

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 20th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 3 May 2019, at 3:03 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
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
Hon CHAN Hoi-yan

Members absent:

Hon WONG Kwok-kin, SBS, JP
Hon SHIU Ka-chun
Hon Tanya CHAN

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Kinnie WONG	Acting Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Bernadette LINN Hon-ho, JP	Permanent Secretary for Development (Planning and Lands)
Mr David LAM Chi-man	Principal Assistant Secretary for Development (Planning and Lands)5
Mr Andy LAM Siu-hong	Principal Assistant Secretary for Transport and Housing (Transport)3
Mr Ricky LAU Chun-kit, JP	Director of Civil Engineering and Development
Mr LAI Cheuk-ho	Project Manager (North), Civil Engineering and Development Department
Mr John CHUNG Wing-hong	Chief Engineer (North 3), Civil Engineering and Development Department
Mr Kelvin LO Kwok-wah, JP	Director of Drainage Services
Mr Walter LEUNG Wing-yuen	Chief Engineer (Sewerage Projects), Drainage Services Department
Mr CHEN Che-kong	Assistant Director of Environmental Protection (Water Policy)
Mr Anthony FOK Wai-kai	Principal Environmental Protection Officer (Sewerage Infrastructure), Environmental Protection Department

Ms Lily CHIU Lee-lee	Chief Estate Surveyor (Acquisition Section), Lands Department
Dr Esther TO Man-wai	Senior Veterinary Officer (Animal Management)(Operations), Agriculture, Fisheries and Conservation Department
Mr Stephen LAI Yue-hong	Senior Agricultural Officer (Agri-Park and Land), Agriculture, Fisheries and Conservation Department
Miss Janice TSE Siu-wa, JP	Director of Home Affairs
Mr Howard YAM	Assistant Director of Home Affairs (3)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)7

Action

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

Item 1 — FCR(2019-20)3

RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 20 MARCH 2019

**PWSC(2018-19)41
HEAD 707**

**Civil Engineering
747CL**

- **NEW TOWNS AND URBAN AREA DEVELOPMENT**
- **Land Development**
- **Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area**

- 759CL — First stage of site formation and engineering infrastructure at Kwu Tung North new development area and Fanling North new development area
- 828CL — Remaining phase of site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area
- 793CL — Site formation and infrastructure works for Police facilities in Kong Nga Po

- HEAD 704 — DRAINAGE
- Environmental Protection — Sewerage and Sewage Treatment
- 388DS — Shek Wu Hui Effluent Polishing Plant

- HEAD 701 — LAND ACQUISITION
- Civil Engineering — Land Acquisition
- 37CA — Special Ex-gratia Cash Allowance for the Kwu Tung North and Fanling North New Development Area

Continuation with the discussion on FCR(2019-20)3

2. The Finance Committee ("FC") continued with the discussion on item FCR(2019-20)3.

3. The Chairman declared that he was an independent non-executive director of The Bank of East Asia and a senior advisor of Well Link Insurance Group Holdings Limited.

Rehousing of affected households

4. In response to Mr LAM Cheuk-ting's enquiry regarding the adequacy of housing units at Po Shek Wu Estate for rehousing of households affected by the proposed project, Permanent Secretary for Development (Planning and Lands) ("PS/DEV(P&L)") stated that in terms of numbers, the Po Shek Wu Estate had some 1 000 flats which should be sufficient to accommodate most, if not all, the eligible households affected by the proposed New Development Area ("NDA") development, although the exact flat allocation outcome would depend on the extent to which the profile of household sizes matched with the mix of flat sizes of Po Shek Wu Estate. If Po Shek Wu Estate was not able to accommodate all

eligible households, there would be available flats in other estates, including a new estate in the North District which would be ready for population intake at the end of 2019 tentatively, or vacant flats of existing public housing estates.

5. Mr LAU Kwok-fan pointed out that the clearerees were concerned that they might not be allocated with public housing flats. The clearerees requested the Government to undertake that they would be rehoused before their houses were demolished. Mr LAU enquired about the time schedule for rehousing of the affected households. Mr LAU requested the Government to enhance communication with the affected households and relevant District Council(s) ("DC(s)") regarding the progress of the rehousing arrangements.

6. PS/DEV(P&L) replied that the Government was committed to its objective of rehousing the eligible households before clearance. The Lands Department ("LandsD") had already referred over 200, and would continue to refer, rehousing applications to the Hong Kong Housing Authority ("HA") and the Hong Kong Housing Society ("HS") for processing. According to the latest forecast of HA, Po Shek Wu Estate would be ready for population intake in August 2019, and the successful applicants would likely be informed of flat allocation results commencing from July 2019. PS/DEV(P&L) added that the Government would continue to maintain close liaison with the clearerees and stakeholders on the progress of the compensation and rehousing.

7. Mr LEUNG Yiu-chung was concerned that some of the clearerees had to move twice, i.e. moving first into an HA flat and then to an HS flat under the rehousing arrangements. Mr LEUNG asked whether special arrangements could be made to enable the elderly and handicapped residents to complete the rehousing application procedures in the existing district, instead of having to travel a long way to the office of HS in Tai Hang of Hong Kong Island to make their applications. Mr LEUNG further enquired how the affected households could apply for special rehousing based on compassionate grounds, such as an elderly person intending to live with his children or grandchildren.

8. PS/DEV(P&L) responded that the dedicated rehousing estate at Pak Wo Road was estimated to be ready for population intake in 2024. Pending its completion, eligible households opting for non-means-tested rehousing would be offered public housing units in the public housing estates of HA or HS as a transitional arrangement. These households would be given the options to stay put in the transitional units or to relocate to the dedicated rehousing estate when the latter was ready for population

intake. PS/DEV(P&L) added that clearerees with genuine difficulties travelling to HS's office in Tai Hang could raise with HS their difficulties, and HS would consider conducting the interview with these clearerees in the North District as a special arrangement. PS/DEV(P&L) pointed out that, in general, only clearerees captured by the freezing survey would be considered for compensation and rehousing arrangements under the existing policy. Nevertheless, individuals and families with special circumstances could apply for compassionate rehousing if needed.

9. Mr LAU Kwok-fan expressed concern that the number of members of the affected households might increase during the transitional period and these households might have difficulty in obtaining HA's permission for allocation of larger flats for their families.

10. PS/DEV(P&L) stated that regular tenants of HA's public housing estates were required to pass a means test when applying for over-crowding relief. For non-means-tested clearerees rehoused to HA's public housing units as transitional arrangement, they would not be required to pass any means test when applying for over-crowding relief but a higher qualifying threshold in terms of living density would apply. At the time of intake to the dedicated rehousing estate if so opted by the clearerees, they would be allocated flats with sizes suitable to their household sizes subject to their meeting all relevant criteria under the prevailing policies of HS.

11. Dr CHENG Chung-tai stated that splitting of a household might be necessary as a result of skirmishes among members of the family and/or divorce of the couples during the transitional period. Dr CHENG requested that flexibility should be accorded to such cases so that the members of the same family involved would be allocated with separate public housing flats.

12. PS/DEV(P&L) remarked that HS and HA would consider applications for household splitting on compassionate grounds based on the recommendations by the Social Welfare Department under compassionate rehousing.

13. Mr Gary FAN remarked that the elderly clearerees who petitioned outside the Legislative Council ("LegCo") were worried that they would have to live on the streets if their squatters were demolished before they were allocated flats in the HS/HA estates. Mr FAN asked why the sites had to be cleared in phases which resulted in the affected households being relocated at different periods of times.

14. PS/DEV(P&L) replied that the clearance schedule was based on the programme of the site formation and engineering infrastructure works of the project. The clearers would be informed in advance of the time of the clearance. If the clearers affected by the Remaining Phase works so wished, they could apply for early departure and submit compensation and rehousing applications to LandsD which would follow up accordingly.

15. Mr LAM Cheuk-ting remarked that some of the affected farmers were dissatisfied that the allocated public housing flats were far away from their farmland.

16. Ms Claudia MO enquired whether the Government would accede to some affected farmers' demand for co-location of their house and farmland, and set a limit on the distance between their residences and farmlands. PS/DEV(P&L) said that based on the existing agriculture policy, the Government did not consider it necessary for a farmer to stay on his/her farmland round the clock and throughout the year. On the government land identified under the Special Agricultural Land Rehabilitation Scheme and in the future Agricultural Park ("Agri-Park"), the Government would provide temporary structures so as to meet the farmers' needs in respect of farming operations, such as overnight accommodation and storing of equipment when needed. PS/DEV(P&L) stressed that affected farmers who were eligible for rehousing would be allocated with public housing units in the North District as far as practicable, which would be located in the same district as their farmland's.

17. Mr Alvin YEUNG enquired about the latest number of referrals made to HS and HA for the affected households. Chief Estate Surveyor (Acquisition Section), Lands Department ("CES(A), LandsD") stated that LandsD had referred 248 rehousing applications to HS and HA, including 194 cases referred as at 26 April 2019 as reported in the last meeting and 54 cases during the week preceding the meeting. LandsD had sent letters to the applicants concerned to inform them of the referrals made to HS and HA. LandsD would contact the applicants concerned to ascertain that they had received the letters.

18. Mr Alvin YEUNG further enquired as to when HS and HA would complete their processing of the affected households' rehousing applications. PS/DEV(P&L) stated that upon receipt of the referrals from LandsD, HS and HA would vet the applications. For instance, they would need to ascertain whether the applicant(s) owned any domestic property in Hong Kong. If no irregularities were found upon initial vetting, HS and HA would then arrange to interview the applicant(s) to verify the number and names of their family members, among others. PS/DEV(P&L) stated

that, according to the latest assessment of HA, Po Shek Wu Estate would be ready for population intake at the end of August 2019 and the successful applicants would be informed of the flat allocation results starting from July 2019.

19. Mr Holden CHOW expressed concern that some elderly clearers might have difficulty in retrieving old documents for assessment of their eligibility of public housing. Mr CHOW asked whether the procedures for vetting the public housing applications from the affected households, in particular the elderly clearers, could be streamlined.

20. CES(A), LandsD stated that the procedures for vetting documents from the affected residents had been streamlined and LandsD would consider accepting statutory declarations as supporting documents for the applications as far as practicable. LandsD would also seek the applicants' consent for authorizing LandsD to obtain on their behalf relevant records/documents from other government departments.

21. Mr LAU Kwok-fan expressed concern that for a farmer whose squatter structure and farmland were affected by the Remaining Phase and had opted for early departure, the farmer would only receive compensation when his farmland was cleared by the Government at a later stage of the project. Mr LAU opined that once the farmer was rehoused, the farmer should be paid the compensation for his crops at the same time. Mr CHAN Chi-chuen echoed Mr LAU's concern and also enquired whether the households who were affected by the Remaining Phase and requested early departure would receive compensations for the green shoots and fruit trees planted by them.

22. PS/DEV(P&L) stated that farmers with their domestic squatter structures affected by the Remaining Phase of the project could apply for early departure if they wished to do so. The Government would further consider the compensation and rehousing arrangements for these farmers, including ex-gratia compensation for crops, accordingly. Each application would be considered on its own merits. PS/DEV(P&L) added that a set of frequently asked questions and answers including the replies offered in the meeting would be prepared and uploaded to the Government's website for reference by the concerned parties, including the clearers, LegCo Members, and the public.

23. In response to Mr Alvin YEUNG's enquiry about the rehousing arrangements of the households affected by the Remaining Phase development, PS/DEV(P&L) said that about 440 households would be affected by the First Phase development, and the clearance of around

1 000 odd households affected by the Remaining Phase development would be carried out when the construction works were ready to proceed. Based on an initial estimate, the Remaining Phase works would not commence until 2024. PS/DEV(P&L) reiterated that households affected by the Remaining Phase development could apply for early departure if they so wished. CES(A), LandsD supplemented that so far, LandsD had received 354 rehousing applications from the households affected by the Remaining Phase development. Detailed screening of the applications was being conducted. As at 3 May 2019, LandsD had completed detailed screening for 51 applications out of the 354 applications and would refer them to HS or HA for further processing. CES(A), LandsD clarified that 8 March 2019 was not the deadline for submission of rehousing applications. LandsD had been processing, and would continue to process, the compensation and rehousing applications.

Existing and planned sites for Police facilities

24. Noting that the Government had decided not to develop Police facilities on a piece of land of about eight hectares under the project, Mr CHU Hoi-dick enquired about the future development on the site and whether the households in the area would still be cleared.

25. PS/DEV(P&L) replied that the piece of land concerned was designated for use by Government and public organizations. The area concerned was within the Remaining Phase and its future land use would be confirmed upon completion of the detailed design of the Remaining Phase, i.e. around 2023/2024. Households residing in those areas, like other households affected by the Remaining Phase development, would be allowed to apply for early departure and submit applications for compensation and rehousing if they wished to do so.

26. In response to Mr Jeremy TAM's enquiry on the uses of a number of sites under the project, PS/DEV(P&L) remarked that a piece of land had to be reserved to compensate a site surrendered by the Police Force in other areas for development of Police facilities. As regards the four pieces of land included in the remaining phases of the project, the Civil Engineering and Development Department ("CEDD") would consider the use of the land involved in the next stage of work.

Egretries

27. In response to Mr CHU Hoi-dick's request for retaining the egretry within a redevelopment area in Man Kam Road East, Director of Civil Engineering and Development ("D of CED") stated that the area concerned

would not be redeveloped in Phase I of the project, and the Government would construct two egrettries during Phase I of the project to compensate the affected egrettry in the area concerned in the Remaining Phase. D of CED added that in setting up the egrettries, the Government would seek advice from experts on egrettries and model on the design of egrettries in other areas.

Communications with affected households

28. In response to Dr Fernando CHEUNG's request, PS/DEV(P&L) undertook to compile written answers to the 80-odd questions raised by the affected residents, and a timetable to the affected households.

29. In response to Dr Fernando CHEUNG's request for provision of a specific Government telephone hotline for the proposed project, PS/DEV(P&L) stated that the affected households might call the Clearance Unit of LandsD regarding the clearance arrangements. The affected residents might also contact the Social Services Team concerned for enquiries. PS/DEV(P&L) added that, as specifically suggested by Dr CHEUNG, the Social Welfare Department would be requested to consider setting up a telephone hotline for the affected residents in the residential care homes for the elderly at Dills Corner Garden.

30. Mr LAM Cheuk-ting remarked that the clearerees had requested the Government to form a cross-department body to coordinate the clearance and rehousing arrangements so that the clearerees could communicate directly with different departments via that body without going through the Social Service Teams. Mr LAM requested the Administration to provide affected households with a detailed timetable, informing them when they would receive notice from the Government and when they should move out, so that they could prepare for clearance.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC226/18-19(01) on 19 August 2019.]

31. PS/DEV(P&L) responded that given the diversity of the situations of different clearerees, the Social Service Team played an important role in facilitating the dissemination of information to the clearerees. The Government would consider ways to further improve the arrangements. PS/DEV(P&L) added that the Government would take steps to assist the elderly and clearerees with genuine needs to move to their public housing flats.

Ex-gratia compensations

32. Mr Andrew WAN enquired about the number of affected households applying for rehousing to public housing flats, and the number of households applying for ex-gratia compensations. Mr WAN further enquired whether any affected households would receive less money under the enhanced compensation and rehousing arrangements.

33. CES(A), LandsD stated that amongst those 445 households affected by First Phase development and captured by the freezing survey, 248 households had applied for rehousing, and those applications had been referred to HS or HA for processing. Meanwhile, 20 households had opted for Ex-gratia Allowance for Permitted Occupiers ("EGAPO") with estimated amounts receivable ranging from \$130,000 to \$1,270,000. Comparing the enhanced compensation and rehousing package with the former one (i.e. the one in force before 10 May 2018), eight of these 20 households would have been ineligible for EGAP0 and the remaining 12 households would have received less compensation as the upper limit of EGAP0 in the former package was only \$600,000.

Rental concession

34. Mr LAM Cheuk-ting was concerned that residents of non-domestic squatters affected by the project were required to pay a higher rent as they were classified as Group B tenants when they were rehoused to HS dedicated rehousing estates. In order to save the efforts of such households in applying for re-classification of their status as low-income families eligible for lower rents, Mr LAM requested that HS carried out means tests on the affected families so as to ascertain their eligibility for payment of lower rents. Mr LAU Kwok-fan echoed Mr LAM's concern and requested that the Government should make all efforts to negotiate for the lowest rentals possible for the affected households.

35. PS/DEV(P&L) said that households residing in non-domestic squatter structures were not eligible for means-tested rehousing to HA flats all along, but they were eligible to apply for non-means-tested rehousing which was introduced in May 2018. If they have financial difficulties in paying rent for the rental unit in HS's dedicated rehousing estates, they might apply for rent concession under HS's Rent Assistance Scheme. The Government would further discuss with HS regarding the possibility of adjusting the implementation details of the Rent Assistance Schemes in relation to clearerees.

36. Dr Fernando CHEUNG was concerned that the aged residents might have difficulty paying the public housing rental at the Group B rent level. Mr Gary FAN shared Dr CHEUNG's concern and requested that the affected households be granted a rental concession at the Group A rent level.

37. PS/DEV(P&L) remarked that HS's dedicated rehousing estate was a non-means-tested rehousing arrangement, hence its rent level was set at the level of HS's Group B rental estates. Charging rent at the level of HS's Group A rental estates for those non-means tested rehousing applicants might cause unfairness to those who opted for means-tested rehousing. That said, the Government acknowledged that there might be some households who would have been able to pass the relevant means test but opted for non-means-tested rehousing because they would like to be resettled with their existing neighbours in the dedicated rehousing estate. The Government was liaising with HS to explore the possibility of introducing more affordable rental arrangements for these households who could have passed the means test for HA's public housing.

38. Mr LAM Cheuk-ting enquired about the length of rental free period to be granted to the affected households. PS/DEV(P&L) replied that HA would provide the rent-free period in accordance with their existing policy.

Arrangements for affected farmers

39. In response to Mr Gary FAN's concern that the clearances whose squatters had been demolished and who continued to farm on their farmlands would not have any electricity and water supply to enable them to carry out their farming, PS/DEV(P&L) stated that the Government would not terminate electricity and water supply for active farmlands before the clearance actions by the Government.

40. In response to Mr CHU Hoi-dick's concern that the farming households within the Long Valley wetland area would be displaced in that they had to reside elsewhere away from their farmland, PS/DEV(P&L) stated that Long Valley was an important wetland area. In order to facilitate the conservation of the wetland, the squatters within the wetland area had to be removed. Upon completion of the enhancement works of the wetland area, farmers which were temporarily displaced would be allowed to return to continue suitable farming practices and those eligible for rehousing would be assisted like other eligible households.

Interim housing

41. Mr LEUNG Yiu-chung remarked that many clearerees were concerned that if they were not eligible for rehousing, they would be forced to live in interim housing in Po Tin Estate which was far away from their original home in North District. The clearerees concerned asked whether they could be relocated to an estate nearer their original house in North District.

42. PS/DEV(P&L) replied that interim housing arrangements applied to those households who were ineligible for rehousing. The major reasons of their ineligibility for rehousing were that they were residing in unauthorized structures or failed to meet the requirement on minimum year of residence in the surveyed/licensed structures or were owners of domestic properties. If public housing flats in the North District were provided to these households as interim housing, they would, to some extent, be receiving more favourable treatment than those eligible households who had to meet the relevant eligibility criteria. The location of the interim housing would be a decision of HA. PS/DEV(P&L) pointed out that all clearerees captured by the freezing survey, including those ineligible for rehousing, would at least be given the Domestic Removal Allowance under the existing compensation and rehousing arrangements.

North District Temporary Wholesale Market for Agricultural Products

43. Regarding the relocation of the North District Temporary Wholesale Market for Agricultural Products ("the Temporary Market"), Mr AU Nok-hin opined that apart from the rental concessions granted to the stallholders, the Government should also provide, free of charge, storage space for the stallholders' equipment and goods. Mr Holden CHOW enquired about the detailed arrangements for waiving the entrance fee and monthly rentals for the affected stallholders.

44. Senior Agricultural Officer (Agri-Park and Land), Agriculture, Fisheries and Conservation Department ("AFCD") said that the re-construction of the Temporary Market would take about one and a half years. When the stalls were relocated to a temporary site, the rentals for the stalls would be totally waived in the first two months, and would be halved during the remaining construction period of the Temporary Market. When the stalls were moved back to the newly constructed Temporary Market, the stall rentals would be waived for the initial two months.

Construction waste

45. Mr AU Nok-hin was concerned about the disposal arrangements for the large amount of construction waste to be generated from Phase I of the project.

46. D of CED said that inert construction waste generated from the First Phase would be re-used for site formation in the First Phase works as far as possible. D of CED pointed out that as there was an overlapping period between the First Phase and the Remaining Phase of the project, i.e. the First Phase would commence in 2019 until 2026 and the Remaining Phase was planned to start in 2024, the surplus inert construction waste would also be stockpiled on site and re-used for site formation in the Remaining Phase.

Nuisance caused by redevelopment

47. While pointing out that there were more than 20 residential care homes for the elderly in the whole project area, and only three of these homes would be demolished in Phase I of the project, Dr Fernando CHEUNG expressed concern about the elderly people living in the remaining residential care homes for the elderly who had to face the noise and other nuisances caused by the demolition and redevelopment works in the vicinity.

48. PS/DEV(P&L) responded that while the demolition and redevelopment works would inevitably cause certain nuisances to nearby residents, CEDD would try every means to minimize the level of such nuisances.

Project expenditure

49. Noting that the Government usually worked out the expenditure of construction projects and consultancy work based on an annual inflation rate of about 4% to 5% over a span of 10 to 20 years, Mr Tony TSE doubted whether using the inflation rate was suitable in the current situation, especially when there was a keen competition among the consultancy companies which had to bid for Government projects at reasonable prices. Mr TSE opined that the Government's technical departments should provide more input in working out the expenditure of Government construction projects and consultancy contracts.

50. D of CED responded that the project estimates were adjusted for inflation based on the Government's latest forecast of trend rate of change in the prices provided by the Financial Services and the Treasury Bureau after statistical analysis. The estimates for consultancy contracts would also be adjusted based on similar factors.

51. In reply to Dr KWOK Ka-ki's enquiry on the high cost for constructing the Fanling By-pass (Eastern Section), i.e. \$4.2 billion for a road of four kilometres long, D of CED remarked that the Fanling By-pass (Eastern Section) would involve about three kilometres of viaducts as well as several hundred metres of road to be built underground. This involved more costly structural elements. The estimated cost for the Fanling By-pass (Eastern Section) was worked out with reference to the construction contracts with similar nature such as roadworks under the Liantang/Heung Yuen Wai Boundary Control Point project. The estimated cost presented in the paper was in money-of-the-day prices and the actual payment for the Fanling By-pass (Eastern Section) would depend on the awarded tender price, subject to the actual adjustment factors for inflation throughout the construction period.

52. In reply to Dr KWOK Ka-ki's enquiry about the number of contracts for constructing the Fanling By-pass (Eastern Section), D of CED said that a total of two contracts would be awarded for constructing the Fanling By-pass (Eastern Section).

53. In reply to Mr Jeremy TAM's enquiry on the different calculation of the consultant's fee and resident site staff costs of Government construction projects, Chief Engineer (North 3), CEDD stated that the payment of consultant's fee would be based on the consultant's fee submitted by the successful tenderer, and the resident site staff costs would be based on the actual number of staff and working hours spent on the site supervision of the works.

Shek Wu Hui Effluent Polishing Plant

54. Dr KWOK Ka-ki expressed concern about the relatively high cost of the Shek Wu Hui Effluent Polishing Plant project and asked whether the Government had exaggerated the cost of the project in order to avoid the need of seeking additional funding for the project if necessary. Dr KWOK doubted whether the Government had tried all means to reduce the project cost. Dr KWOK further asked about the expenditure for similar previous projects.

55. Director of Drainage Services ("D of DS") responded that the Government had made every effort to minimize the cost of the Shek Wu Hui Effluent Polishing Plant project. The current cost estimate was worked out based on carefully and realistically estimated prices taking into account the following factors:

- (a) the existing plant had been in use for more than 30 years although the normal life span for the sewage treatment equipment concerned was only about 20 years. In upgrading the existing plant, a higher standard would need to be achieved in line with the latest environmental requirements. In particular, in order to address the water quality impacts of Deep Bay arising from the higher volume of treated effluent to be discharged from the new plant, the sewage treatment standard of the new plant had to be upgraded from the existing secondary level to the tertiary level;
- (b) upgrading works had to be implemented in stages within the existing plant without disruptions to its existing operation of sewage treatment. Therefore, higher cost and longer construction time would be required to overcome the construction interface and technical complexity involved as compared to the construction of a plant on a new site; and
- (c) upon completion of the upgrading works, the treatment capacity of the new plant would be increased from about 90 000 cu m per day to 190 000 cu m per day serving a total planned population of about 600 000 people. Given that the area of the existing plant was around 9.4 hectares and the additional land available for upgrading the plant was only about 2.5 hectares, a more compact and efficient design had to be adopted to meet the more than doubling of the existing treatment capacity and upgrading of its treatment standard from secondary to tertiary level.

D of DS also pointed out that the proposed plant was the first of such, in terms of its scale and tertiary sewage treatment standard, in Hong Kong. There was therefore no similar plant available for comparison on the costs involved.

56. Mr Gary FAN enquired about the production cost of the reclaimed water per cubic metre generated by the project, in comparison with the cost of each cubic metre of water supplied from Dongjiang by the Mainland.

57. In response, D of DS said that the Shek Wu Hui Effluent Polishing Plant would produce tertiary treated effluent meeting the relevant environmental standards suitable for discharge into Deep Bay. The construction of the water treatment plant, and production and supply of reclaimed water would be carried out by Water Supplies Department ("WSD") under a separate project using portions of the tertiary treated effluent from the effluent polishing plant. Moreover, the reclaimed water would be only for non-potable use. Against this background, it was considered not appropriate to make a direct comparison on the associated costs between the future production of reclaimed water by WSD using the treated effluent from Shek Wu Hui Effluent Polishing Plant and the supply of potable water from Dongjiang.

58. At the request of Mr Gary FAN and the Chairman, D of DS undertook to obtain from WSD information on the unit cost for producing reclaimed water originated from the Shek Wu Hui Effluent Polishing Plant project for members' reference.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC226/18-19(01) on 19 August 2019.]

59. Noting that the future annual recurrent expenditure for the Shek Wu Hui Effluent Polishing Plant was about \$391 million, Dr KWOK Ka-ki made the following enquiries:

- (a) the expenditure on similar previous projects;
- (b) the difference between the two effluent polishing technologies to be used under the project;
- (c) whether the expenditure of the project could be reduced if more land could be provided for the project; and
- (d) the quantum of the cost reduction as a result of the vetting by the Project Cost Management Office ("PCMO")(currently named as Project Strategy and Governance Office).

60. D of DS gave the following response:

- (a) as the proposed project was the first large scale tertiary standard sewage treatment plant ever built in Hong Kong, information of recurrent expenditure on previous similar projects was not available;
- (b) both the Membrane Bioreactor ("MBR") and the Moving Bed Biofilm Reactor ("MBBR") adopted under the proposed project were compact sewage treatment technologies. In general, MBR would take up relatively less space while MBBR would operate at a relatively lower cost. The current design had been optimized in the use of both these two technologies to achieve timely delivery of the upgrading works for meeting the population growth and cost effectiveness under various constraints;
- (c) since only an additional 2.5 hectares of land was available for this proposed project, the reconstruction cost involved in the adoption of compact technologies for more than doubling the treatment capacity would be inevitably higher, yet there would be a significant saving in land which could be used for other purposes; and
- (d) information on the quantum of cost reduction as a result of the vetting by the PCMO was not available at the meeting.

61. Dr KWOK Ka-ki enquired about the cost estimates of the proposed Shek Wu Hui Effluent Polishing Plant before and after the scrutiny of PMCO. He requested the Administration to specify the parts of the project where cost had been reduced and the respective amount of reduction. D of DS undertook to provide written response after the meeting.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC226/18-19(01) on 19 August 2019.]

62. In reply to Dr KWOK Ka-ki's enquiry, D of DS said that there were 12 local contractors on the Development Bureau's relevant approved list qualified for submitting tenders for the construction of the sewage treatment works under the project.

Squatter Policy

63. Mr Steven HO commented that the squatter issue had a long historical background and the Government had been strict in implementing the squatter control policy, resulting in some dissatisfaction among the squatter dwellers. To seek a long-term solution to the issue, the Government should liaise with the relevant stakeholders to review the existing policy and arrangements.

64. Mr LEUNG Che-cheung remarked that the affected households might not consider the allocation of public housing flats as the best arrangement for them. Mr LEUNG enquired whether the affected households could be given the option to rebuild their houses on a site acquired by themselves. Mr LEUNG pointed out that the Government's rehousing policy would have a long-term impact on the acquisition of land in future clearance operations.

65. PS/DEV(P&L) responded that Hong Kong faced a problem of scarcity of land, and that surveyed/licenced squatter structures remained illegal in nature but were only "tolerated" on a temporary basis until the squatter structure had to be cleared for development or for safety/environmental reasons. The option of allowing squatter occupants to rebuild a squatter or a house on private land would be beyond the scope of the general compensation and rehousing arrangements.

Animal policy

66. In response to Mr LAM Cheuk-ting's request that clearerees should be allowed to keep their pets in the public housing flats, PS/DEV(P&L) stated that the clearerees being rehoused in HS's and HA's rental units would have to comply with the pet-keeping policy of HS and HA. Under the existing pet-keeping policy of HA, tenants might be allowed to keep service dogs, including guide dogs and companion dogs. For companion dogs, it should be certified by medical practitioners or psychologists that the tenant or his/her family member had the need of keeping the companion dog for support. The Government would further explore with HA whether certification by other professionals, such as registered social workers, could also be accepted.

67. Mr CHU Hoi-dick enquired whether the Government had a plan to protect the interests of all animals in North District, apart from allowing the affected households to keep their pets in the public housing flats for companion or functional purpose. Mr CHU asked whether the Government had any plan to survey the number of animals in the district,

and assign non-government organizations to neuter animals on the streets with a view to controlling the number of stray animals, and providing temporary shelter for the animals.

68. Ms Claudia MO opined that the rehousing plan should not only cover the affected residents and the animals at their homes, but also the animals such as dogs and cats in the area affected by the proposed project.

69. Mr KWONG Chun-yu enquired whether the Government had the statistics of stray animals in the area of the proposed project, and whether the Government had provided funding for non-government organizations concerned to help take care of the stray animals affected by the project. Mr KWONG was concerned that thousands of stray animals might be put to euthanasia on humane grounds after they were caught by the AFCD based on the existing Government policy of "catching and euthanizing" of stray animals on the streets. Mr KWONG was of the view that the laws and policy on animals should be thoroughly reviewed.

70. Noting that the Government would only consider allowing the affected residents to bring their pets to the public housing flats on compassionate and functional grounds, Mr CHAN Chi-chuen opined that the Government should set up a special fund for non-government organizations to take care of the stray animals affected by redevelopment projects.

71. PS/DEV(P&L) responded that, in the context of the development project, the Government was concentrating on the rehousing and compensation arrangements for those affected and in this context the arrangements for pets being kept by the clearers. As regards the overall animal welfare policy, such as stray animals, it was under the purview of the Food and Health Bureau.

72. Senior Veterinary Officer (Animal Management)(Operations), AFCD replied that the Government had not maintained statistics on stray animals territory wide but had information on the number of licensed dogs in the area. The Government's current policy on managing stray animals also applied to NDAs. Meanwhile, the Government had an open mind to the "Trap, Neuter and Return" programme for dogs and had been liaising with animal welfare organizations to conduct that in the NDAs if deemed suitable. The Government would also provide subsidy for some animal welfare organizations to establish animal adoption centres.

73. At 5:02 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 5:12 pm.

Motion proposed by member under paragraph 37A of the Finance Committee Procedure

74. At 5:55 pm, FC started to vote on whether the two motions on expressing views on the item, proposed by Mr CHAN Chi-chuen and Mr CHU Hoi-dick respectively under paragraph 37A of the Finance Committee Procedure ("FCP 37A motions"), should be proceeded with forthwith. The serial numbers of the motions were [0001](#) and [0002](#).

75. The Chairman put to vote the questions, one by one, that these FCP 37A motions should be proceeded with forthwith. At the request of members, the Chairman ordered a division. The Chairman declared that the questions on proceeding with the two motions forthwith were [negatived](#).

Voting on FCR(2019-20)3

76. At 6:06 pm, the Chairman put item FCR(2019-20)3 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 35 members voted for and 12 members voted against the item. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mrs Regina IP
Mr Frankie YICK
Mr MA Fung-kwok
Ms Alice MAK
Mr Christopher CHEUNG
Mr IP Kin-yuen
Mr Martin LIAO
Dr CHIANG Lai-wan
Mr Andrew WAN
Mr HO Kai-ming
Mr Holden CHOW
Ms YUNG Hoi-yan
Mr LUK Chung-hung
Mr Vincent CHENG
Ms CHAN Hoi-yan
(35 members)

Prof Joseph LEE
Ms Starry LEE
Dr Priscilla LEUNG
Mr Paul TSE
Mr YIU Si-wing
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr Helena WONG
Dr Elizabeth QUAT
Mr POON Siu-ping
Ir Dr LO Wai-kwok
Dr Junius HO
Mr LAM Cheuk-ting
Mr Wilson OR
Mr CHAN Chun-ying
Mr LAU Kwok-fan
Mr Tony TSE

Against:

Mr LEUNG Yiu-chung
Mr Charles Peter MOK
Dr KWOK Ka-ki
Mr Alvin YEUNG
Dr CHENG Chung-tai
Mr Gary FAN
(12 members)

Ms Claudia MO
Mr CHAN Chi-chuen
Dr Fernando CHEUNG
Mr CHU Hoi-dick
Mr Jeremy TAM
Mr AU Nok-hin

77. The Chairman declared that the item was approved.

Item 2 — **FCR(2018-19)88**
HEAD 63 — **HOME AFFAIRS DEPARTMENT**
Subhead 000 — **Operational expenses**
Subhead 700 — **General non-recurrent**
New item — **"Reimbursement of Setting-up Expenses and Winding-up Expenses for District Council members of the 2020-2023 term"**

78. The Chairman advised that the item invited FC to approve the proposed enhancements to the remuneration package for members of the District Councils with effect from 1 January 2020; and a new commitment of \$61,758,000 under Subhead 700 General non-recurrent for reimbursing the Setting-up and Winding-up Expenses for DC members of the 2020-2023 term. The Home Affairs Bureau had consulted the Panel on Home Affairs ("HA Panel") on the relevant proposal on 28 January 2019. The Panel had spent about 49 minutes on the discussion of the proposal.

79. At the invitation of the Chairman, Mr KWOK Wai-keung, Chairman of HA Panel reported that the Panel had discussed the proposal at its meeting on 28 January 2019. Members of the Panel opined that the Government should provide more resources for the DC members to meet their expenses on renting an office in private premises and employment of assistants. Members of the Panel also urged the Government to improve the calculation of severance and long service payments and the offsetting arrangement for the assistants. Some members of the Panel supported the abolition of the reduction of one-third remuneration for DC members who were also members of the Executive Council ("ExCo") and/or LegCo.

Travelling and study expenses

80. In response to Mr Jeremy TAM's enquiry regarding the increase in the allowances for travelling and further studies, Director of Home Affairs ("D of HA") stated that based on the outcome of a survey conducted for DC members in 2017, the majority of DC members responded that they spent about \$1,000 to \$2,000 a month on travelling for DC duties, and in the four focused group meetings on the review of the remuneration package, DC members reflected it was necessary to increase the amount for further studies. As the expenses were non-accountable, the DC members had the discretion to select the study courses attended.

81. In response to Mr Jeremy TAM's suggestion that the study expenses should be separated from the travelling expenses, and the allowances for study expenses should be made accountable, D of HA said that the suggestion would be forwarded to the Independent Commission on Remuneration for Members of the DCs of the Hong Kong Special Administrative Region ("the Independent Commission") for consideration. D of HA added that this was the first time a suggestion for separation of the study and travelling expenses was received.

Abolition of the reduction of remuneration arrangements

82. Mr CHAN Chi-chuen remarked that it was a structural problem that a DC member, who was a concurrent member of ExCo and/or LegCo, could not attend either a LegCO meeting or a DC meeting held at the same time, as many LegCo meetings and DC meetings were both held on Thursdays. This might result in a low attendance rate of these members at both the LegCo and DC meetings. While commenting that attendance rate should not be taken as the only indicator of a DC member's performance, Mr CHAN remarked that arrangements should be made to minimize the clash of meetings. Mr CHAN stated that he supported the abolition of the reduction of remuneration for these members.

83. D of HA responded that some DC members were of the view that the reduction of one-third of honorarium for DC members with concurrent membership as ExCo and/or LegCo Members had belittled their contribution to DCs. Based on a survey on these members' attendance at DC meetings between 1 January 2016 and 31 July 2018, their attendance rate was 92% and they also participated in more than three committees on average.

84. In reply to Dr Helena WONG's enquiry on the justification for abolishing the reduction of the honorarium for DC members with concurrent membership as ExCo and/or LegCo Members, D of HA pointed out that these DC members had not contributed less to the work of DCs and instead, the public expectation of these members was even higher. The reduction of honorarium did not give due recognition to the efforts and contribution of these members. The proposal for the abolition had been forwarded to the Independent Commission for consideration and the Commission agreed and supported the proposal.

Rental expenses

85. Mr LAU Kwok-fan asked whether the Government could provide more pecuniary allowance for DC members who had to rent their offices in private premises, as the rental for these offices was much higher than renting of offices in Government or HA/HS buildings. Mr LAU pointed out that there was a high turnover of assistants as the DC members could not offer better salaries to the assistants due to the need of paying a high rental for their offices.

86. D of HA replied that currently, of those who claimed Operating Expenses Reimbursement ("OER") to cover rental of ward offices, 181 DC members were leasing private premises as ward offices whereas 218 were leasing premises in public premises. The average rental expense in private premises was around \$10,000 per month. As members' offices were located in different districts, it was impractical to create a standardized level of provision for rental expenses. The existing provision of OER gave DC members flexibility in deploying the allowance to cover their operating expenses and rental expenses. As DC members' requirement on different expense items varied, introduction of a dedicated allowance component for rental expenses would reduce the flexibility. D of HA pointed out that the OER rate had been reviewed in 2011 and 2014. In the 2014 review, the rate had been substantially increased by 34% after taking the rental expenses into consideration.

Remuneration package and operating expenses for DC members

87. Pointing out that the remuneration for members of district-level councils in some other places was twofold the amount for DC members in Hong Kong, Mr AU Nok-hin enquired whether the review of the remuneration package for local DC members had taken into account the arrangement in other countries. Mr AU observed that the high office rental was a big burden for many DC members in Hong Kong.

88. D of HA remarked that the work of the DC members in Hong Kong was unique and different from the situation in other places. Unlike other places, only 54% of DC members in Hong Kong were full-time DC members. Given the different situations, the remuneration arrangement of overseas councils had not been taken into consideration in the review. D of HA added that some DC members had undertaken their local community work through electronic means such as the Internet instead of setting up an office.

89. Mr AU Nok-hin doubted the appropriateness of using the median monthly employment earnings of clerical support workers as the reference indicators for reviewing the salaries of DC members' assistants, as the assistants had to undertake special duties such as liaison work in the community and manage the relevant websites.

90. In response, D of HA stated that the duties of DC members' assistants were diverse and their salary level was found close to the median salary of full-time clerical staff. The rate of OER was reviewed by drawing reference to the relevant market indicators and salary of DC members' assistants was only one of the components.

91. Noting that only 54% of DC members were full-time members, Dr Helena WONG enquired whether the Government would consider expanding the role of DCs and/or expanding the areas of constituencies, so that the DCs did not only perform a consultation role and the remuneration for DC members could be increased. Dr WONG opined that the Home Affairs Bureau and the Constitutional and Mainland Affairs Bureau should jointly review the responsibilities of DCs and consult the public with a view to expanding the role of DCs so that political talents and outstanding local administrators could emerge through the work of DCs.

92. D of HA responded that the roles and functions of DCs were defined under Article 97 of the Basic Law and the District Councils Ordinance (Cap. 547). The DCs had provided valuable inputs to the Government on both major territory-wide and local issues/projects. The engagement of DCs in local issues and community involvement projects was very important. The opinions provided by DCs were valued and respected. The Government did not have any plan to alter the role of DCs.

93. In response to Dr CHENG Chung-tai's request that the remuneration package for DC members should be reviewed annually, D of HA stated that currently the Administration took a two-pronged approach in reviewing the remuneration package of DC members. The first one

was the overall review conducted by the Independent Commission and the second one was the annual adjustment in accordance with the movement of the Consumer Price Index ("CPI")(A). D of HA added that instead of using the changes of CPI(A) between November of the previous year and November of the year before the previous year (i.e. using one month's figure) as adjustment basis, it was proposed that 12 months' figures should be taken into account when adjusting the remuneration in future. The overall review before the beginning of a new DC term aimed to clearly inform potential candidates who intended to run for the seats in DCs of the remuneration arrangement they could expect. D of HA stressed that since the payments to DC members were made out of public money and it was not an employer and employee relationship between the Government and DC members, it was not appropriate to apply a salary pay-trend review to the adjustment of the remuneration package.

94. In response to Dr CHENG Chung-tai's suggestion that the office rental payment made by DC members should be adjusted separately from other operating expenses, D of HA remarked that the Independent Commission considered OER as a package, which was also revised annually based on the CPI(A). D of HA reiterated that in 2014, the amount of OER had been adjusted upward by 34%. D of HA said that the suggested separation of rental payment from the overall operating expenses was impractical and would limit the flexibility of the DC members in using the allowances.

95. Mr HO Kai-ming said that when the Government adjusted upward the allowances for DC members, the landlords would usually adjust the rental level by the same margin. Besides, members of the public were still more prepared to receive the hard copies of the DC members' work reports rather than soft copies. Many DC members had to use part of their honorarium to cover part of the rental for their offices.

96. D of HA responded that four focus group meetings had been held with DC members to collect their views on the remuneration package. DC members' views had been forwarded to the Independent Commission for consideration. While pointing out that 181 DC members in the 18 Districts were renting offices in private premises, D of HA supplemented that as far as the rental payment for DC members' offices was concerned, there could not be an objective and effective criterion to determine what level of rental expenses for DC members was appropriate, given the diversity of the types and locations of different DC members' offices.

97. Mr Gary FAN expressed serious concern that many DC members had great difficulty in setting up their offices as the rental for private premises was high. Some DC members had to set up their offices outside their districts or in containers, or work in a mobile office. Mr FAN asked whether HS could provide more premises for use as DC members' offices. Dr Helena WONG shared Mr FAN's concern and asked whether the Government had any statistics on the number of DC members who did not have an office.

98. D of HA responded that the Government had tried its best to assist DC members to set up offices and would consider the suggestion concerning HS premises as DC members' offices. D of HA supplemented that 60 DC members had set up their offices outside their constituencies and the Government would continue to assist the small number of DC members who had yet to set up offices.

99. Dr Helena WONG pointed out that the proposal to set up a container office under a flyover by some DC members of the Democratic Party in the Sham Shui Po District had not been approved. Dr WONG asked whether there were other DC members seeking to use containers as their offices.

100. In response, D of HA said that while the Government would not comment at this meeting on individual DC member's application for setting up office, the proposal of setting up a container office under a flyover in the Sham Shui Po District had met with strong public objection during the two local consultations conducted by the District Office concerned. D of HA added that the Government would continue to provide assistance to the concerned DC members to facilitate their setting up of offices.

Voting on FCR(2018-19)88

101. At 7:03 pm, the Chairman put item FCR(2018-19)88 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

102. The meeting ended at 7:03 pm.