

**立法會**  
**Legislative Council**

LC Paper No. FC268/19-20  
(These minutes have been  
seen by the Administration)

Ref : FC/1/1(2)

**Finance Committee of the Legislative Council**

**Minutes of the 2<sup>nd</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 1 November 2019, from 4:03 pm to 6:58 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 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-ye, 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  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, GBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, SBS, JP  
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, BBS, JP  
Hon Junius HO Kwan-yiu, JP  
Hon HO Kai-ming  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan, JP  
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, JP  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Members absent:**

Hon WONG Ting-kwong, GBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHUNG Kwok-pan  
Hon Tanya CHAN

**Public officers attending:**

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Vincent MAK Shing-cheung, JP	Deputy Secretary for Development (Works)2
Mr WONG Chung-leung, JP	Director of Water Supplies
Mr PANG Wai-shing	Assistant Director of Water Supplies (New Works)
Mr LAM Shing-tim	Chief Engineer (Consultants Management), Water Supplies Department
Ms Brenda AU Kit-ying, JP	Head of Energizing Kowloon East Office, Development Bureau
Mr Edwin WONG Kuo-yang	Deputy Head of Energizing Kowloon East Office, Development Bureau
Mr Jimmy CHAN Pai-ming, JP	Director of Highways
Mr NG Chin-hung	Assistant Director of Highways (Development)

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Miss Bowie LAM  
Mr Frankie WOO  
Miss Mandy POON

Council Secretary (1)1  
Senior Legislative Assistant (1)3  
Legislative Assistant (1)1

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Action

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

**Item 1 — FCR(2019-20)36**

**RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 14 MAY 2019**

**PWSC(2019-20)2**

**HEAD 709 — WATERWORKS**

**Water Supplies — Fresh water supplies**

**357WF — Design and construction for first stage of  
desalination plant at Tseung Kwan O**

Continuation of the discussion on FCR(2019-20)36

2. The Finance Committee ("FC") continued with the discussion on item FCR(2019-20)36.

3. The Chairman recapitulated that the item invited FC to approve the recommendation of the Public Works Subcommittee ("PWSC") made on 14 May 2019 to upgrade the remainder of 357WF to Category A at an estimated cost of \$7,727.5 million in money-of-the-day ("MOD") prices for carrying out the design and construction of the first stage of desalination plant at Tseung Kwan O ("TKO") ("the Project"). Members noted that PWSC had spent two hours on discussion of this item and the Administration had provided a supplementary information paper. FC had discussed the item for 42 minutes at the last meeting.

4. The Chairman declared that he was an Executive Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited.

Water production capacity of the proposed desalination plant

5. Noting that provision had been made in the proposed works and land had been reserved for future expansion of water production capacity from 135 000 cu m per day in the first stage to the ultimate capacity of 270 000 cu m per day, Mr Jeremy TAM enquired about the feasibility of reaching the ultimate capacity in a single stage, as well as the baseline water production capacity for maintaining the functionality of the proposed desalination plant. Mr KWOK Wai-keung, Mr WU Chi-wai and Mr KWONG Chun-yu were concerned about the plans, if any, for implementing to the second stage.

6. In anticipation of severe conditions brought about by climate change and to avoid future rise in costs, Mr Alvin YEUNG saw merits in proceeding with expansion at this juncture. Recalling the decommissioning of the desalination plant in Tuen Mun after a short period of operation, Mr LEUNG Yiu-chung and Mr KWOK Wai-keung were concerned about the cost-effectiveness and use of the proposed plant.

7. Responding to members' concerns, Deputy Secretary for Development (Works)2 ("DS for DEV (W)2") advised that:

- (a) according to the consultancy study commissioned by the Administration, the reliable annual local yield might decrease by about 50 million cu m in the extreme due to climate change;
- (b) the daily water production capacity at 135 000 cu m under the first stage of the proposed desalination plant would be adequate to cope with the impact of climate change;
- (c) upon commissioning, the proposed desalination plant could operate about 30% to 40% of its production capacity to help relieve the load on the Pak Kong Water Treatment Works which was currently producing some 500 000 cu m of treated water per day;
- (d) during the one-month period each year when Dongjiang ("DJ") water supply was suspended for annual maintenance of the DJ water supply system, the proposed desalination plant would increase its production up to the production capacity; and

- (e) although land had been reserved, there was no timetable to implement the second stage of the proposed desalination plant to reach its ultimate production capacity.

8. Mr CHAN Chi-chuen expressed support for the proposal. Mr CHAN and Ms Claudia MO enquired about the reasons for the absence of plan to proceed to the second stage. In reply, DS for DEV(W)2 advised that as indicated in the "Total Water Management Strategy 2019" ("the Strategy 2019"), the need for the second stage had not yet been established at this stage, but the Administration would keep the water demand and supply situation under continuous review. On concerns that the Administration might have inflated the unit cost for desalination to justify its decision against expansion, Permanent Secretary for Financial Services and the Treasury (Treasury) assured Members that the unit cost had always been derived professionally and objectively having regard to relevant cost factors.

9. Mr CHU Hoi-dick said that the Administration should consider proceeding to the second stage when more energy-efficient or cost-effective desalination technology became available. He also suggested that the Administration should roll out smaller-scale stand-alone desalination/filtering facilities in remote villages where laying water mains was not a cost-effective option. DS for DEV(W)2 noted Mr CHU's suggestion for consideration.

10. On Ms Claudia MO's enquiry about the volume of seawater processed per day, Director of Water Supplies ("D of WS") and DS for DEV(W)2 said that:

- (a) producing 135 000 cu m of fresh water daily would require the intake of about 330 000 cu m of seawater per day; and
- (b) the proposed desalination plant would operate daily round-the-clock.

11. In reply to Mr YIU Si-wing on whether there would be any contingency plan in the event of a shut-down of the plant for maintenance or repair works, DS for DEV(W)2 advised that the proposed desalination plant would be made up of modular units, each capable of operating independently and operation of individual modular unit could be stopped for maintenance or repair without the need for shut-down of the whole plant.

Planning and design of the proposed desalination plant

12. Ms Claudio MO asked whether the Administration had taken into consideration the gradual rise in sea level due to global warming in the planning and design of the proposed desalination plant; and if so, the cost implications.

13. In response, D of WS and Assistant Director of Water Supplies (New Works) ("AD of WS(NW)") advised that:

- (a) the ground level of the proposed desalination plant would be at about 6.5 metres above Principal Datum to cater for the possible rise in sea level due to climate change; and
- (b) the Project would be implemented under a Design-Build-Operate ("DBO") contract under which the successful bidder would be responsible for the detailed design of the proposed desalination plant, including ground level of the plant which had to cater for the rise in sea level due to climate change.

14. In the absence of any specific plan for the second stage development of the proposed desalination plant, Dr KWOK Ka-ki considered that the land reserved for expansion should be released to meet other pressing needs such as housing. Mr WU Chi-wai shared similar concern. In this regard, DS for DEV (W)2 said that:

- (a) in recognition of the scarcity of land resources, the size of the site in TKO Area 137 for the proposed desalination plant had been reduced from the previously planned 10 hectares to 8 hectares under the current proposal; and
- (b) before implementation of the second stage, consideration might be given to utilizing the area reserved for the second stage for temporary uses.

15. Mr Holden CHOW was concerned whether the proposed desalination plant would result in any constraint or adverse impact on future land use, such as housing development, in the remaining area of TKO Area 137. DS for DEV(W)2 advised that a Planning and Engineering Study on TKO Area 137, in which the proposed desalination plant was located, was being conducted by the Civil Engineering and Development Department. It was envisaged that the impact of the

proposed desalination plant on any residential/housing development in the area would be very slight as the plant was located in the far southern end of the area.

Water supply sources including Dongjiang water

16. Referring to the DJ water supply ceiling of 820 million cu m and the Strategy 2019, Mr Gary FAN raised concerns on the following:

- (a) it appeared that up to 2040, Hong Kong would need to continue relying on DJ water at a hefty price;
- (b) a deterioration in the medium-high and medium-low climate change scenarios might result in a significant decrease in rainfall, thereby depleting local water supply by much more than 50 million cu m as previously forecast;
- (c) if the first-stage capacity of the desalination plant could not meet the higher-than-anticipated shortfall in water supply, the Administration should take forward the second stage; and
- (d) seawater desalination should better prepare Hong Kong for water self-sufficiency.

17. Mr Gary FAN also queried remarks made by Dr CHIANG Lai-wan on past occasions that Hong Kong should be grateful to the Mainland for DJ water supply. Dr CHIANG re-affirmed her earlier view that due to the scarcity of water resources, Hong Kong should be grateful to the Mainland for the supply of DJ water to meet local needs. Ms Elizabeth QUAT shared Dr CHIANG's view.

18. Responding to Mr Gary FAN's concerns, DS for DEV (W)2 explained that:

- (a) the consultant's study for the Strategy 2019 projected that the reliable fresh water supply under the current water supply arrangement, coupled with the implementation of various water demand management initiatives, would enable Hong Kong to meet the forecast demand up to 2040;
- (b) the construction of the first stage of the proposed desalination plant with an annual water production capacity of 50 million cu m would be adequate to build resilience in



fresh water supply for coping with the impact of climate change which could reduce the annual reliable local yield; and

- (c) the Administration would keep the water demand and supply situation under continuous review, and adjust its water management strategy where necessary.

19. Dr KWOK Ka-ki enquired on the feasibility of optimizing the water production capacity of the desalination plant to remove reliance on DJ water. Mr YIU Si-wing, Mr Alvin YEUNG and Mr LEUNG Yiu-chung were concerned whether the commissioning of the desalination plant would have any positive effect on Hong Kong's negotiation with Guangdong authorities on the supply of DJ water.

20. In response, DS for DEV(W)2 advised that:

- (a) desalination was developed as a strategic water resource to cope with the impact of climate change;
- (b) the desalination option was less competitive than importing DJ water in terms of cost-effectiveness and environmental impact, and could not therefore replace DJ water;
- (c) the unit cost for desalination and importing DJ water was about \$13 per cu m and \$10.5 per cu m respectively;
- (d) the current agreement for supply of DJ water would expire by end 2020. Negotiation would commence with Guangdong authorities in early 2020, at which time the proposed desalination plant had not yet come into operation; and
- (e) the Administration would keep Members informed of outcome of the negotiation for the next DJ water supply agreement.

21. Mr WU Chi-wai and Ms Claudia MO were concerned that under the "package deal lump sum" approach, Hong Kong was required to make full payment even if the water drawn fell short of the supply ceiling, resulting in huge expenditure and surplus water. Mr WU suggested that the Administration should negotiate a two-tier payment method comprising a fixed fee for a guaranteed supply quantity and a variable fee based on the actual supply quantity. Mr KWONG Chun-yu reiterated concerns about

Hong Kong's lack of bargaining power under the "package deal lump sum" arrangement. Dr Helena WONG urged the Administration to tap other water resources, notably expansion of the proposed desalination plant.

22. DS for DEV(W)2 took note of members' views and gave the following response:

- (a) a review of the existing arrangement to purchase DJ water was in progress;
- (b) the feasibility of including fixed and variable components in the fee structure for purchase of DJ water would be explored;
- (c) the Administration aimed to report the outcome of the negotiation on the next DJ water supply agreement to the relevant Panel in the last quarter of 2020; and
- (d) implementation of the second stage of the proposed desalination plant would not be ruled out, which should be based on the latest situation, including water demand, as well as technology advancement, which might drive down cost, etc.

23. Mr CHAN Chi-chuen enquired whether consideration had been given to increasing local water gathering grounds to meet the need for more water resources. DS for DEV(W)2 said that this option had been considered but was not adopted due to its high cost and ecological impact.

24. Ms Elizabeth QUAT expressed support for the present proposal. She considered that the Administration should devise a forward-looking strategy to raise the proportion of water produced by desalination in the total fresh water supply in Hong Kong.

25. Mr Gary FAN referred to the 2013-2014 Budget speech, and said that according to the then Financial Secretary, seawater desalination could serve as another water supply source and help reduce reliance on other water sources such as DJ water in the long term. However, as stated in the present proposal, water desalination was merely a strategic alternative to cope with climate change and Hong Kong would still need to rely on the supply of DJ water to meet some 70% to 80% of its water demand. He was concerned whether there had been a change in the Government's policy stance.

26. In explaining the background for the prevailing policy, DS for DEV(W)2 highlighted that:

- (a) fresh water resources are limited, and the demand for DJ water in Guangdong is on the rise. In face of scarce resources, the Government had to explore new water sources to ensure sustainable supply for Hong Kong amid the impact of climate changes and population growth. The "Total Water Management Strategy 2008" ("the Strategy 2008") mapped out the strategy which put emphasis on containing the growth of water demand through promoting water conservation and exploiting new water resources to ensure water security and support the development in Hong Kong;
- (b) under "the Strategy 2008", desalination was regarded as a viable fresh water supply option that could better prepare Hong Kong under uncertainties such as acute climate changes and low rainfall. Whereas the desalination plant was set to deal with climate changes, such new source of water supply when implemented would no doubt reduce the reliance on existing water sources. It was against this background that desalination was put forward as a source of water supply in the 2013-2014 Budget speech; and
- (c) as a result of the latest review, the Strategy 2019 adopted a two-pronged approach, with emphasis on containing fresh water demand growth and building resilience in fresh water supply to cater for extreme effect of climate change with diversified water resources including desalination.

27. At the Chairman's request, the Administration would provide supplementary information on the policy objective of and its stance on seawater desalination including whether the reliance on DJ water should be reduced.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 161/19-20(01) on 24 April 2020.]*

#### Water production cost and additional recurrent expenditure

28. Mr Christopher CHEUNG sought further information on the estimated unit cost for water production of the proposed desalination plant.

DS for DEV(W)2 said that the estimated unit water production cost would be about \$13 per cu m, which had taken into account the depreciation costs.

29. In reply to Ms Claudia MO's enquiry about the water supply process and major cost components, DS for DEV(W)2 advised that:

- (a) the fresh water produced by the proposed desalination plant would be transferred to the TKO Fresh Water Primary Service Reservoir and supplied to customers through the existing water distribution network;
- (b) the costs for staff salaries had been included in the calculation of the unit water production cost; and
- (c) out of the unit water production cost of \$13 per cu m of the proposed desalination plant, the distribution and customer service costs accounted for about \$3.

30. Mr AU Nok-hin expressed concern about feasible ways to help lower the unit production cost, such as greater use of renewable energy. In this connection, D of WS advised that:

- (a) to encourage the future contractor to use renewable energy in operating the proposed desalination plant, score would be given during tender assessment to tender bids with relevant proposals; and
- (b) under the DBO contract, it would be in the business interest of the contractor, who would also operate the desalination plant after commissioning, to explore all feasible means to lower the operation cost.

31. In response to Mr Jeremy TAM and Mr WU Chi-wai's enquiry on the estimated additional annual recurrent expenditure arising from the proposed plant, DS for DEV(W)2 and D of WS explained that:

- (a) an additional annual recurrent expenditure of \$316 million would be incurred if the proposed desalination plant was operated at the production capacity of 135 000 cu m per day;
- (b) the proposed desalination plant would initially operate at about 30% to 40% of its production capacity and the additional annual recurrent expenditure would be lowered;

- (c) the Project would lead to an increase in total annual expenditure on waterworks operation by 4.85% in real term by 2026; and
- (d) the actual additional annual recurrent expenditure could only be ascertained when the tender was awarded.

32. At members' request, the Administration would provide the following information after the meeting:

- (a) the respective unit operation costs for full production capacity and at 30% to 40% of production capacity upon commissioning; and
- (b) a breakdown of the estimated additional annual recurrent expenditure by the amount of fixed cost and variable cost.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 161/19-20(01) on 24 April 2020.]*

33. Mr WU Chi-wai enquired about the factors leading to fluctuations in cost for seawater desalination and the cost for importing DJ water. DS for DEV(W)2 responded that fluctuations in DJ water cost were mainly due to changes in the exchange rate between Renminbi and Hong Kong Dollar as well as relevant price indices in Hong Kong and Guangdong; whereas the costs for energy and replacement of the reverse osmosis membrane would have a major effect on the unit production cost of the proposed desalination plant.

34. Mr YIU Si-wing was concerned whether the higher production cost incurred by seawater desalination would result in an increase in water charges. DS for DEV(W)2 advised that when determining the level of water tariff, the Administration would not make reference solely to water production cost, but would take into consideration other relevant factors including public affordability, the macro economic environment and the views of Legislative Council Members, etc.

35. Ms Claudia MO enquired about international benchmarks, if any, on unit production cost for seawater desalination. Mr KWONG Chun-yu and Mr Holden CHOW were concerned how the unit production cost in Hong Kong compared with those for desalination plants overseas, such as Singapore. In this connection, DS for DEV(W)2 explained that:

- (a) the unit production costs of desalination between Hong Kong and other places could not be compared directly as they were affected by a host of factors such as energy cost, seawater salinity and quality, intake arrangement, financing arrangements, etc. ;
- (b) the unit production cost of \$3.64 per cu m in Singapore as mentioned by some members was only the price at which the contractor sold desalinated water to Singapore's National Water Agency; and
- (c) Hong Kong and Singapore shared a similar level of energy consumption in desalination, which reflected similar level of efficiency in the desalination process.

Design-Build-Operate contract arrangement

36. Dr Helena WONG sought further information on the award of DBO contract, and whether the prospective contractor would be liable for any penalty for failure to deliver the Project. In this connection, D of WS advised that:

- (a) the merit of a DBO contract was that the contractor, which would also be the operator after commissioning of the proposed desalination plant, would need to take into consideration the life-cycle costs of the proposed plant at the design stage;
- (b) the contractual operation period of 10 years (with the provision for extension by five years the maximum) would commence after completion of the construction stage;
- (c) if the contractor failed to complete the construction works within the required period without sound reasons, the Government would be entitled to claim liquidated damages in accordance with relevant provisions in the contract; and
- (d) contract administration and site supervision of the proposed works would be undertaken by the consultants engaged by the Water Supplies Department ("WSD").

37. To better ensure the performance of the contractor, Dr Helena WONG considered that initially, a contract of shorter duration should be awarded, subject to extension upon satisfactory performance. D of WS responded that:

- (a) in the light of international practice, a contractual period of 10 years was appropriate for purposes of business planning and operational effectiveness of the contractors;
- (b) WSD would second professional and technical staff to form an integrated operation team with the DBO contractor to acquire experience in the operation of the proposed plant; and
- (c) if the contractor failed to meet prescribed performance indicators, the Administration was entitled to deduct relevant payments or, in more serious cases, terminate the contract and take over the operation of the proposed desalination plant.

38. Dr Helena WONG sought further information on the performance indicators. In reply, Chief Engineer (Consultants Management), WSD advised that the quality of the fresh water produced by the proposed desalination plant was of the highest importance, and other key aspects of the performance indicators covered the following:

- (a) water production output;
- (b) compliance with specified output and quality parameters in the desalination process;
- (c) safety and health; and
- (d) maintenance and repair.

39. In response to Mr WU Chi-wai's enquiry on the operation fee payable under the DBO contract, DS for DEV(W)2 advised that the operation fee comprised a monthly fixed fee and a variable fee based on the quantity of fresh water produced as required by WSD for the month.

Concerns about environmental impact

40. Mr Alvin YEUNG, Mr CHU Hoi-dick and Mr KWOK Wai-keung sought information on the following:

- (a) the environmental impact of the disposal of brine after reverse osmosis;
- (b) the amount of brine produced and the feasibility of brine re-cycling; and
- (c) the level of carbon emission from the proposed desalination plant.

41. In response, DS for DEV(W)2 advised that:

- (a) brine would be discharged via the 350 m long submarine outfall and rapidly dispersed through its 30 diffusers to the sea;
- (b) as a result of the rapid diffusion with the sea currents, the discharged brine would have a minimal impact on marine environment. The Environmental Protection Department had issued an Environmental Permit for the Project;
- (c) the amount of brine was about 1.4 times the amount of fresh water desalinated each day;
- (d) brine re-cycling had been considered but was not a technically feasible option due to its corrosive nature; and
- (e) the level of carbon emission of the proposed desalination plant was relatively higher than that of traditional water treatment plants.

42. Mr WU Chi-wai enquired whether a tender which proposed more environmentally effective technology would stand a better chance of being selected. In response, AD of WS (NW) said that the contractor would be responsible for detailed design of the proposed desalination plant, making reference to the reference design completed by the consultant. A tender would obtain higher score on environmental management if more effective environmental mitigation measures were proposed.



43. Mr CHU Hoi-dick was of the view that the Administration should strengthen efforts in water conservation and water-recycling. Referring to the Environmental Impact Assessment report approved in 2015, he sought information on the impact assessment, if any, on fisheries resources. D of WS responded that a Fisheries Impact Assessment had been conducted and the impact was acceptable. Major measures to mitigate the impact on fisheries included the installation of a filter at the inlet of the seawater intake and reducing the seawater intake speed to about 0.5 km per hour.

Voting on FCR(2019-20)36

44. At 6:36 pm, the Chairman put item FCR(2019-20)36 to vote. The Chairman declared that he thought the majority of the members present and voting were in favour of the item. The item was approved.

**Item 2 — FCR(2019-20)35**

**RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 1 JUNE 2019**

**PWSC(2019-20)3**

**HEAD 706 — HIGHWAYS**

**Transport — Footbridges and pedestrian tunnels**

**188TB — Footbridge near MTR Kowloon Bay Station Exit B**

45. The Chairman said that the item invited FC to approve the recommendation of PWSC made on 1 June 2019 to upgrade 188TB to Category A at an estimated cost of \$173.5 million in MOD prices for the construction of a footbridge across Kwun Tong Road and connecting MTR Kowloon Bay Station Exit B and the future East Kowloon Cultural Centre ("EKCC"). Members noted that PWSC had spent 1 hour 54 minutes to discuss the proposal and the Administration had provided a supplementary information paper after the meeting.

46. The Chairman declared that he was an Executive Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited.

Project estimate of the proposed footbridge

47. Ms Claudia MO enquired why the expenditure for the proposed footbridge had not been included in the funding for EKCC approved earlier on. In reply, Head of Energizing Kowloon East Office, Development Bureau ("H of EKEO, DEVB") said that the proposed footbridge was not

directly related to the EKCC project as it would serve users in a wider area including nearby residential areas.

48. Mr CHAN Chi-chuen noted that the original project estimate of the proposed footbridge was \$268.4 million when the Administration submitted the discussion paper to the Panel on Development in December 2018. The Administration subsequently reduced the project estimate to \$173.5 million based on the returned tender prices available in February 2019. He enquired whether the contract would be awarded based on the returned tender prices or at an even lower price which reflected the prevailing market situations. Mr Holden CHOW considered that where there was room for downward adjustment of a project estimate after a proposal had been endorsed by PWSC, the Administration should revise the project estimate accordingly in the submission to FC.

49. In this regard, Director of Highways ("D of Hy") and H of EKEO, DEVB advised that:

- (a) the contract would be awarded based on the returned tender price of the successful bid;
- (b) there were provisions in the contract for price adjustments according to changes in certain price factors such as wages of workers and material costs; and
- (c) where the returned tender prices were available before the relevant item was considered by FC, the Administration would update the project estimate in the relevant FC submission if applicable.

50. Noting the project estimates for footbridges approved by FC in the last three years, Dr Pierre CHAN referred to a 50-metre long footbridge in Sheung Shui at an estimated cost of \$102.7 million approved in April 2018 by PWSC, and raised concerns about:

- (a) the reasons for a much higher construction cost of the foundation and bridge structure of the proposed footbridge compared with that of the footbridge in Sheung Shui, i.e. \$94.1 million for the former and \$50.1 million for the latter; and
- (b) the absence of information on Consultants' fee (contract administration and management of resident site staff) in the proposal for the footbridge in Sheung Shui.

51. In response, D of Hy highlighted that:

- (a) each project was unique and the estimated costs for different footbridges could not be compared directly;
- (b) the project estimate for the proposed footbridge was broadly in line with that for footbridges of a similar project scope;
- (c) the relatively higher cost of the project was due to site constraints, such as the need to maintain the operation of the dual three-lane Kwun Tong Road during construction of the proposed footbridge; and
- (d) consultants' fee would not be required if a construction contract was managed by in-house staff of the relevant department(s).

52. Whilst noting D of Hy's explanation, Dr Pierre CHAN remarked that the Administration should consider how best to provide/present information (such as that related to consultants' fee) to facilitate cost comparison among works projects of a similar nature.

Target completion time

53. Mr POON Siu-ping expressed support for the proposed footbridge and urged for its early completion to alleviate congestion at the existing walkway system. Noting that the proposed works were originally scheduled to commence in the second quarter of 2019 for completion in the first half of 2022, Mr POON was concerned about the delay and additional expenditure incurred, if any.

54. In response, H of EKEO, DEVB advised that according to the latest plan, the proposed works had been scheduled for completion in the second half of 2022. The project estimate for this item had already taken into account the returned tender prices which would be valid until 12 December 2019 and adequate to deliver the proposed works.

55. Dr Helena WONG said that Members of the Democratic Party supported the proposal. As EKCC would be completed by end 2021, she was concerned about access to EKCC and pedestrian traffic in the area before completion of the proposed footbridge in the second half of 2022. In response, H of EKEO, DEVB and D of Hy advised that:

- (a) in the interim period, users could use the existing footbridge (Structure No. KF(LNTKE)) or take an alternative route via MTR Kowloon Bay Station Exit A and Fuk To Street; and
- (b) the existing footbridge would remain in use during construction of the proposed footbridge, as modification works would only be required at the elevated platform at its eastern end for connection to the proposed footbridge.

56. The Chairman directed that discussion of the item would continue at the next meeting. The meeting ended at 6:58 pm.

Legislative Council Secretariat  
18 August 2020