LC Paper No. CB(1)1188/17-18(02) — Submission from a deputation (土瓜灣重建項目 KC09-KC13 受影響非住宅租戶關注組) dated 25 June 2018

LC Paper No. CB(1)1188/17-18(03) — Submission from a deputation (舊區街坊自主促進組) dated 26 June 2018)

4. At the invitation of the Chairman, Secretary for Development ("SDEV") said that the Administration was supportive of the work of the Urban Renewal Authority ("URA") with "Redevelopment" and "Rehabilitation" as its two core businesses. Among the various initiatives, he highlighted that URA was partnering up with the Government in implementing Operation Building Bright 2.0 ("OBB 2.0") and the Fire Safety Improvement Works Subsidy Scheme. URA had also commenced a District Study for Yau Ma Tei and Mong Kok ("YMDS") with a view to exploring and developing a new holistic district-based strategy for urban renewal. Chairman, URA then briefed members on the progress of work of URA in 2017-2018 and its Business Plan for 2018-2019.

5. Ms Alice MAK declared that she was a non-executive director of the URA Board.

Strategic studies

6. The Deputy Chairman welcomed the holistic planning approach for urban renewal at a district-wide level enshrined in the strategic studies undertaken by URA with a view to tackling Hong Kong's rapidly ageing building stock more effectively. He enquired in particular the Administration's stance towards URA's proposal of transferring the residual plot ratios among the building sites within a district to facilitate the renewal of typical old urban districts.

7. SDEV responded that YMDS was a strategic study undertaken by URA which aimed to explore ways of enhancing the efficiency of existing land use and the redevelopment potential in Yau Ma Tei and Mong Kok Districts. Ideas such as transfer of plot ratios would be examined in the context of YMDS. The findings would serve as the basis for URA to identify more effective and efficient ways as well as practical and feasible ideas and modus operandi for urban renewal, and assist the Government in examining how to further enhance the effectiveness and implementation of urban renewal in future.

8. At the requests of the Deputy Chairman, Mr CHAN Chun-ying and Dr Helena WONG, the Administration/URA undertook to provide supplementary information on (a) the expected completion time of the comprehensive database to be developed by URA on the building conditions of all residential, commercial and industrial buildings; and (b) the outcomes of the YMDS baseline reviews that were completed to date, and elaborations on the way forward for YMDS.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1329/17-18(01) on 13 August 2018.)*

### Redevelopment

#### *Redevelopment projects initiated by the Urban Renewal Authority*

9. Mr Tony TSE noted that since 2001 and up to 15 June 2018, URA had commenced and implemented a total of 60 redevelopment/preservation/revitalization projects, among which only 17 redevelopment projects had been completed. He expressed concern about the low efficiency and slow progress in implementing redevelopment projects. Sharing similar concerns, Ms Alice MAK called on the Administration/URA to explore new initiatives to speed up the progress of redevelopment projects.

10. In response, Managing Director, URA ("MD/URA") said that URA would continue to take forward a number of ongoing redevelopment projects. Meanwhile, in view that the increasing magnitude of Hong Kong's rapidly ageing building stock was well beyond URA's capacity under its current mode of operation, by conducting YMDS, URA hoped to identify enhanced institutional and implementation strategies for formation of new business models, as well



as new urban renewal initiatives, including encouraging more private investors/developers to participate in urban renewal projects.

11. Mr CHAN Chun-ying requested the Administration/URA to provide a list of the redevelopment projects expected to be completed in the five-year period from 2018-2019 to 2022-2023.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1329/17-18(01) on 13 August 2018.)*

12. Dr CHENG Chung-tai expressed concern about the boom of ultra-small flats commonly known as "nano flats" in the private residential property market in recent years. He asked if URA had any standards on the smallest flat size for its redevelopment projects. MD/URA responded that the minimum saleable area of a flat unit in URA's redevelopment project was 260 square feet.

13. Mr LAU Kwok-fan and Mr CHAN Chi-chuen referred to the new housing initiative announced by the Chief Executive to invite URA to assign its Ma Tau Wai Road/Chun Tin Street Project as a "Starter Homes" pilot project, under which subsidized housing units would be sold at a discount from their "assessed market value", subject to the alienation restrictions on the selling or letting of the flat units within five years from the date of the first assignment. Mr LAU and Mr CHAN asked about how the alienation restrictions would be implemented.

14. MD/URA responded that the relevant alienation restrictions would be stipulated in the sale and purchase agreements of flat units under the Ma Tau Wai Road/Chun Tin Street Project. The URA Board would formulate the application and implementation details in accordance with the initial framework set out by the Government on the major eligibility criteria and discount rate of the "Starter Homes" pilot project.

15. Mr LAM Cheuk-ting and Mr CHAN Chi-chuen expressed concern about the proposed establishment of a maintenance fund in respect of the buildings under the Ma Tau Wai Road/Chun Tin Street Project to cover building maintenance costs in future. Mr LAM worried that in many cases the use of a large-sized maintenance fund for building maintenance works commonly entailed the problem of bid-rigging. As such, he considered that it should be up to the owners concerned to decide whether to set up a maintenance fund. Chairman/URA and MD/URA responded that the setting up of a maintenance fund was only a preliminary idea.

The purpose was to educate property owners on the importance of preventive maintenance.

16. Dr Fernando CHEUNG and Mr CHU Hoi-dick referred to the Tonkin Street/Fuk Wing Street Redevelopment Project and expressed concern that URA had still not yet proceeded with the rehousing and compensation arrangements for some of the affected tenants since the freezing survey conducted in 2014 to determine their eligibility. In view of the poor living environment, they urged URA to make rehousing arrangements for these affected tenants as soon as possible.

17. In response, MD/URA said that to take forward the Tonkin Street/Fuk Wing Street Redevelopment Project, URA had, since September 2014, made efforts through private negotiation with the owners concerned to acquire property titles of the affected properties. Nevertheless, URA had yet to acquire the property titles of some units as the owners had refused to accept the acquisition offers or untraceable. Therefore URA could not commence the rehousing arrangements for the tenants of these units. However, URA might soon initiate the process of resumption of land for redevelopment pursuant to the Urban Renewal Authority Ordinance (Cap. 563). Meanwhile, URA had approached the tenants concerned for preliminary registration and vetting, with a view to commencing the rehousing and compensation arrangements once the acquisition of all the titles of the project was completed.

18. Mr HO Kai-ming noted that historical relics were discovered at the site of the Nga Tsin Wai Village Project. He asked whether URA would consider preserving Nga Tsin Wai Village. MD/URA responded that further excavation and field investigation were being carried out at the site to affirm its heritage significance before making recommendations on preservation measures. An Archeological Impact Assessment report would hopefully be submitted to the Antiquities and Monuments Office about late 2018. In the meantime, no development would commence.

#### *Rehousing and compensation arrangements*

19. In view of the large scale urban renewal projects to be implemented in the coming 10 to 20 years, including those in Yau Ma Tei and Mong Kok Districts, the Deputy Chairman asked whether there would be sufficient rehousing units provided for the tenants affected by the redevelopment projects. Mr HO Kai-ming suggested that URA should consider collaborating with the Hong Kong Housing Society ("HKHS") in implementing redevelopment projects, in particular the

provision of rehousing units to help the tenants affected to resettle in the current locality, so as to help speeding up the progress of redevelopment projects.

20. In response, MD/URA said that under YMDS, the role of various urban renewal agents, the compensation, decanting and rehousing policies/arrangements would be examined. He added that URA and HKHS had entered into a long-term strategic partnership for rehousing arrangement due to urban renewal projects.

21. Dr Fernando CHEUNG and Mr CHU Hoi-dick expressed concern that URA's redevelopment projects in To Kwa Wan had affected the business environment of many small and medium enterprises, in particular garages/vehicle repair workshops. They urged URA to assist the business operators affected by the redevelopment projects to resettle in the current locality to continue their operations. MD/URA responded that URA had provided facilitating services to assist business operators affected by its redevelopment projects to search for shop premises in the current locality for relocation.

22. Mr Alvin YEUNG said that after URA had conducted the freezing survey, some non-domestic tenant-operators were requested by their landlord to move out from the affected properties due to the expiry or termination of their tenancies before URA acquired the affected properties successfully. He asked whether these affected non-domestic tenants were eligible for URA's compensation. Executive Director (Operations)/URA responded that these affected non-domestic tenants could apply for URA's special ex-gratia business allowance.

#### *Demand-led Scheme*

23. Mr Tony TSE and Mr James TO noted with keen concern that URA had suspended the Demand-led Scheme after the fifth round of applications was closed in May 2016. They asked whether URA had discontinued the Demand-led Scheme. Mr TO expressed opposition to discontinuing the Demand-led Scheme.

24. In response, MD/URA said that the projects approved under the Demand-led Scheme were relatively small in scale. The Scheme was first reviewed after three rounds in 2014 with a view to enhancing the planning gains of projects under the Scheme. However, applications received in the fifth round in 2016 were still not conducive to the Scheme's objectives, necessitating holistic review of the Scheme. URA

was taking the opportunity to review the Demand-led Scheme comprehensively in YMDS. It was anticipated that a preliminary way forward for the Scheme would be formulated around mid-2019 depending on the progress of YMDS.

*Flat for Flat Pilot Scheme ("FFF Scheme")*

25. Mr Gary FAN noted that as at June 2018, only 20 domestic owner-occupiers in URA's redevelopment projects had taken up the offers under the FFF Scheme. He opined that as the acquisition price offered by URA to owners was usually much lower than the price of the redeveloped property units, the affected owners might not be able to afford the FFF units and hence could not resettle in the same areas after redevelopment. He asked whether URA would review the FFF Scheme.

26. MD/URA explained that the current rates of compensation and ex-gratia payment adopted by URA for domestic owner-occupiers affected by URA's redevelopment projects were based on a notional seven-year-old replacement flat in the same locality. The principles for calculating the compensation and ex-gratia payment were approved by the Legislative Council. The FFF Scheme provided domestic owner-occupiers affected by URA's redevelopment projects an additional option to cash compensation. Having reviewed the previous responses to the FFF Scheme, URA had adjusted the number of flats reserved for the FFF Scheme in its redevelopment projects.

*Subsidized sale flats ("SSFs")*

27. Mr LEUNG Che-cheung and Dr KWOK Ka-ki expressed concern that the housing units provided in the redevelopment projects of URA in collaboration with private developers were mostly expensive luxury residential units. Dr KWOK, Mr WU Chi-wai and Mr CHU Hoi-dick called on the Administration and URA to consider reviewing URA's role to shoulder more social responsibility by making use of the land resumed to develop public housing units, including SSFs, or private housing with non-luxury designs that would be affordable to the general public. Expressing a similar view, Mr LAU Kwok-fan and Ms Alice MAK said that URA should consider collaborating with the Hong Kong Housing Authority or HKHS to develop public housing units in its redevelopment projects in the future. Mr Michael TIEN suggested that the Administration should consider using the land sale proceeds to subsidize URA for developing public housing units in its redevelopment projects.

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28. SDEV said that in response to the then Chief Executive's suggestion in the 2015 Policy Address to increase the supply of SSFs, URA had identified certain units in the Kai Tak Development for sale as SSF units. In June 2018, the incumbent Chief Executive announced a package of six new housing initiatives, one of which was to invite URA to assign the Ma Tau Wai Road/Chun Tin Street Project as a "Starter Homes" pilot project, which aimed to help the higher-income families who were not eligible for the Home Ownership Scheme and yet could not afford private housing to meet their home ownership aspirations in the face of hiking property prices.

29. SDEV further said that the Government had provided financial support to URA, including a capital injection of \$10 billion and the grant of the resumed sites to URA for redevelopment at nil land premium. The redevelopment projects undertaken by URA since its establishment mainly focused on the redevelopment of private properties. The modus operandi of URA had all along been generating revenue through the sale of units constructed after redevelopment, so as to achieve the long-term objective of a self-financing urban renewal programme. If the redevelopment sites of URA were used to develop public housing, the Government and URA had to carefully consider the impact of this fundamental change on the supply of public and private housing and the self-financing mode of the operation of URA. On this premise, the Administration would make reference to the outcome of YMDS and explore with URA whether there was room to pursue different types of housing development in suitable sites.

Rehabilitation

30. Mr LAM Cheuk-ting supported the implementation of the "Smart Tender" Building Rehabilitation Facilitating Services Scheme ("Smart Tender Scheme") which could help reduce the risk of bid rigging at the works procurement stage of building rehabilitation works. He called on URA to consider extending the scope of the Smart Tender Scheme to assist owners' corporations of private buildings in the procurement of consultancy services for carrying out building rehabilitation works, including conducting on-site inspections during the works period and checking against the completed works. Chairman/URA responded that URA was preparing for the expansion of the Smart Tender Scheme to cover the procurement of consultants for building rehabilitation works.

31. Mr LEUNG Che-cheung expressed concern about the plight of some very old buildings which was beyond economic repair and lacked

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redevelopment potential. Dr CHENG Chung-tai asked how the Administration could assist owners of younger buildings (aged less than 30 years) to carry out preventive maintenance to avoid premature ageing of buildings in the long run. SDEV responded that the Administration would review the implementation of OBB 2.0 in around 2020. The eligibility of participating buildings, including that of younger buildings, could be revisited.

Financial matters

32. Mr CHAN Chun-ying asked about the amount of uncommitted bank facilities maintained by URA as at 31 March 2018, and whether URA would consider maintaining committed bank facilities to facilitate external financing arrangements in an efficient manner. MD/URA undertook to provide a written response to his questions.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1329/17-18(01) on 13 August 2018.)*

**IV PWP Item No. 702CL — Kai Tak Development — Remaining infrastructure works for developments at the former runway and south apron**

(LC Paper No. CB(1)1133/17-18(05) — Administration's paper on 702CL — Kai Tak development — Remaining infrastructure works for developments at the former runway and south apron

LC Paper No. CB(1)1133/17-18(06) — Paper on Kai Tak Development prepared by the Legislative Council Secretariat (Updated background brief))

Other relevant paper

(LC Paper No. CB(1)1162/17-18(01) — Submission from a member of the public (K LEE) dated 20 June 2018)

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33. At the invitation of the Chairman, Principal Assistant Secretary (Works)2, Development Bureau ("PAS(W)2/DEVB"), briefed members on the funding proposal for upgrading part of PWP Item No. 702CL to Category A, at an estimated cost of about \$2,874.7 million in money-of-the-day ("MOD") prices, for the construction of infrastructure works essential for the continued developments at the former runway and south apron of the Kai Tak Development ("KTD"). With the aid of a powerpoint presentation, Chief Engineer/E5, Civil Engineering and Development Department, then briefed members on the project details.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1186/17-18(01) by email on 27 June 2018.)*

34. The Chairman 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 subjects under discussion at the meeting before they spoke on the subjects.

Access to the hospitals in the Kai Tak Development

35. Mr HO Kai-ming expressed support for the proposed project. He concurred with the need to construct Road D3 (Metro Park Section) ("MPS") which would enhance the road network in KTD, hence facilitating access to the Kai Tak Cruise Terminal and the hospitals in KTD (including the proposed New Acute Hospital ("NAH")). Yet, in view of the lack of a direct and convenient road access for the residents in Wong Tai Sin to the proposed Road D3 (MPS) and hence the said hospitals, Mr HO urged the Administration to study the feasibility of improving the road access from Wong Tai Sin to Road D3 (MPS) and the hospitals in KTD.

36. PAS(W)2/DEVB advised that with the completion of the Central Kowloon Route (connecting Yau Ma Tei and KTD) and Road D3 (MPS) (linking the former runway and south apron within KTD), the road network in Kowloon would be enhanced. As for the residents in Wong Tai Sin, they could go onto Road D3 (MPS) for access to KTD by two main routes, i.e. (a) via Choi Hung Road, Sung Wong Toi Road and Road D2 in the west; or (b) via Lung Cheung Road, Kwun Tong Road, Shing Cheong Road, Kai Tak Bridge and Shing Fung Road in the east. He also said that Shing Fung Road, which was on the former runway, was being realigned and widened to a dual two-lane distributor road.

37. Dr Helena WONG welcomed the implementation of the proposed project. While acknowledging the need for the relevant works to provide the necessary road infrastructure in KTD, in particular the road connections to the Hong Kong Children's Hospital ("HKCH") and the proposed NAH, Dr WONG considered that the Administration should also explore the feasibility of developing a pier next to the said hospitals, with a view to providing sea transport access as an alternative to road transport in case of traffic congestion or road accidents, etc..

38. The Chairman stated that members belonging to the Liberal Party supported the proposed project. He opined that it would be costly to construct a pier solely to serve the hospitals in KTD. Instead, the development of a helicopter take-off/landing pad might be a more cost-effective and efficient option.

39. Project Manager (East), Civil Engineering and Development Department ("PM(E)/CEDD"), advised that the relevant task force of the Harbourfront Commission had discussed the development of piers or water sports facilities at KTD. The Civil Engineering and Development Department ("CEDD") and the Energizing Kowloon East Office under the Development Bureau were also exploring ways to improve the transport infrastructure in KTD and optimize the use of the Kwun Tong Typhoon Shelter. There was also a suggestion to optimize the use of the landing steps next to HKCH, but due to headroom constraint at the Kai Tak Bridge during high tides, it was currently used only by the Highways Department for the inspections of the Kai Tak Bridge.

#### Traffic implications

40. The Deputy Chairman expressed support for the proposed project. He enquired about the impact of the traffic noise from the proposed Road D3 (MPS) on the users of the public open space along the former runway; and the mitigation measures to be carried out. In view of the heavy traffic in the vicinity of KTD (e.g. Kowloon Bay and Kwun Tong) at present, the Deputy Chairman also asked about the measures to be taken by the Administration to minimize the impact of the additional traffic flow brought by the construction vehicles travelling to and from the project sites.

41. PAS(W)2/DEVB and Head (Kai Tak Office), CEDD, replied that environmental impact assessment and traffic impact assessment had been conducted for the proposed project. Mitigation measures would be



taken to minimize the environmental impacts of the project and its traffic impact on the surrounding areas. For instance, a large part of the proposed Road D3 (MPS) along the waterfront promenade was made up of an underpass (about 200 metres long) and two sections of depressed road (about 320 metres long in total), so as to reduce the traffic noise on the public open space along the former runway. Moreover, most of the construction waste generated by the proposed project would be delivered to public fill reception facilities or landfills by sea.

### Development of the Environmentally Friendly Linkage System

42. Ir Dr LO Wai-kwok indicated support for the proposed project and hoped that the Administration would step up efforts in constructing the road infrastructure for KTD. Ir Dr LO further asked about the latest progress of the detailed feasibility study ("DFS") undertaken by CEDD on the proposed development of the Environmentally Friendly Linkage System ("EFLS"), and whether the Administration had correspondingly made suitable provision in the proposed project for EFLS.

43. PAS(W)2/DEVB and PM(E)/CEDD explained that Stage 2 of DFS was underway, which covered the EFLS alignment, station locations and implementation mechanism, etc.. CEDD would take due consideration of the existing/planned road network and infrastructure in KTD when devising a feasible scheme for the EFLS project.

## **V PWP Item No. 45CG — District Cooling System at the Kai Tak Development**

(LC Paper No. CB(1)1133/17-18(07) — Administration's paper on 45CG — District Cooling System at the Kai Tak Development

LC Paper No. CB(1)1133/17-18(08) — Paper on the provision of a District Cooling System at Kai Tak Development prepared by the Legislative Council Secretariat (Updated background brief))

44. At the invitation of the Chairman, Principal Assistant Secretary for the Environment (Energy), Environment Bureau ("PAS(EG)/ENB") briefed members on the funding proposal for the remaining works under

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Phase III ("Phase IIIR") of PWP Item No. 45CG, entitled District Cooling System ("DCS") at the Kai Tak development ("KTD"), at an estimated cost of about \$1,039.8 million in money-of-the-day ("MOD") prices, to meet the latest progress of building developments at Kai Tak under Phase III. Assistant Director/Electricity and Energy Efficiency, Electrical and Mechanical Services Department ("AD/EE/EMSD") then briefed members on the proposed scope of works under Phase IIIR.

45. The Chairman reminded members that in accordance with Rule 83A of the RoP of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects.

Operation of the District Cooling System and provision of services to potential users

46. Ir Dr LO Wai-kwok expressed support for the development of DCS at KTD which was the largest air-conditioning system in Hong Kong. He enquired about whether the chilled water distribution pipe networks would connect to NAH at KTD, the present demand for district cooling services ("DC Services") at KTD, the proportion of the present demand to the overall capacity of DCS at KTD, and the responses of private property developers of KTD developments towards the use of DCS. Dr Helena WONG enquired whether it was mandatory for private developments at KTD to connect to DCS at KTD.

47. PAS(EG)/ENB advised that private non-domestic developments at KTD were required under the conditions of land sale to connect to DCS. Subject to the land sale and construction progress, it was envisaged that private non-domestic developments at KTD would be provided with DC Services starting from 2020-2021. The private property developers of these developments were supportive towards the use of DCS, and had been liaising with the Electrical and Mechanical Services Department on taking forward the connection works. As regards the connection of NAH to DCS, AD/EE/EMSD advised that the laying of chilled water distribution pipe networks under Phase IIIR would cover the area where the hospital would be located.

Charging arrangements and tariff levels for district cooling services

48. Dr Helena WONG enquired about the charging arrangements for DC Services, including whether private developments using DC Services would be charged on a "user-pays" basis covering the consumption as

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well as the operation and maintenance ("O&M") costs, and the payment of DC Services tariff by private and public developments. She also asked if it would become more cost effective in using DC Services when more buildings were subscribed to DCS at KTD.

49. PAS(EG)/ENB replied that for private developments, the imposition of charges for the district cooling services was governed by the District Cooling Services Ordinance (Cap. 624) ("the DC Services Ordinance"). The charges mainly comprised the capacity charge (to cover the capital cost, the O&M costs of DCS) and the consumption charge (to cover the costs that vary with the actual consumption of district cooling services by the occupiers/tenants). The consumption charge rate would be adjusted annually to take into account the change in electricity tariff rate. Details of the calculation of DC Services tariff were prescribed under the DC Services Ordinance. A similar calculation method was applied to the DC Services tariff for the Ching Long Shopping Centre owned by the Hong Kong Housing Authority under an administrative arrangement. It was envisaged that with more buildings subscribing to DCS, its cost effectiveness would increase.

50. At the request of Dr Helena WONG, the Administration agreed to provide information and explanation on the estimated tariff for using the proposed DCS at KTD by private developments at KTD.

*(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)1356/17-18(01) on 29 August 2018.)*

*[At 4:22 pm, the Chairman suspended the meeting temporarily such that members could take part in a division at the meeting of the Establishment Subcommittee being held concurrently. The meeting resumed at 4:25 pm.]*

51. Mr Gary FAN referred to Annex III (DCS at KTD charging level) of the Administration's paper (LC Paper No. CB(1)1133/17-18(07)), and asked whether the DC Services tariff was calculated based on the assumption that the costs of DCS could be recovered over the project life of 30 years, the present demand for DC Services at KTD by private developments, and whether it was mandatory for private commercial developments at KTD to use DCS.

52. AD/EE/EMSD replied that during the deliberation on the District Cooling Services Bill, the Administration indicated its intention to

recover both the capital and operating costs (including the connection, operating and maintenance costs) from DCS users over the project life, which was estimated to be 30 years. Based on an interim review of DC Services tariff recently completed, the Administration maintained its view that the capital and operating costs could be recovered over the project life of 30 years.

53. PAS(EG)/ENB supplemented that while private non-domestic developments at KTD were required under the conditions of land sale to connect to DCS, it was not mandatory for such developments to use DCS at KTD. Notwithstanding that, the Administration believed that private developments would use DCS given its cost effectiveness.

#### Concluding remarks

54. The Chairman said that members belonging to the Liberal Party supported the funding proposal. Mr LAU Kwok-fan stated that members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the proposal. Ir Dr LO Wai-kwok and Dr Helena WONG respectively stated that members belonging to the Business and Professionals Alliance for Hong Kong and the Democratic Party supported the proposal.

#### **VI Automatic Meter Reading for water supplies in Hong Kong**

(LC Paper No. CB(1)1133/17-18(09) — Administration's paper on Automatic Meter Reading for water supplies in Hong Kong)

55. At the invitation of the Chairman, Principal Assistant Secretary (Works)3, Development Bureau ("PAS(W)3/DEVB") briefed members on the plan of the Water Supplies Department ("WSD") to promote wider application of Automatic Meter Reading ("AMR") for water supplies in Hong Kong. He said that the plan was in line with the Government's commitment to develop Hong Kong into a smart city by using innovation and technology to enhance city management and improve people's livelihood as announced in the 2017 Policy Address. With the aid of a powerpoint presentation, he briefed members on the key features of AMR, and elaborated on the proposal and arrangements for promoting the wider use of AMR in Hong Kong starting with new private, public and government developments.

*(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)1186/17-18(02) by email on 27 June 2018.)*

### Implementation of Automatic Meter Reading in new developments

56. Mr Holden CHOW, Dr Helena WONG and Dr KWOK Ka-ki sought details about the implementation arrangement of AMR in new developments, including that for the two new development areas of the Kai Tak Development and the Anderson Road Quarry Site, and in particular the implementation plan and the cost of installing smart water meters and AMR outstations at these sites.

57. PAS(W)3/DEVB responded that the private developers concerned, or the responsible parties for public and government developments, would be required to provide and install the AMR outstations at their developments, conduct testing and commissioning, and hand over the AMR outstations to WSD for future operation and maintenance. For new private developments, such requirements would be included in the relevant land documents or undertaken through mutual agreement, whilst for new public and government developments, relevant requirements would be incorporated in the project scopes during planning and design stages. It was estimated that private developers, or responsible parties for public and government developments, would need to bear a cost of about \$800 per meter on average for providing the AMR outstation and the conduit system for the cabling network. An additional cost of about \$700 per meter on average for the procurement and installation of the smart water meters and the establishment of the AMR master station would be borne by WSD. As the market penetration of smart water meters was increasing globally in recent years, it was expected that the price of smart water meters would be on a downtrend.

### Benefits of implementing Automatic Meter Reading

58. Dr Helena WONG expressed support for the implementation of AMR as, among other benefits, it enabled detection of abnormal water consumption of individual consumers which might be caused by leakage in their internal plumbing system. Dr WONG and Mr Gary FAN further enquired whether AMR would connect with the Water Intelligent Network ("WIN") so to facilitate detection of public water mains leakage.

59. PAS(W)3/DEVB explained that while the implementation of AMR would enable detection of leakage in the individual consumer's internal

plumbing system by monitoring the water consumption, the implementation of WIN aimed at monitoring the condition of public water mains to facilitate early detection of water mains leakage. For a particular area where AMR was fully implemented, the combined data collected from AMR and WIN would help WSD monitor the water supply condition in the whole area and enable early detection and tracking of public water mains leakage.

60. Dr Helena WONG and Mr WU Chi-wai further enquired whether WSD had required all buildings in Hong Kong, whether or not equipped with AMR, to install master meters to monitor the water mains leakage problem. PAS(W)3/DEVB advised that new housing estates with two housing blocks or more completed after 2006 were required to install master meters. Master meters would be installed at all developments with AMR.

61. Mr LAU Kwok-fun expressed support for the implementation of AMR in Hong Kong so as not to lag behind the international trend. Mr LAU believed that the water consumption data of individual consumers recorded by AMR might be useful for some other government departments in discharging their duties, such as investigation of water seepage complaints by the Joint Office for Investigation of Water Seepage Complaints, and investigation into cases of non-occupation of public rental housing flats by the Housing Department. As such, he asked if WSD would make available the said data for use by other government departments.

62. PAS(W)3/DEVB responded that the water consumption data of consumers should be processed in accordance with the Personal Data (Privacy) Ordinance (Cap. 486). Generally speaking, WSD would not unnecessarily disclose such data collected by AMR to other government departments.

63. The Deputy Chairman, Mr Fernando CHEUNG and Mr WU Chi-wai suggested the Administration to cooperate with public utility companies and provide "all-in-one" real-time data on the consumption of water, electricity and town gas, with a view to enhancing consumers' awareness of their consumption of the utilities, thereby facilitating their development of the behaviour of saving resources.

64. PAS(W)3/DEVB responded that the Government was exploring the feasibility of cooperating with public utility companies and providing all-in-one consumption data to consumers. As the implementation of

AMR was only in an initial stage, it would take time to extend the AMR coverage to existing buildings before nearly real-time water consumption data could be provided to all consumers.

#### Manpower and operational implications

65. In view of the implementation of AMR that might gradually replace the conventional means of taking water meter readings by meter readers, Mr LAU Kwok-fan asked about the impact on the incumbent meter readers, and Mr Gary FAN asked if WSD had any plan to adjust the number of meter readers in the coming few years, thereby achieving manpower savings.

66. PAS(W)3/DEVB responded that there were about 300 meter readers in WSD. Given that there were still about 3 million water accounts using conventional water meters, it was necessary to keep the current strength of meter readers to take meter readings. Furthermore, in case of malfunctioning of the meter interfacing unit of a smart water meter that could lead to failure in data transmission, meter readers would be deployed to take the readings manually.

67. Dr KWOK Ka-ki expressed concern about the cost effectiveness and reliability of smart water meters vis-à-vis conventional water meters. He was worried that the data recorded by smart water meters would be susceptible to tampering by, for example, hacking into AMR. In response, PAS(W)3/DEVB indicated that a smart water meter consisted of a mechanical water meter and a meter interfacing unit. The operation of the mechanical part of a smart water meter was identical to a conventional water meter which was widely in use and reliable. Also, tests conducted by WSD during the pilot stage had proved that meter data transmitted by AMR were well protected from tampering.

#### Extension of Automatic Meter Reading to existing buildings

68. Given the expected benefits of AMR, the Chairman considered that it was incumbent upon the Administration to provide more incentives, in addition to incorporating requirements in land sale conditions, to promote its wider implementation in the long run. Mr Holden CHOW similarly enquired how the Administration would incentivize the use of AMR in existing buildings. Mr Fernando CHEUNG urged the Administration to formulate long-term plans to comprehensively apply AMR to all buildings in Hong Kong. Mr WU Chi-wai suggested the Administration to explore the feasibility of

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using wireless transmission technology in transmitting data of conventional mechanical water meters, thereby speeding up the implementation of AMR in existing buildings.

69. PAS(W)3/DEVB responded that the cost and difficulty in retrofitting the conduit system for the cabling network of the AMR outstation would be the major hurdle for implementation of AMR in existing buildings. It was anticipated that reliable and affordable wireless solution could offer alternative to the current wired one in future. This would obviate the need for the conduit system for cabling network and eventually make implementation of AMR in existing buildings viable and cost effective. WSD would keep abreast of the technological development and review the latest technology for data transmission within buildings.

70. The Deputy Chairman expressed support for the implementation of AMR. He suggested that the Administration should offer assistance to flat owners of village houses in making necessary installations for using AMR.

71. PAS(W)3/DEVB said that as it would cost over \$100,000 for setting up an AMR outstation, the design capacity of which was meant for the processing of data received from around 150 smart water meters, it might not be cost effective for adoption in a village house with only a few flat owners to share the required cost.

**VII Any other business**

72. There being no other business, the meeting ended at 5:20 pm.