

**立法會**  
**Legislative Council**

LC Paper No. FC284/19-20  
(These minutes have been  
seen by the Administration)

Ref : FC/1/1(18)

**Finance Committee of the Legislative Council**

**Minutes of the 19<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 13 March 2020, from 10:02 am to 12:49 pm, and**  
**from 4:14 pm to 7:00 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 WONG Kwok-kin, 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 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  
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 CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, BBS, 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, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan, JP  
Dr Hon Pierre CHAN  
Hon Tanya 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 Vincent CHENG Wing-shun, MH, JP  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Member absent:**

Hon Steven HO Chun-yin, BBS

**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)
Dr Raymond SO Wai-man, BBS, JP	Under Secretary for Transport and Housing
Mr Michael HONG Wing-kit	Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau
Mr Aaron BOK Kwok-ming	Head of Civil Engineering Office, Civil Engineering and Development Department
Mr Thomas CHAN Wai-kit	Chief Engineer (Housing Projects 2), Civil Engineering and Development Department
Mr Percy HAU Kin-man	Acting Chief Engineer (Housing Projects 3), Civil Engineering and Development Department
Mr John CHAN Chuen-lung	Senior Engineer 3, Civil Engineering and Development Department
Dr Esther TO Man-wai	Senior Veterinary Officer (Animal Management) (Operations), Agriculture, Fisheries and Conservation Department
Ms Lily CHIU Lee-lee	Chief Estate Surveyor (New Development Area), Lands Department
Ms CHIM Sau-yi	Chief Architect 5, Housing Department
Mr Kenneth LEUNG Tak-yan	Chief Civil Engineer 2, Housing Department
Mr YEUNG Man-leung	Housing Manager (Clearance Housing), Housing Department
Mr LAM Sai-hung, JP	Permanent Secretary for Development (Works)

Mr John KWONG Ka-sing                      Principal Government Engineer  
(Project), Development Bureau

**Clerk in attendance:**

Ms Anita SIT                                      Assistant Secretary General 1

**Staff in attendance:**

Ms Angel SHEK	Chief Council Secretary (1)1
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Clara LO	Legislative Assistant (1)9
Ms Haley CHEUNG	Legislative Assistant (1)10

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Action

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

2. The Deputy Chairman declared that he was an advisor of the Bank of China (Hong Kong) Limited.

**Item 2 — FCR(2019-20)5A  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 29 MARCH 2019**

**PWSC(2018-19)40  
HEAD 711 — HOUSING  
Civil Engineering — Land development  
780CL — Site formation and infrastructure works for  
public housing development at Wang Chau,  
Yuen Long**

Continuation of the discussion on item FCR(2019-20)5A

3. The Finance Committee ("FC") continued with the discussion on item FCR(2019-20)5A.

4. The Deputy Chairman advised that this item sought FC's approval for the recommendation made by the Public Works Subcommittee ("PWSC") at its meeting held on 29 March 2019 regarding PWSC(2018-19)40, i.e. upgrading 780CL—site formation and infrastructure works for public housing development at Wang Chau, Yuen Long to Category A at an estimated cost of \$1,800.2 million in money-of-the-day prices. Some members requested that the recommendation be voted on separately at a meeting of FC. PWSC spent about 3 hours and 30 minutes on scrutinizing the above proposal, and FC also spent about 2 hours on discussing the item at its last meeting.

Estimated cost and schedule of the proposed works

5. Mr CHAN Chi-chuen and Dr CHENG Chung-tai noted that the estimated cost of the site formation and infrastructure works for public housing development at Wang Chau, Yuen Long (780CL) ("WCPHD") had been significantly adjusted downward from \$2,390.2 million as stated in FCR(2019-20)5 submitted by the Administration in April 2019 to \$1,800.2 million as stated in FCR(2019-20)5A submitted in December 2019. They were concerned about whether the downward adjustment of the estimated cost was a result of lax or even erroneous estimation by the Government. Mr CHAN enquired about the progress and schedule of the proposed works. Dr CHENG asked the Administration how it would avoid committing similar mistakes of making wrong estimations for Phases 2 and 3 development.

6. Ms Claudia MO considered that the downward adjustment of the estimated cost by nearly 20% would undermine people's trust in the Government, and "government-business-rural-triad" collusion might be involved. Citing the high construction cost of \$1.7 billion of the elevated pedestrian corridor ("EPC") in Yuen Long Town connecting with Long Ping Station as an example, she pointed out that owing to the existence of cavities underneath the site, piles had to be driven down to as deep as 100 metres ("m"), which had pushed up the construction cost. Moreover, the estimated cost of Liantang/Heung Yuen Wai Boundary Control Point and associated works – site formation and infrastructure works had increased from about \$16.2 billion to about \$24.8 billion, representing a serious cost overrun of more than 50%. The rise in construction cost was caused by the poor ground condition for tunnelling works. She enquired whether similar cost overruns would occur in the proposed works as there were many underground cavities in Yuen Long, and whether the plans for the ground investigation and site formation works of this project had been approved by the Building Authority as required under the Buildings Ordinance (Cap. 123). She considered that one should learn from

experience and urged the Administration to carry out proper ground investigation works so as to avoid seeking supplementary provisions from FC for revising the design to cope with problems identified in future.

7. Mr LEUNG Yiu-chung referred to the remarks made by a member at the last meeting that as "contractors preferred to take up works with a loss rather than have no jobs in hand", the proposed works were taken up at low prices. He asked whether the Government could prevent default in completing the proposed works and in wage payments so as not to put frontline workers in a disadvantageous position, as well as whether it had conducted any risk assessment or drawn up any remedial solutions.

8. In response, Head of Civil Engineering Office ("HCEO"), Civil Engineering and Development Department ("CEDD") explained that:

- (a) the Government made the estimations based on the then market conditions. He did not agree that the original estimations were too lax. The tender exercise for the proposed works was conducted in early 2019. In May, the Administration assessed and examined the tenders received. The returned tender price was confirmed in around the third quarter. As it was discovered that the returned tender price was lower than the original estimate, the estimated project cost was adjusted downward accordingly;
- (b) the Government had evaluated the financial situation and capability of the contractor concerned, and considered that the latest estimate was sufficient to implement the proposed works. As far as he could remember, defaulted government projects had been rare in recent years;
- (c) subject to funding approval by FC, the Government planned to embark on the proposed works in the second quarter of 2020. As for the remaining public housing developments at Wang Chau, the Government anticipated that land rezoning and related consultations would commence in 2020. CEDD would also engage a consultancy firm as soon as possible to undertake the investigation and design work for the remaining phases of WCPHD, so as to map out the area of the development projects. Afterwards, the Administration would make professional estimations of the project costs according to prevailing market conditions;

- (d) the Buildings Ordinance was not applicable to government projects. However, the works departments had stipulated the same or even better criteria or requirements for project design, monitoring of works quality and safety measures; and
- (e) although the ground conditions of the site were more complicated than ordinary sites and the presence of larger marble cavities at the project site was likely, proper ground investigations would be carried out before the start of the proposed works. Yet, generally speaking, given the wide coverage of the site, it would not be practicable to drill holes at every spot for ground investigations. The Government had conducted risk assessments and set aside contingency provisions to deal with the said scenario.

#### Consultants' fees and performance

9. Mr Alvin YEUNG and Mr Jeremy TAM queried why the consultants' fees and remuneration of resident site staff ("RSS") had remained unchanged amidst the reduction of the overall estimated project cost as well as the current global economic turbulence. Mr YEUNG asked if the Government could disclose the name of the consultancy firm it had engaged. HCEO/CEDD replied that the consultancy firm was Ove Arup & Partners Hong Kong Limited ("Arup"). Mr YEUNG further enquired about the incident in which Arup was suspended from tendering for three months in 2016 as a punishment for alleged illegal use of government information. He doubted why the Government still insisted on selecting a firm with a bad reputation. Mr TAM considered that the track record of Arup was poor. He was worried that transfer of benefits might have been involved and enquired whether Arup had taken part in the estimations of the cost of this project, and whether the relevant vetting committee of the Administration had accepted the estimated project cost provided by Arup.

10. Mr KWONG Chun-yu pointed out that apart from illegally using government data in 2016 to aid developers in applying for land rezoning at Wang Chau, Arup had also underestimated the lateral forces created when XRL trains entered the curved sections of rail, resulting in the wheel shift incident during trial operations; lost nearly 30% of records concerning the Hong Kong-Zhuhai-Macao Bridge construction works as well as participated in the EPC project in Yuen Long Town. Mr KWONG questioned if Arup was the "designated" consultancy firm of the Government and enquired about the amount of consultants' fees that had been paid to Arup.

11. Ms Claudia MO enquired about the number of tenderers submitting bids for the proposed works, and whether the returned tender price offered by the successful contractor was the lowest. Mr LEUNG Yiu-chung asked how the Administration would monitor the work of Arup.

12. In response, HCEO/CEDD advised that:

- (a) there were different consultancy firms on the market. The works departments selected consultancy firms according to the established mechanism. The selection process generally adopted a "two-envelope" bidding system, in which consultancy firms' technical proposals and tender price proposals were marked separately and then the overall best performing tender would be selected. The competitiveness of a tender was subject to the quality of its technical proposal and level of its tender price. Moreover, to prevent consultancy firms from bidding at an unreasonable price level, the works departments would compare consultants' tender prices with the estimated prices as well as the market prices during the selection process;
- (b) CEDD had put in place an established mechanism under which consultancy firms were commissioned to assist in estimating project costs by making reference to factors such as the prevailing market conditions and tender prices. Hence, Arup had taken part in the cost estimation process of this project and provided estimates proposals with its professional judgment;
- (c) the estimations in question had been assessed and accepted by the vetting committees of the relevant government departments;
- (d) about 10 tenderers had submitted bids for the proposed works, and the competition was fairly keen during the tendering process. However, it would not be appropriate to make public the tender document which contained commercial information. Nevertheless, the returned tender prices from several tenderers were lower than the original estimates, reflecting the overall market conditions in last year; and
- (e) in fact, the estimated project costs of certain projects had also been adjusted downward last year, including the redevelopment of Prince of Wales Hospital, expansion of

North District Hospital, footbridge near MTR Kowloon Bay Station.

13. HCEO/CEDD supplemented that pursuant to the established mechanism, Arup had been penalized by being suspended from tendering for three months in 2016. Since the company had pledged to improve its internal practices, it was considered that a fair chance should be given to it, and its performance would continue to be subject to monitoring. Regarding the monitoring of works progress, the Government had set up a project team to follow up on the works progress. For example, the project team would hold a regular meeting each month to closely monitor the work of external project consultants, constantly review the progress of the project, and ascertain if the contractor had made timely wage payments, etc. He added that many years ago, the Government had signed a consultancy contract with Arup on the basis of the "investigation, design and construction" approach. The contract fees were more than \$20 million approximately, covering two projects, and one of them was the Wang Chau project. Hence, the company had started to provide services since the study stage. It had assisted in conducting studies, going through statutory procedures, consulting residents, gazetting, etc. It had also taken part in the project design and cost estimation for tenders. During the construction stage, the company was responsible for the monitoring and management work. Given that the relevant consultancy contracts had already been signed earlier, the consultants' fees could not be adjusted. Regarding the remuneration of RSS, their remuneration level was calculated based on an established mechanism with reference to the pay level of civil servants. Since the site area and the construction output remained the same, the number of RSS remained unchanged, and no adjustment had been made to the estimated remuneration of RSS. The actual expenditure vis-a-vis the above estimations could only be known upon the completion of the construction works. He reiterated that Arup had exercised their professional judgment in making the estimations, and the estimated project cost was supported by sound justifications.

14. Regarding the significant downward adjustment of the estimated cost of 780CL, Mr CHAN Chi-chuen, Mr KWONG Chun-yu and Mr Jeremy TAM requested the Administration to provide the following supplementary information:

- (a) those public works projects whose cost estimates were also adjusted downward in 2019 and their respective cost estimates before and after adjustments, as well as an assessment of whether the deviations were merely individual incidents or caused by defects in the project cost estimation mechanism;

- (b) among the public works projects in (a), those which had engaged the same consultancy firm as that of 780CL (i.e. Arup);
- (c) regarding the public works consultancy contracts under which Arup was currently serving as consultants, the respective percentages of the number of such contracts and the consultants' fees involved against the total number of public works consultancy contracts and total amount of consultants' fees during the same period; and
- (d) whether the relevant vetting committees of the Administration had in the past refused to accept the project cost estimates prepared by consultancy firms or revised the estimates concerned; if so, information on such cases should be provided.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members on 14 May 2020 vide LC Paper No. FC181/19-20(01).]*

### Road works

15. Mr CHAN Chi-chuen noted that the estimated capital cost of the road works had been reduced from around \$584 million to around \$438 million. He pointed out that according to the information provided by the media, when Wang Chau public housing development Phase 1, Yuen Long ("WCPHD1") was submitted to the relevant District Council as early as June 2014, the proposed underpass was not included. The construction of the underpass was confirmed under the project gazetted in October 2015 after the consultations with the Yuen Long District Council ("YLDC") and the Ping Shan Rural Committee conducted in 2015. He said that the documents of YLDC showed that some DC members had stated that the proximity of the project site to a burial ground would affect the fung shui of nearby villages. He enquired about the respective construction costs of the underpass option and the footbridge option; whether this 15 m wide, 20 m deep underpass was proposed for fung shui reasons or for facilitating grave-sweeping visits; the expected usage of the underpass; and whether there were alternatives other than the construction of the underpass.

16. In response, HCEO/CEDD reiterated that:
- (a) the proposed underpass comprising a carriageway and footpaths was a section of a main access road to the entire housing development area, instead of merely serving as an access to the burial ground;
  - (b) the proposed carriageway would start at Long Ping Road at about 6.0 m above Principal Datum ("mPD"), and would extend to end at platforms at about 16 mPD;
  - (c) since the existing ground level at that location was about +20.0 mPD, the height difference between the existing ground level and the proposed carriageway and footpaths would exceed 10 m, and massive excavation was required for constructing the section of carriageway and footpaths there;
  - (d) due to site constraints, there was insufficient space for the construction of slopes on both sides of the proposed carriageway and footpaths, so vertical retaining structures must be constructed;
  - (e) having regard to different factors, the Government considered that the design of a box-type reinforced concrete vehicular tunnel should be most suitable and cost-effective for the construction of the said section of carriageway and footpaths. Such design could provide space for the construction of the footpaths alongside as well as the footpath above the underpass for access to the permitted burial ground; and
  - (f) given that the returned tender price was lower than the original estimate, the cost of the proposed underpass had also been reduced to around \$100 million accordingly. In view of the complexity of the road works, the estimated construction cost of the underpass was indeed reasonable.

17. Mr CHU Hoi-dick said that as WCPHD1 would be located next to the hillside, the construction cost of each public rental housing ("PRH") unit had become as high as \$600,000, and the roundabout at the end of the proposed road was very close to the land owned by the New World Development Company Limited ("NWD"). He enquired why the Administration insisted on implementing WCPHD1 first, and whether NWD could connect the roundabout with roads leading to its residential developments to be implemented through the Land Sharing Scheme in

future. Ms Tanya CHAN raised similar questions and asked if a gate would be installed at the entrance/exit of the proposed road.

18. In response, Under Secretary for Transport and Housing ("USTH") advised that the proposed road was for the use of the new housing estate rather than the developers. The Administration had no plan to extend the proposed carriageway within the development area to other private developments.

19. HCEO/CEDD added that:

- (a) in line with community planning, a housing estate, schools and Government, Institution or Community ("GIC") facilities would be provided at the WCPHD1 site. There would be more than one single user. Hence, the proposed road was not a private road. Instead, it was a public access road for vehicles in the development area, and no gate would be installed;
- (b) given the height difference between the level of the roundabout and that of the land outside its perimeter and the existence of a retaining wall between the two, it would be difficult to connect them directly; and
- (c) the stretch of land between the end of the proposed road and the boundary of the site was under the purview of the Hong Kong Housing Authority ("HA"). HA's consent had to be obtained for future linkage or connection works.

#### Compensation and rehousing arrangements

20. Objecting to the proposed works, Dr Fernando CHEUNG considered that WCPHD was unfair and unjust, reflecting the extreme suppression imposed by "government-business-rural-triad" collusion on vulnerable villagers. Five years had passed, but the problems faced by many households remained unresolved. He urged the Administration to further improve the rehousing and compensation packages and exercise discretion in handling individual cases in a humanitarian manner, taking into account the special circumstances of the villagers. He enquired about the respective numbers of elderly people aged 65 or above who were frail or with limited mobility, persons with disabilities ("PWDs"), chronically ill patients and students with special educational needs ("SEN") within the development area.

21. Mr CHAN Chi-chuen shared the views of Dr Fernando CHEUNG. He said that although some villagers had once enjoyed the housing benefits provided by the Government, they did not get such benefits by cheating the Government. As it was the Government which forced them to move out, discretion should be exercised in handling such cases. He enquired if the Administration had successfully handled the cases of these villagers with discretion.

22. In response, Chief Estate Surveyor (New Development Area), Lands Department ("CES(NDA)/LandsD") advised that:

- (a) at present, 67 households were not eligible for rehousing or Ex-gratia Allowance for Permitted Occupiers of Licensed Structures and Surveyed Squatters ("EGAPO"). Among them, 37 were existing PRH households or owners of Home Ownership Scheme ("HOS") flats/Tenants Purchase Scheme ("TPS") flats/private properties;
- (b) for the remaining 30 households, 26 of them were living in unauthorized structures. The Government had contacted the other four households who were not eligible for rehousing because of having once enjoyed housing benefits to see if they had any housing or other needs and to give them special consideration. One household agreed to have their information transferred to the Social Welfare Department ("SWD") for compassionate rehousing. The Government was actively following up on this case. The other three households had indicated that for the time being, they did not need assistance or transferral of their cases to SWD. Notwithstanding this, the Government would keep in contact with the households concerned to give them support as appropriate;
- (c) concerning those affected villagers who had once enjoyed housing benefits, HA and the Hong Kong Housing Society ("HKHS") had established policies to deal with exceptional cases, including cases in which applicants had special needs due to personal or family problems such as bankruptcy, financial hardship, adverse changes to family circumstances (such as divorce, death of bread-winner, etc.), cases in which a significant drop in household income had made it difficult for the applicants to continue financing home purchase and owning subsidized housing, and cases in which household members were beset with medical or personal problems, etc.;

- (d) the Government noted the views of members and would continue to adopt the "people-oriented" principle in making rehousing arrangements under the prevailing policy; and
- (e) in fact, compassionate rehousing had been successfully arranged for some cases.

23. CES(NDA)/LandsD supplemented that 43 households had family members aged 65 or above. Among these households, 24 were eligible for rehousing, and 23 of them had been allocated flats. HA and HKHS were following up on the allocation procedures for the application from the remaining one household. Four other households chose to apply for EGAPO. As for the remaining 15 households, nine were existing PRH households or owners of HOS flats/TPS flats/private residential properties; and one household was not eligible for rehousing as they had once enjoyed subsidized housing or relevant benefits. This household had been referred to SWD for follow-up. Five households were living in unauthorized structures, and thus not eligible for rehousing or EGAPO. However, they could still apply for removal allowance. According to records, one household had a chronically-ill family member, while no cases of PWDs or students with SEN were found. She emphasized that the Administration understood the worries and concerns of the villagers. Under the existing mechanism, the Administration would, having considered the special circumstances of the applicants, exercise discretion as appropriate. Each case would be assessed on its own merits.

24. Dr CHENG Chung-tai considered that the Administration should make suitable arrangements for villagers who had not been rehoused. Such arrangements could serve as a reference for future development projects (e.g. Kwu Tung North). He said that at Kwu Tung North, some elderly people were mentally disturbed by problems arising from rehousing issues. He commented that with little flexibility, the relevant authorities only acted strictly according to rules. He urged the Administration to take a step further to alleviate the impacts on the villagers. USTH noted the views of Dr CHENG.

25. Mr CHU Hoi-dick considered that the Government had, by informally consulting/lobbying rural representatives, DC members and brownfield operators, etc., marginalized the vulnerable villagers who were affected by the development plans. During the consultation process, they were kept in the dark and had no participation at all, which reflected deficiencies in the Government's land planning system. Regarding the handling of rehousing arrangements for villagers at Wang Chau, he

requested the Administration to exercise discretion to provide non-means-tested rehousing for those villagers who had once purchased public housing flats and subsequently sold the flats, so as to address their housing needs; arrange transitional housing for villagers who had applied for agricultural resite but had not completed their resiting; adopt the same practice as that for the farming households affected by the development of North East New Territories ("NENT") by providing government land to villagers who wished to resume farming, with a view to implementing the special agricultural land rehabilitation schemes. USTH noted the three issues raised by Mr CHU. He emphasized that the Government understood the worries of the villagers and would do its best to help each and every one of them in a "people-oriented" manner.

26. Ms Alice MAK said that some villagers had relayed to her that recently they had received telephone calls from the Government, confirming their eligibility for agricultural resite and advising them to submit further supplementary information. As such, they were advised to cease looking for land for resiting for the time being. However, those villagers were worried whether such pledge could be honoured once funding approval had been obtained from FC. She urged the Administration to give a guarantee to the villagers that their applications for agricultural resite would be handled properly.

27. In response, CES(NDA)/LandsD advised that:

- (a) application for agricultural resite comprised two stages: firstly, farming households must meet the requirements and farming scales stipulated by the Agriculture, Fisheries and Conservation Department ("AFCD") and must have been living in licensed or surveyed squatters when a freezing survey was conducted; afterwards, farming households were required to submit proposals on how they would continue with their farming activities in future for vetting by AFCD. If the above requirements had been met, the Lands Department ("LandsD") would consult AFCD and other relevant departments for the purpose of issuing a short-term waiver to landowners, allowing them to build on the private agricultural land identified by themselves a two-storey domestic structure with each storey not exceeding 400 square feet in area;
- (b) the Government had received 27 agricultural resite applications under WCPHD. As the farming households concerned had generally complied with the requirements and farming scales set down by AFCD for farming households, the Government notified the applicants that they had to submit the

required documents for consideration by LandsD and AFCD. To avoid misunderstanding, apart from giving telephone calls, the Government was preparing a formal letter to inform the applicants of the documents to be submitted; and

- (c) in respect of the 27 agricultural resite applications, 19 were either existing PRH households or property owners. Hence, their housing needs could be addressed. Another three households were applying for EGAPO.

28. Mr Holden CHOW pointed out that he had received requests for assistance from the villagers who said that the application process involved the submission of voluminous documents. Retrieval of documents issued many years ago was time-consuming, and some documents had even gone missing. He enquired if the Government would accept supporting documents submitted in the form of a statutory declaration or on oath so that applications could be processed expeditiously and administrative procedures could be streamlined. CES(NDA)/LandsD noted the concerns of members and advised that a two-pronged approach was currently adopted. On the one hand, applicants were required to submit documents. On the other hand, under special circumstances, if only a small number of documents were unavailable, the Administration would consider accepting statutory declarations on a case-by-case basis, with a view to helping as many villagers as possible under the "people-oriented" principle.

29 Mr LAM Cheuk-ting stated that WCPHD was a replica of the NENT development. The circumstances of some families were very complicated. However, various policy constraints had made it difficult to deal with certain cases satisfactorily. He cited the Administration's reply that three households had indicated that no help was needed for the time being. He queried if it was true that some villagers did not have any housing needs at all. He hoped that the Administration would adopt a lenient approach in considering the circumstances of every family and exercise discretion to arrange compassionate rehousing for the villagers so as to safeguard their well-being.

30. CES(NDA)/LandsD reiterated that LandsD and other departments had always been "people-oriented". They worked day and night to contact the villagers in order to provide them with the help they needed. She further said that the three households had indicated that they did not need assistance for the time being as they had other plans or aid from family members. However, she assured members that the Administration would not give up. It would continue to keep in touch with them and offer assistance whenever necessary.

Freezing survey

31. Dr KWOK Ka-ki considered that if the Administration did not conduct freezing surveys for Phases 2 and 3 as soon as possible, the landowners might change the uses of their land in an attempt to get more compensation in future, which might constitute a transfer of benefits. He enquired why the Administration did not conduct freezing surveys immediately or resume the land concerned at once; how many cases of unauthorized occupation of government land against which enforcement actions had not yet been taken in respect of Phases 2 and 3 development; whether NWD had ever attempted to rezone its land under the Land Sharing Scheme to reap high land premiums, as well as the progress of the relevant incident.

32. Mr WU Chi-wai said that according to his understanding, freezing survey was a planning tool which could enhance the effectiveness and efficiency of rehousing and compensation arrangements for land resumption executed under the Lands Resumption Ordinance (Cap. 124). If a freezing survey was not conducted expeditiously, many people might move into squatter areas for living or running businesses, which would result in unauthorized occupation of land or unauthorized operations. Subsequently, future land acquisition plans and the estimated expenditures involved would be affected. He hoped that the Administration could face up to the issues squarely. He enquired about the quantity and status of the government land within the development area, and whether such land could be used for transitional housing purpose.

33. In response, CES(NDA)/LandsD advised that the Government noted and understood members' concerns about freezing surveys. She added that:

- (a) in respect of a development project, the Government would conduct a Pre-clearance Survey ("PCS") (also known as "freezing survey") to gather information of existing structures and their occupation within the boundary of the development. Such information would serve as the basis for future assessments of eligibility for rehousing or ex-gratia allowances ("EGAs"). LandsD would coordinate with the relevant departments to conduct a freezing survey within the boundary of the development in a timely manner and draw up a time table;
- (b) in 2018, the Government announced an enhanced ex-gratia compensation and rehousing package ("the new measures").

Rehousing and compensation arrangements would be made with reference to the corresponding sets of established eligibility criteria. In order to be regarded as eligible for compensation and rehousing arrangements in future development clearance exercises conducted by the Government, households living in surveyed/licensed non-domestic structures had to meet the requirement of continuous occupation of the structures concerned for a minimum of two years immediately preceding 10 May 2018 (the date of announcement of the new measures). They also had to register in and fulfill the prescribed registration requirements of the one-off voluntary registration exercise conducted by LandsD for households of licensed non-domestic structures/surveyed non-domestic squatters. The aim of such arrangements was to avoid creating incentives for people to move into the non-domestic squatters concerned after the date of announcement of the new measures;

- (c) moreover, for business undertakings to meet the eligibility threshold for applying for EGA for open-air/outdoor business undertakings provided under the new measures for business undertakings, they had to have operated continuously for a minimum of seven years immediately preceding the date of the PCS conducted within the boundary of the area to be cleared for development, and their scopes of operation had to comply with the requirements and terms of short-term tenancies ("STTs") or land leases. The rate of the EGA was fixed, regardless of the nature of businesses being operated. It would not vary with trades; and
- (d) for Phases 2 and 3 development, the Government conducted in 2016 a major enforcement operation and cleared about three hectares of government land. Two persons were fined by the Court for not clearing the land they occupied without authorization as scheduled. Moreover, around 19 pieces of scattered government land had been let out under STTs. Other government land, except passageways, had been enclosed. If the government land concerned had to be used for transitional housing purpose, the Government could issue notifications of termination of tenancies according to the terms of the STTs.

34. USTH supplemented that the land owned by NWD were located outside the boundaries of Wang Chau Phases 1 to 3 development. The

Government would duly perform its gate-keeping role to prevent transfer of benefits. The incident mentioned by Dr KWOK Ka-ki had come to an end in 2016. He further said that the Government would carefully examine the feasibility of using the government land concerned for transitional housing purpose, taking into account factors such as cost-effectiveness of operation, land scale, geological conditions.

35. Dr KWOK Ka-ki sought information on the land use enforcement operations conducted by the Administration from 2016 to 2020 in respect of the public housing development sites at Wang Chau, Yuen Long, including the numbers of inspections and prosecutions.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members on 14 May 2020 vide LC Paper No. FC181/19-20(01).]*

36. At the request of Mr WU Chi-wai, the Administration undertook to provide the following supplementary information after the meeting:

- (a) the standards, procedures and time tables of the PCSs to be conducted for the sites of WCPHD2 & WCPHD3 as well as the relevant considerations for determining the time when PCSs would be conducted, including how to avoid unauthorized occupation of and operations on the sites there prior to PCSs because such activities might affect future land acquisition plans and the estimated expenditures involved; and
- (b) among the land within the boundary of the sites of WCPHD2 & WCPHD3, the respective areas of individual pieces of government land leased under STTs and the total area of such government land, as well as whether such land could be used for building transitional housing units.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members on 14 May 2020 vide LC Paper No. FC181/19-20(01).]*

#### Impact on community animals

37. Mr CHAN Chi-chuen was concerned that land development often left behind a large number of community animals or abandoned animals. In developing NENT, the Development Bureau had indicated that non-governmental organizations might apply for setting up shelters on idle land for stray animals. However, the number of such animals was so large

that the shelters were not able to accommodate all of them. He considered that when taking forward land development and village clearance, the Government had the responsibility to reserve a sum of money for the neutering and return of stray or abandoned animals to prevent their continuous reproduction. He enquired about the policy or measures in this regard; whether the Administration had compiled any statistics on the number of such animals under WCPHD; and how stray animals would be treated in land clearance exercises, for instance, whether they would be euthanized.

38. In response, USTH advised that the Government had explained in detail at a public hearing its policy on and arrangements for community animals. The psychospiritual needs of the households would also be taken into account. Senior Veterinary Officer (Animal Management) (Operations), Agriculture, Fisheries and Conservation Department supplemented that:

- (a) the Government had been adopting a multi-pronged approach to deal with animal welfare and management, including public education and publicity campaigns. It would continue to maintain close liaison with animal welfare organizations ("AWOs") to step up animal adoption, study the proposal of establishing an animal adoption centre, and implement the "Trap-Neuter-Return" programme for stray dogs;
- (b) during land resumption, some pets might be abandoned by their owners. AFCD would take these animals in to avoid animal abuse and animal nuisance. These animals would be sent to AFCD's Animal Management Centres. AFCD had partnered with various AWOs to provide pet adoption services;
- (c) according to a statistical survey on dog licences, the number of dogs covered by WCPHD1 development site was around 80. Most of the owners had indicated that they could manage to keep their animals. Therefore, no major problem had arisen for the time being. As for WCPHD2 and WCPHD3, the Government would continue to visit the villages to understand the needs of residents. It would also carry out proper public education and publicity work;
- (d) the Government had not specifically compiled any statistics on stray animals. Yet, site observation found that their number would not be large. The Administration would undertake proper preparatory work, such as neutering, to reduce the

number of stray animals and avoid euthanization as far as possible; and

- (e) AFCD veterinary surgeons would assess if dogs/animals taken in or captured during land clearances were suitable for adoption; if so, they would liaise with the partnering AWOs for animal adoption by members of the public.

#### Ex-gratia allowances

39. Ms Tanya CHAN said that EGA for "Tun Fu" ceremonial fees ("Tun Fu fees") was granted to maintain a cordial relationship with the villagers so that works progress could be expedited. She enquired whether a ceiling was set for Tun Fu fees and whether such fees were granted on an accountable and reimbursement basis.

40. In response, CES(NDA)/LandsD advised that the Government had not set a ceiling for Tun Fu fees. However, as a financial control measure, claims for different levels of payments were approved by different authorities. For example, payment for a claim under \$20,000 was approved by the relevant District Lands Officer. Claim amount between \$20,001 and \$30,000 had to be approved by the Director of Lands. A claim above \$30,000 had to be approved by the Secretary for Financial Services and the Treasury. The Government would act as a rigorous gate-keeper to ensure that all claims of Tun Fu fees must be justified and a list of itemized costs in respect of the Tun Fu ceremonies must be provided for consideration. In determining the amount of Tun Fu payment, the Government would take into account factors such as the reasonableness of the claim with reference to previous similar claims, the distance between the works site and the village or locality where "fung shui" was alleged to be affected. The relevant District Officers would also be consulted. After performing Tun Fu ceremonies, the claimant had to provide a receipt to prove that Tun Fu fees had been paid.

#### Important trees affected

41. Ms Tanya CHAN noted that originally, there was no road at the locations of the three important trees. She enquired if the purpose of removing those three trees was to make way for the construction of roads. She said that according to the explanation of the Administration, both the *Dimocarpus Longan* and *Celtis Sinensis* were too large to be transplanted, while the *Aquilaria Sinensis* with a diameter at breast height ("DBH") of 130 millimetres ("mm") only was not suitable for transplant either. In

other words, trees were not suitable for transplant if they were too large or too small. She considered such practice unacceptable.

42. Ms Claudia MO pointed out that the word "Hong" in Hong Kong (Chinese character "香", meaning fragrant) came from *Aquilaria Sinensis* which was a kind of important tree. She enquired why reference had not been drawn from the practices of overseas countries where important trees would be accommodated and retained in road construction projects. She also enquired about the persons who were responsible for deciding whether a tree was suitable for transplant or not.

43. In response, HCEO/CEDD advised that:

- (a) the approximate locations of the three important trees were encircled on the plan. They were found at the central positions of the proposed PRH site and roads. Hence, preservation in situ was not practicable;
- (b) tree experts would carefully examine every tree in terms of various factors such as the structure and health conditions of the tree and decide whether a tree was suitable for transplant. The suitability for transplant of the three trees and the reasons for the recommendation of having them felled were set out in Enclosure 4 to FCR(2019-20)5A;
- (c) under the existing mechanism, tree experts would record the conditions of every tree and submit a report to the Tree Preservation Board for scrutiny. The Board would then decide if they agreed to the removal of the tree concerned;
- (d) AFCD had given its professional advice on this case and agreed to the removal of the three trees; and
- (e) as the *Dimocarpus Longan* and *Celtis Sinensis* had reached maturity, their survival rate after transplant would be low. Moreover, the *Aquilaria Sinensis* was in bad health, heavily covered by climbing plants and had a DBH of 130 mm only. Therefore, all of them were not suitable for transplant.

44. Ms Claudia MO further pointed out that in the English version of FCR(2019-20)5A, the Chinese term "珍貴樹木" was translated as "important tree", which was not accurate because the shades of meaning of the Chinese terms "珍貴" and "重要" were different. The Chinese term "珍貴" should be translated as "rare/precious/valuable". In response,

HCEO/CEDD advised that in line with the usual practice, "珍貴樹木" was translated as "important tree". Nevertheless, he noted the views of Ms MO. The Deputy Chairman urged the Administration to examine the accuracy of the description in question.

#### Traffic implications

45. Dr CHENG Chung-tai pointed out that paragraph 22 of FCR(2019-20)5A stated that the proposed works would not cause any significant traffic impact during the construction stage and operation stage. However, some residents of Long Ping Estate had relayed to him their concerns that the implementation of the proposed works would cause a certain degree of impact on a main road behind the estate (i.e. Long Ping Road) and on the traffic at the bus terminus there. He enquired about the temporary traffic arrangements and measures.

46. In response, HCEO/CEDD advised that the results of a traffic assessment showed that the proposed works would not cause significant traffic impact during the construction stage. If short-term traffic diversion or impact on bus routes were inevitable during the construction stage, preparations would be fully made for imposing temporary road closure, so that construction works could be carried out while minimizing the impact. The Government would set up a traffic management liaison group to thoroughly study various temporary traffic measures during the construction stage to ensure that no serious impact would be caused to the traffic at nearby areas. As only about 4 000 PRH units were involved under WCPHD1, the traffic and pedestrian flows so generated would not be very heavy. Moreover, minibus stops would be set up in the estate in future. Residents might also use the footbridge connecting to bus stops to take buses. Hence, it was anticipated that the proposed works would not cause significant impact on the residents of Long Ping Estate and Long Ping Road.

#### Heritage implications

47. Mr LEUNG Yiu-chung said that a lot of village houses, ancestral graves and ancient wells of high historical value were found at the villages in Wang Chau. He asked how such heritage would be preserved and taken care of, and whether the villagers were satisfied with the compensation offered to them. In response, HCEO/CEDD advised that the proposed works would not affect any heritage site, namely all declared and proposed monuments, graded historic buildings and government historic sites identified by the Antiquities and Monuments Office. CES(NDA)/LandsD supplemented that regarding WCPHD1, the Government had to clear three graves and 16 urns (Kam Taps). The

graves had been relocated and the relevant parties compensated. No ancestral graves had been affected.

Motions proposed to be moved by members under paragraph 37A of the Finance Committee Procedure

48. At 12:42 pm, FC started to vote on whether two motions proposed by Mr CHU Hoi-dick and Mr Jeremy TAM respectively under paragraph 37A of the Finance Committee Procedure ("FCP") for expressing views on the item ("FCP 37A motions") should be proceeded with forthwith.

49. The Deputy Chairman put to vote, one by one, the questions that the said FCP37A motions be proceeded with forthwith. At the request of members, the Deputy Chairman ordered a division on the first motion proposed by Mr CHU Hoi-dick. The voting results were as follows:

Members proposing the motions	Serial numbers of motions	Motions be proceeded with forthwith
Mr CHU Hoi-dick	<a href="#">0001</a>	<a href="#">No</a>
Mr Jeremy TAM Man-ho	<a href="#">0002</a>	No

Voting on FCR(2019-20)5A

50. At 12:49 pm, the Deputy Chairman put item FCR(2019-20)5A to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 25 members voted in favour of and 15 members voted against the item. One member abstained from voting. The votes of individual members were as follows:

*For:*

Mr Tommy CHEUNG Yu-yan	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr WONG Kwok-kin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr MA Fung-kwok	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Dr Junius HO Kwan-yiu	Mr HO Kai-ming
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Mr Wilson OR Chong-shing	Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung	Mr LAU Kwok-fan
Mr Kenneth LAU Ip-keung	Mr Vincent CHENG Wing-shun
Ms CHAN Hoi-yan	

(25 members)

*Against:*

Mr James TO Kun-sun	Ms Claudia MO
Mr WU Chi-wai	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan	Mr Alvin YEUNG
Mr CHU Hoi-dick	Mr LAM Cheuk-ting
Mr SHIU Ka-chun	Ms Tanya CHAN
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr Jeremy TAM Man-ho	

(15 members)

*Abstained:*

Dr Pierre CHAN  
(1 member)

51. The Deputy Chairman declared that the item was approved.
52. At 12:49 pm, the Deputy Chairman directed that the meeting be suspended and that the meeting would resume at 4:00 pm.
53. The meeting resumed at 4:14 pm. The Deputy Chairman advised that the Legislative Council ("LegCo") Secretariat informed him after the end of the morning session of the meeting that there might have been irregularity in the voting procedure in respect of Item 2 (i.e. FCR(2019-20)5A), i.e. the voting on whether the second motion proposed by Mr Jeremy TAM under FCP 37A ("the second FCP 37A motion") should be proceeded with forthwith, and the voting on item FCR(2019-20)5A.
54. The Deputy Chairman further said that in respect of the voting on whether the second FCP 37A motion should be proceeded with forthwith, which was conducted not by a division, the Committee had, at that time, agreed to the use of the electronic voting system ("EVS") to assist in vote-counting. Following the end of the morning session of the meeting, the LegCo Secretariat informed him that even for voting which was conducted not by a division, if the Committee had proceeded to use EVS, pursuant to the requirements under FCP, a division bell must be rung before the Committee proceeded to vote on the motion. Given that the division bell was not rung at that time, the relevant voting procedures might have failed to comply with the requirements under FCP. The LegCo Secretariat also informed him that as a division bell had not been rung for five minutes before the Committee proceeded to a division on item

FCR(2019-20)5A, the voting on item FCR(2019-20)5A did not comply with the requirements under FCP.

55. The Deputy Chairman said that upon discussion with FC Chairman, in order to ensure that the two votes held as aforesaid were in order and valid, he would put questions on the second FCP 37A motion and on item FCR(2019-20)5A to vote again. He apologized to those members who had cast their votes at the morning session of the meeting but could not vote again due to their unavailability for the afternoon session of the meeting. Members expressed the following views on the arrangements for putting the questions concerned to vote again.

56. Ms Claudia MO, Mr CHU Hoi-dick, Mr Jeremy TAM, Mr Kenneth LEUNG, Dr Fernando CHEUNG, Dr CHENG Chung-tai, Mr WU Chi-wai, Mr KWOK Wai-keung, Mr WONG Kwok-kin, Mr CHAN Hak-kan, Ir Dr LO Wai-kwok, Mr Martin LIAO and Mr WONG Ting-kwong did not agree that the questions on the second FCP 37A motion and on item FCR(2019-20)5A be put to vote again.

57. Ms Claudia MO and Dr CHENG Chung-tai considered that if the results of the votes on the second FCP 37A motion and on item FCR(2019-20)5A held at the morning session of this meeting were rendered invalid, it would be unfair for those members who had already cast their votes but could not cast votes again. Ms MO enquired why the Clerk did not immediately draw members' attention to the fact that the voting procedures were not in order. Dr CHENG said that if the voting procedures for the two questions held at the morning session of this meeting were not in order, it was caused by the mistakes committed by the LegCo Secretariat and the improper arrangements made by the Deputy Chairman. The LegCo Secretariat had to make a response and even offer an apology in this regard.

58. The Deputy Chairman recalled that at the morning session of this meeting, when members decided to vote by a show of hands on whether the second FCP 37A motion should be proceeded with forthwith, some members suggested the use of EVS instead of manual counting with no objection by members present at the meeting. The Secretariat staff members providing support for the morning session of the meeting, who were rather junior in supporting FC's work, were not promptly aware of the fact that the use of EVS was tantamount to proceeding to a division, which necessitated the ringing of a division bell pursuant to FCP requirements.

59. The Deputy Chairman further said that at the time when he took the Chair at the morning session of the meeting, he considered the voting

procedures so adopted reasonable and he had already announced the voting results. Notwithstanding the above, should the Clerk or the Legal Adviser subsequently point out that the voting procedures adopted were not in compliance with the requirements under FCP or the Rules of Procedure, he and the Chairman were obliged to take into account the advice of the LegCo Secretariat and make rectifications. Upon discussion with the Clerk and the Legal Adviser and weighing the pros and cons of upholding the original voting results and those of conducting a fresh round of voting, he and the Chairman proposed that the two questions concerned should be put to vote again.

60. Mr Jeremy TAM said that at the morning session of the meeting, the Deputy Chairman directed that a division bell be rung for five minutes before the Committee proceeded to vote on whether the first FCP 37A motion proposed by Mr CHU Hoi-dick should be proceeded with forthwith, as the vote was to be conducted by a division. Mr TAM believed that after the ringing of this round of division bell, members who were not present at the meeting should have come back in time to cast their votes. Hence, he subsequently suggested that the voting on whether the second FCP 37A motion proposed by him should be proceeded with forthwith should be conducted not by a division. Afterwards, some members further suggested the use of EVS (without ringing a division bell) to replace manual counting of votes, with no members raising objection to this suggestion. At the time when the question on item FCR(2019-20)5A was put to vote, Mr CHU Hoi-dick claimed a division and the Committee proceeded to a division with no members requesting the ringing of a division bell or raising objections to dispensing with the ringing arrangements. Under such circumstances, Mr TAM considered that there was a consensus among all members present at the morning session of the meeting about the procedures through which voting on the second FCP37A motion and item FCR(2019-20)5A should be conducted. While the procedures might not comply with the requirements under FCP, the flaws involved should be minor in nature. Dr Fernando CHEUNG and Mr Kenneth LEUNG expressed similar views.

61. Mr CHU Hoi-dick, Dr Fernando CHEUNG, Mr WONG Kwok-kin, Mr CHAN Hak-kan and Ir Dr LO Wai-kwok said that the morning session of the meeting was legitimately held and the Deputy Chairman had already announced the voting results this morning pursuant to the powers conferred on him by FCP, and thus the voting results should be deemed valid. Mr CHU considered that a fresh round of voting might yield entirely different results and the validity of the voting procedures and results might be subject to legal challenge. Dr Fernando CHEUNG and Mr CHU were worried that it would set a bad precedent if a vote was conducted afresh in

the absence of clearly defined procedures/guidelines. Hence, they considered that FC should uphold the original voting results instead of putting the questions to vote again. Given that putting the questions to vote again might affect future practices, Mr Holden CHOW expressed similar concerns.

62. Mr CHAN Hak-kan, Mr WONG Kwok-kin and Mr Jeremy TAM considered that as putting the two questions to vote again might give rise to unfairness or the risk of legal challenge, they suggested that the Committee should uphold the original voting results. Ir Dr LO Wai-kwok considered that reactivating the voting procedure would do more harm than good. Mr CHAN Hak-kan pointed out that members present and voting at the morning session of the meeting agreed with the then voting arrangements and results, and the two questions should not be put to vote again simply because of technical blunders. Mr WONG Kwok-kin and Mr CHAN Hak-kan pointed out that according to the speeches made by members present and speaking at this meeting, they generally shared the view that the original voting results should be upheld, that there was no need to put the two questions to vote again.

63. Mr Andrew WAN enquired about the most severe consequences that might arise from the Committee proceeding to a division on item FCR(2019-20)5A without ringing a division bell at the morning session of the meeting. Mr WAN considered that FC needed the information before deciding whether the item should be put to vote again. Mr Michael TIEN enquired whether the Chairman had any discretionary power under FCP to allow the conduct of a division without ringing a division bell; if not, Mr TIEN opined that FC should consider reactivating the voting procedure. For the purpose of avoiding other unforeseeable adverse impacts that might arise if the questions were to be put to vote again, Mr Kenneth LEUNG considered that the original voting results should be upheld if the Deputy Chairman was empowered to confirm the voting results which were returned through voting procedures that were, albeit less than perfect, unanimously agreed by the Committee at the morning session of the meeting.

64. At 4:41 pm, the Deputy Chairman directed that the meeting be suspended.

65. The meeting resumed at 5:17 pm. The Deputy Chairman advised that upon discussion with the Clerk and the Legal Adviser and having regard to the views expressed by members just now, he invited members to consider the following handling approach: (a) it was confirmed that the voting on the question on whether the second FCP 37A motion should be

proceeded with forthwith was conducted not by a division; and (b) the question on item FCR(2019-20)5A had been voted on by a division without ringing a division bell for five minutes prior to the casting of votes, and the voting therefore did not fully comply with the requirements under FCP. Under the then circumstances that all members present at the meeting accepted the voting arrangements, he held that the question on item FCR(2019-20)5A would not be put to vote again. No members raised objection to the handling approach put forth by the Deputy Chairman.

66. While concurring with the aforesaid handling approach put forth by the Deputy Chairman, Ms Tanya CHAN said that the approach proposed by the Deputy Chairman sought to handle an individual incident and should not be established as future practices. While expressing agreement to the handling approach put forth by the Deputy Chairman, Mr Kenneth LEUNG also emphasized that when item FCR(2019-20)5A was put to vote this morning, the Deputy Chairman had proposed that the requirement of ringing a division bell be dispensed with, and upon obtaining the consent of all members present, the Committee proceeded to a division without ringing a division bell for five minutes.

67. At 5:19 pm, the Deputy Chairman directed that the meeting be suspended for five minutes.

**Item 3 — FCR(2019-20)7  
RECOMMENDATION OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 22 MARCH 2019**

**EC(2018-19)26  
HEAD 159 — GOVERNMENT SECRETARIAT:  
DEVELOPMENT BUREAU (WORKS BRANCH)  
Subhead 000 — Operational expenses**

68. The Chairman advised that this item sought FC's approval for the recommendation made by the Establishment Subcommittee ("ESC") at its meeting held on 22 March 2019 regarding the proposal in EC(2018-19)26 to create one permanent post of Principal Government Engineer ("PGE") (D3) and make permanent one supernumerary post of Government Engineer (D2) in the Works Branch under the Development Bureau ("DEVB(WB)") to lead the new Project Strategy and Governance Office ("PSGO") for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance. Some members requested that the recommendation be voted on separately at a meeting of FC. In addition, some members also requested that the two posts be voted on

separately. The Administration had raised no objection to such arrangements.

Performance efficiency of Project Cost Management Office

69. Mr CHAN Chi-chuen said that according to the Administration's paper submitted to ESC in January 2019, the Project Cost Management Office ("PCMO") had, since its establishment, achieved a cost saving of \$27 billion after scrutinizing 130 projects with an aggregate estimated cost of \$260 billion. Despite the fact that the Panel on Development had sought information on the details of the types of works of and reasons for cost saving for the 130 projects concerned, Mr CHAN noted that the information requested by members was not provided in the Administration's response. In this connection, Mr CHAN Chi-chuen reiterated his request for a breakdown of the 130 projects concerned to facilitate members' scrutiny of the item. As one year had lapsed since the Administration's paper was compiled, Mr CHAN Chi-chuen also requested an update on projects vetted by PCMO from January 2019 to date. Ms Claudia MO, Dr Fernando CHEUNG and Ms Tanya CHAN shared the view that a breakdown of individual works projects should be provided for members' reference so as to facilitate members' understanding of the performance efficiency of PCMO.

70. In response, Permanent Secretary for Development (Works) ("PSDEV(W)") advised that:

- (a) prior to submitting a proposal for upgrading individual project to Category A for consideration by LegCo, PCMO would first review the cost estimates and optimize the project design and construction method for the purpose of cost saving, upon discussion with individual project teams based on the principle of "fitness-for-purpose and no frills"; and
- (b) the Administration would provide a supplementary information paper on the performance efficiency of PCMO in reviewing the cost of public works projects since its establishment.

71. Principal Government Engineer (Project), Development Bureau ("PGE(P)/DEVB") supplemented that there were a number of reasons attributing to a cost saving of \$27 billion for the 130 projects as mentioned by members. One such example was the expansion of Queen Mary Hospital. The planning restrictions on building height of the project gave rise to the necessity for constructing a deep basement, which involved rock

strata excavation and incurred a higher cost. Hence, PCMO spearheaded inter-departmental coordination in exploring cost-saving and practicable options and an application for a relaxation of height restrictions was submitted to the Town Planning Board after the revision of building design. All these efforts had ultimately saved several hundred million dollars in project cost.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members on 19 March 2020 vide LC Paper No. FC135/19-20(01).]*

72. Mr Alvin YEUNG noted that the authorities managed to achieve \$27 billion savings, or approximately 10% of the construction costs, for the 130 projects with an estimated cost of \$260 billion. Mr YEUNG enquired whether the Administration had set a cost-saving ratio as the key performance indicator ("KPI") for PCMO and whether the Administration could submit a report on PCMO's work to LegCo every year.

73. In response, PSDEV(W) advised that:

- (a) unforeseeable circumstances might arise in the delivery process of individual projects, which would ultimately result in cost overruns or delays. It might not be practicable to set a cost-saving ratio or cost overrun rate as a KPI for evaluating the performance efficiency of PCMO;
- (b) the Government would consider setting KPIs for evaluating the performance efficiency of PSGO in the future. Nonetheless, it was essential to evaluate PSGO's work in various aspects including enhancing the performance of public works, minimizing cost overruns and delays, ensuring works quality in compliance with contractual requirements and strengthening the project management capability of project officers from works departments; and
- (c) the Government could give an annual briefing to LegCo on the work of PSGO in the future.

74. Ms Claudia MO opined that the Administration should consider adjusting downward the amount of contingencies earmarked for various public works projects given that PSGO was in place to strengthen project cost management.

75. PSDEV(W) replied that during the project delivery process, there might be a need to deploy contingencies to handle problems arising from circumstances which were unforeseeable when the works contracts were drawn up.

76. Mr CHU Hoi-dick and Dr Fernando CHEUNG noted that the site formation and infrastructure works for WCPHD, Yuen Long, which was deliberated by FC earlier, achieved a saving of \$500 million since the tender price returned by contractors was far lower than the original estimates. Mr CHU and Dr CHEUNG considered this as an example illustrating that PCMO's intervention was not a must for achieving project cost savings.

77. PSDEV(W) explained that:

- (a) the contracting of public works projects had all along adopted a tendering system under which the tender prices returned by contractors reflected the prevailing market prices which were under the influence of many factors including commercial considerations; and
- (b) the Government would make reference to previous returned tender prices when preparing the cost estimation of works projects. PSGO would establish a benchmarking system in future, under which benchmark references were provided for different types of works projects for the purpose of further promoting the effectiveness of cost estimation work.

#### Functions and role of the Project Strategy and Governance Office

78. Regarding the Government's efforts to step up its monitoring of the cost effectiveness of public works projects, Dr Helena WONG expressed support and enquired about the stage of programme implementation at which PSGO would start to intervene in the cost management of public works projects, as well as whether PSGO would review the cost estimates of all government projects.

79. Ms Tanya CHAN enquired about the role of PSGO in the cost control and management of works projects undertaken by the West Kowloon Cultural District Authority and that of railway projects. Ms Claudia MO was also concerned as to whether the Administration would review railway projects which were underway, e.g. the Shatin to Central Link ("SCL") project implemented by the MTR Corporation Limited ("MTRCL").

80. In response, PSDEV(W) explained that:

- (a) all public works projects (including those constructed within the West Kowloon Cultural District) with an estimate exceeding \$30 million would be scrutinized by PSGO before submission to LegCo for funding approval; and
- (b) in respect of railway projects, PCMO was not involved in the cost management of the SCL project and the construction of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link since both projects had commenced long before the establishment of PCMO and consultants had been engaged to carry out independent monitoring and verification work. As far as the SCL project was concerned, PSGO had reviewed the proposal of seeking a supplementary provision from LegCo and agreed that the provision currently sought was at a reasonable level.

81. Mr WU Chi-wai considered that the future PSGO must be given adequate powers to put the "fitness-for-purpose and no frills" culture to practice so that all responsible departments would update the relevant building design standards on their own to avoid cost increases arising from excessive safety factor requirements. If all works departments could embrace the culture of "fitness-for-purpose and no frills" and update the relevant building design standards accordingly, it would obviate the need for PSGO to operate as a permanent set-up after a period of time.

82. In response, PSDEV(W) pointed out that there was a need for PSGO to operate on a long-term basis for taking forward various ongoing strategic initiatives, including:

- (a) strengthening the existing gateway process for cost management;
- (b) establishing a Centre of Excellence for Major Project Leaders ("CoE") and enhancing project delivery capability;
- (c) spearheading strategic developments and exploring a greater variety of initiatives and strategies such as promoting the application of construction technology, reviewing the prevailing building design standards, and rationalizing the workflow of the construction industry with a view to enhancing cost effectiveness; and

- (d) enhancing communication and collaboration with international counterparts and local industry stakeholders.

83. Ir Dr LO Wai-kwok asked whether PSGO undertook more work in cost control or in strategy formulation, as well as the relationship between PSGO and the controlling officers of departments overseeing individual public works projects. Mr WU Chi-wai and Mr Alvin YEUNG were also concerned about the relationship between PSGO and other works departments, as well as PSGO's relationship with the consultants of individual works projects.

84. In response, PSDEV(W) advised that:

- (a) individual works departments were responsible for the project design and routine project management and they would engage consultants to take forward individual projects under their purview. PSGO would be in charge of high-level cost management. Likewise, the United Kingdom ("UK") and Singapore had set up dedicated departments tasked with similar duties;
- (b) PSGO was set to have a higher-level project involvement from inception stage to construction stage. It would, throughout the entire project life cycle, offer advices to the works departments concerned and discuss with the consultants of the relevant projects; and
- (c) PSGO would take forward various strategic initiatives including the enhancement of the project governance capability of leaders of works departments, the establishment of CoE, etc. The first cohort of CoE participants took part in a one-year training programme which was launched last summer, under which they received training locally and at Oxford University.

85. Mr WU Chi-wai and Mr Alvin YEUNG were concerned as to whether works departments or PSGO would have the final say in the event that there was disagreement between the two parties and the former was reluctant to adopt PSGO's recommendations. Noting that PSGO would report to the Financial Secretary regularly, Mr Holden CHOW enquired whether the Administration would consider revising the arrangement so that PSGO might, by reporting directly to the Chief Executive instead, discharge its powers and functions more effectively. Mr CHOW was also concerned as to whether PSGO was conferred with the high-level powers

similar to those vested in the Office of The Ombudsman so that PSGO's powers might override those of government bureaux or departments.

86. In reply, PSDEV(W) advised that:

- (a) PCMO had been engaging with other works departments through joint discussions and its operation had been smooth since its establishment. In case there were divergent views between PSGO and other works departments in the future, the former would seek to resolve the differences through coordination or upgrading the issue to a higher-level discussion in accordance with the established procedure. PSDEV(W) would personally review the issue in question if so warranted, but he had not encountered such situation since his assumption of the post; and
- (b) PSGO, which was set up under DEVB(WB), was responsible for implementing strategic initiatives that were closely related to the work of DEVB, and thus it was not appropriate to place the office elsewhere within the government framework. Its counterparts in the UK and Singapore also operated under a similar framework.

#### Manpower requirement of the Project Strategy and Governance Office

87. Given that cost overruns and delays in major public works projects had been a major public concern, Mr Tony TSE expressed support for the Government's efforts in establishing a dedicated office to strengthen cost control and monitoring of public works projects. Regarding manpower resources, Mr TSE considered that the directorate posts of PSGO should be filled by the most competent candidates given its interdisciplinary work nature. Hence, he queried why only Engineer Grade officers, rather than other professional officers such as architects and surveyors, would be appointed to fill the two proposed directorate posts. Dr Helena WONG also opined that the selection of candidates for the two proposed directorate posts should not be confined to a pool of engineers.

88. PSDEV(W) replied that PSGO would implement various strategic initiatives to strengthen cost management and enhance the project management capability of project leaders of works departments. The directorate officers of PSGO were required to possess the expertise and experience in taking forward the planning, design, construction, project management and maintenance of different types of large-scale projects. In addition, given that the proposed Head of PSGO ("H/PSGO") would

lead an interdisciplinary team comprising architects, engineers and quantity surveyors, etc., it would be more appropriate for Engineer Grade officers to take up the two proposed directorate posts in PSGO since engineers had exposure to a wider spectrum of works projects.

89. Mr Jeremy TAM and Mr CHU Hoi-dick sought explanation on the additional manpower to be deployed in PSGO and the funding involved.

90. In response, PSDEV(W) advised that as the proposed creation of one permanent PGE post was still in the pipeline, PSGO was not headed by a directorate officer for the time being. Apart from the two proposed directorate posts, PSGO also planned to increase the manpower of non-directorate supporting staff. PGE(P)/DEVB supplemented that PCMO was originally staffed by seven permanent non-directorate officers, and with the establishment of PSGO, it was planned that 12 permanent non-directorate posts would be created to cope with the operational needs of taking forward various initiatives. With regard to funding, the total full annual average staff cost for the two proposed directorate posts was about \$6,681,000 while the additional full annual average staff cost for the creation of 12 non-directorate posts was about \$16,581,000.

91. Noting that PCMO, despite its limited manpower, managed to conduct costing reviews on 130 works projects within the three years since its establishment in 2016, Mr Jeremy TAM and Mr Alvin YEUNG enquired whether the creation of additional non-directorate posts alone would provide sufficient manpower for taking forward the various planned initiatives, thus obviating the need of creating the two proposed directorate posts. Dr Helena WONG held that the Administration could also consider uplifting the governance capability of project officers in various works departments as the setting up of a new dedicated office would only lead to duplication and redundancy. Mr CHU Hoi-dick enquired whether consideration had been given to outsourcing the relevant work to save government expenditure.

92. PSDEV(W) explained that in the past when the manpower resources of PCMO were merely sufficient to perform its basic function of project cost control, PCMO could only conduct costing reviews at the advanced design stage of projects, and no manpower could be spared to take forward other strategic initiatives. Following the creation of the two proposed directorate posts and the provision of additional manpower, H/PSGO would lead the office in formulating and implementing various strategic initiatives and such functions could not be outsourced.

93. Mr WU Chi-wai was concerned as to whether the increased manpower of PSGO could cope with its future workload given the anticipation that the volume of public works projects would increase drastically in the next few years. Mr WU was also concerned that if there was a possibility that PSGO officers would be transferred to other works departments in future, they might have scruples about reviewing the projects undertaken by works departments.

94. In response, PSDEV(W) advised that:

- (a) apart from continuing with its existing task of conducting costing reviews, PSGO would also develop a project surveillance system for monitoring projects on a continuous basis and issuing early alerts against potential problems for the purpose of facilitating early intervention by project management officers of works departments. Given that PSGO would not be directly responsible for monitoring individual projects on an ongoing basis, it was unlikely that its delivery capacity would be undermined by an increase in the volume of public works projects; and
- (b) it was unlikely that the professional input by PSGO officers to works departments on public works projects would affect the posting arrangements of individual officers.

#### Tendering system for public works projects

95. Citing the construction works at the Hung Hom Station under the SCL project undertaken by MTRCL as an example, Dr CHENG Chung-tai said that despite the project being plagued by delays and cost overruns, the contractors concerned had, on the ground of confidentiality, refused to disclose the relevant project details and their prices. The prevailing tendering and contracting systems for public works projects had rendered the Government unable to monitor cost overruns incurred during the construction stage. Dr CHENG Chung-tai considered that even if PSGO could intervene at an early stage and offer cost-saving advices to the departments concerned in future, insofar as public works projects were implemented under the existing contracting system, PSGO could not exercise effective cost control and avoid cost overruns since it would not directly participate in project management during the construction stage.

96. In response, PSDEV(W) advised that:
- (a) the SCL incident had been referred to a Commission of Inquiry for conducting hearings, and subject to the recommendations in the Commission's report, the Government would take follow-up actions as appropriate;
  - (b) in respect of cost surveillance during the construction stage, the Government would digitize the works supervision system with a view to improving the acceptance procedure during the construction stage as far as practicable; and
  - (c) in future, PSGO's participation would start from project inception stage to construction stage, assisting project teams of works departments to monitor project construction progress through the implementation of a project surveillance system. Early alerts would be issued in the event of deviation from original estimates.

97. Ir Dr LO Wai-kyok pointed out that under the existing tender assessment system for public works projects, the approach of "lowest bid wins" prevailed since tender price was still the determining factor when there was no notable difference in the technical scores among tenderers. Ir Dr LO enquired about the measures in place to improve the tendering arrangements for public works projects.

98. PSDEV(W) explained that at present, tender assessment for public works projects mainly comprised technical and financial aspects, which normally adopted a weighting of 40% for technical scores and 60% for financial scores. Tender submissions would only be considered if the contractors could meet the technical requirements of the relevant projects. The Government would not take the returned tender price as the sole evaluation criterion. DEVB would review from time to time the tendering arrangements and evaluation criteria for public works projects.

99. Noting that members intended to raise further enquiries on the item upon receipt of supplementary information to be provided by the Administration at members' requests raised at today's meeting, the Chairman advised that he would defer the discussion of the item to the next meeting.

100. The meeting ended at 7:00 pm.