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Establishment Subcommittee of the Finance Committee

Minutes of the 5th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday 31 March 2021 at 9:00 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Hon YIU Si-wing, BBS (Deputy Chairman)
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Jimmy NG Wing-ka, BBS, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHAN Chun-ying, JP
Hon Tony TSE Wai-chuen, BBS, JP

Members absent:

Dr Hon CHIANG Lai-wan, SBS, JP
Hon CHUNG Kwok-pan

Public Officers attending:

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| Mr Raistlin LAU Chun, JP | Deputy Secretary for Financial Services and the Treasury (Treasury) 1 |
| Mrs Angelina CHEUNG FUNG Wing-ping, JP | Deputy Secretary for the Civil Service 1 |
| Mr Vincent MAK Shing-cheung, JP | Deputy Secretary for Development (Works) 2 |
| Mr Terence LAM Tat-ming, JP | Principal Assistant Secretary for Development (Works) 5 |
| Mr Ricky LAU Chun-kit, JP | Director of Civil Engineering and Development |
| Mr Michael FONG Hok-shing, JP | Head of the Sustainable Lantau Office Civil Engineering and Development Department |
| Mr Raymond IP Wai-man | Deputy Head of the Sustainable Lantau Office (Works) Civil Engineering and Development Department |
| Ms Elsa CHEUK Hau-kwan | Deputy Head of the Sustainable Lantau Office (Planning and Conservation) Civil Engineering and Development Department |
| Miss Winnie LAU Bo-yee | Assistant Director of Planning (Territorial) Planning Department |
| Mr NGAI Hon-wah | Government Engineer (Railway Development) 2 Highways Department |
| Mr Johnny CHAN Chi-ho | Principal Assistant Secretary for Development (Works) 2 |
| Ms Alice PANG, JP | Director of Drainage Services |
| Ms Yvonne LO Chau-ling | Senior Engineer (Special Task) 1 Drainage Services Department |

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("H(SLO)"), one Government Town Planner (D2), to be designated as Deputy Head (Planning & Conservation) ("DH(P&C)"), three Chief Engineers ("CEs") (D1), to be designated as Chief Engineer/Lantau 2 ("CE/L2"), Chief Engineer/Lantau 3 ("CE/L3") and Chief Engineer/Lantau 4 ("CE/L4") respectively, and one Chief Town Planner ("CTP")(D1), to be designated as Chief Town Planner/Lantau; one supernumerary post of Chief Town Planner (D1), to be designated as Chief Town Planner/Studies and Research 2 ("CTP/SR2"), in the Planning Department ("PlanD"); and one supernumerary CE post (D1), to be designated as Chief Engineer/Railway Development 2-3 ("CE/RD2-3"), in the Highways Department ("HyD"), upon approval of the Finance Committee ("FC") up to 31 March 2025 to implement the development and conservation projects related to Lantau.

3. Ir Dr LO Wai-kwok, Chairman of the Panel on Development, said that the Panel had discussed this staffing proposal at its meeting on 23 February 2021. Members in general supported submission of the proposal to the Establishment Subcommittee ("ESC") for consideration. On the proposal to retain the supernumerary H(SLO) post, individual members opined that as H(SLO) was mainly responsible for project planning, overseeing the budget and expenditure of works projects and contract administration, etc., consideration could be given to appointing an officer from other works-related professional grades to take up the post. Besides, individual members found it unjustifiable to create the supernumerary CTP/SR2 post in PlanD and the supernumerary CE/RD2-3 post in the Railway Development Office of HyD. In response to members' concerns, the Administration had provided supplementary information with detailed justifications for creation of the aforesaid supernumerary posts. The supplementary information was issued to Panel members on 19 March 2021.

Discussion

Human resources arrangements for the Sustainable Lantau Office

4. Mr CHAN Chun-ying said that he supported in principle the staffing proposal to provide relevant human resources to Sustainable Lantau Office ("SLO"). Noting that there were two Deputy Head of SLO posts, namely the Deputy Head (Works) ("DH(W)") and the proposed supernumerary DH(P&C) post, he enquired about the detailed division of work between these two DHs and their teams in executing the strategies and policies formulated by the policy bureaux in respect of the Lantau development and conservation projects. Mr CHAN also asked why it was specified in the Administration's discussion paper that holders of the proposed posts would be required to chair/attend relevant meetings to

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ensure the smooth delivery of various studies and initiatives for the development of Lantau.

5. Deputy Secretary for Development (Works) 2 ("DS(W)2") remarked that as it was mapped out in the Sustainable Lantau Blueprint that "Development in the North, Conservation for the South" would be the future direction for Lantau, SLO would adhere to this direction in the development and conservation of Lantau. Director of Civil Engineering and Development ("D of CED") said that the division of work between the two DHs were based on the strategies formulated by policy bureaux and the nature of related policies with a view to striking a balance between development and conservation of Lantau. DH(W) would be mainly responsible for taking forward projects for the development of Lantau, while DH(P&C) would be primarily in charge of the steering, planning and implementation of conservation-related initiatives, as well as the steering and implementation of recreation, smart, green and resilient initiatives. The duties of DH(P&C) also included steering the operation and implementation of the \$1 billion Lantau Conservation Fund ("LCF") established in 2020 for financing conservation projects and taking forward minor improvement works. He added that regular meetings would be held between the various sectors (e.g. consultants and contractors) taking part in development and conservation projects in Lantau and the Administration to discuss on the coordination, planning, supervision of project progress and solutions to relevant problems, etc. That being the case, holders of the proposed supernumerary directorate posts would be required to chair/attend relevant meetings to ensure the smooth delivery and completion of various studies and initiatives.

6. Ms Starry LEE expressed support for this staffing proposal to increase the manpower of SLO in order to cope with the diversified development of Lantau in the future. She enquired about the arrangements in place to cope with SLO's human resources demand in the future given its increasing workload.

7. Ir Dr LO Wai-kwok expressed support for this staffing proposal and opined that SLO had a crucial role to play in taking forward the future development of Lantau. He enquired about details of the future workload of and the human resources arrangement for each of the offices under CEDD.

8. Mr Holden CHOW noted that the proposed supernumerary posts would be responsible for a number of development projects for Lantau (e.g. Road P1, Sunny Bay Reclamation, improvement works at Tai O and Ma Wan Chung, etc.). As some of the projects would not be completed before 2025 or 2030, he opined that interim reports on the planning and

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progress of those projects should be submitted to relevant Panels of the Legislative Council, and the Administration should also step up efforts to publicize the achievements of SLO in respect of the development of Tung Chung. Mr CHOW also asked why it was proposed that supernumerary posts for H(SLO), DH(P&C), CE/L2 and CE/L3 at SLO be re-created instead of retained.

9. Mr Tony TSE expressed support for this staffing proposal to increase the manpower at SLO in order to cope with the heavy workload. To enhance public understanding on the work of SLO, he requested the Administration to provide the following supplementary information after the meeting: (a) tabulate in brief the achievements of SLO in recent years and their work plan and targets in the future (including completed projects, planned projects and the anticipated completion time, etc.); and (b) manpower and arrangement in the Lands Department in respect of the implementation of projects related to the development and conservation of Lantau.

10. In response, DS(W)2 said that the initiatives for taking forward the development and conservation of Lantau entailed heavy workload and efforts on various fronts on the part of SLO, including reclamation works in Tung Chung and post-reclamation infrastructure development works (e.g. site formation, transport and infrastructure works, etc.), assisting with the Studies related to Artificial Islands in the Central Waters ("the Central Waters Study") for which funding approval was given by FC in 2020, as well as operating LCF. Given the tight timeframe for taking forward the various work, coupled with the fact that the supernumerary posts of H(SLO), DH(P&C), CE/L2 and CE/L3 would lapse on 1 April 2021, the Administration proposed to re-create those posts to ensure the sustainable and smooth delivery of SLO's work. Regarding human resources arrangements for SLO, he advised that there were around 140 non-directorate posts in SLO responsible for taking forward work in different areas. These staff members would provide continued support to the proposed supernumerary directorate posts if approval was given to the staffing proposal. Similar arrangements would be made by PlanD and HyD with regard to this staffing proposal for taking forward the development of Lantau with enhanced manpower resources through deployment of internal resources and creation of supernumerary non-directorate posts. DS(W)2 remarked that the tenure of the eight supernumerary posts in this staffing proposal would last until 31 March 2025 to tie in with the anticipated completion of the Central Waters Study. The need for these supernumerary posts would then be subject to review. He undertook to provide the supplementary information requested by Mr Tony TSE after the meeting. He remarked that the Development Bureau ("DEVB") would keep reporting to the Panel on Development

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annually on SLO's work progress.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members on 19 April 2021 vide LC Paper No. ESC44/20-21(01))

11. Regarding the establishment of CEDD, D of CED responded that CEDD conducted an internal review on its establishment in 2017 in relation to its existing and anticipated workload, followed by the establishment of four development offices, namely the East Development Office, South Development Office, West Development Office and North Development Office, and SLO. The overall strength of CEDD at present was around 2 000. The four offices had establishment arrangements similar to each other, headed by one PGE with assistance from Government Engineers and CEs.

12. Mr Steven HO opined that while SLO would take forward development and conservation projects for Lantau, it should also be mindful of the impacts of these projects on the agriculture and fisheries industries. He asked about SLO's achievements over the past few years and its major work in the future in terms of efforts on striking a balance between conservation and development of the agriculture and fisheries industries.

13. In response, D of CED remarked that an impact assessment on the fisheries industries would be conducted under the Central Waters Study to explore feasible options for the development of the agriculture and fisheries industries.

Future development of Lantau

14. Mr YIU Si-wing expressed support for this staffing proposal for taking forward various Lantau development and conservation projects, particularly projects for tourism. He asked about the progress of the proposed reclamation project at Sunny Bay and the associated tourism development projects; and how the planning of transport infrastructure for Lantau could complement tourism development. Mr YIU also enquired about the turnout for applications since LCF opened for funding application at the end of 2020 and details of the conservative projects that were being taken forward.

15. In response, DS(W)2 pointed out that Sunny Bay was well placed geographically for developing facilities for tourism and recreational activities. The Administration had consulted members of the Panel on Development regarding the planning and engineering study on Sunny Bay

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reclamation earlier on, and support had been given by members. The Administration would exercise prudence in reviewing the priority of project implementation in light of the overall landscape of Hong Kong's economy and the tourism industry, and funding approval for the related study from the Public Works Subcommittee and FC would be sought at an appropriate juncture. Regarding conservation and recreational development, D of CED responded that SLO had formulated the Lantau Conservation and Recreation Masterplan in 2020 for conducting further study and exploration of conservation and opportunities for development of recreational facilities in Lantau. Besides, SLO was conducting a study on the transport network and infrastructure plans of Lantau and Lantau's capacity to receive visitors, with a view to exploring suitable ancillary transport facilities to meet with service needs.

16. Regarding the operation of LCF, D of CED remarked that LCF, established in mid-2020, aimed to provide funding for eligible non-government organizations, charitable organizations and tertiary institutions to facilitate collaboration with the community and land owners in taking forward conservation projects in Lantau, including "Conservation Management Agreement", "Research", and "Education and Engagement" projects. LCF would also finance local minor improvement works for improving the accessibility of and providing eco-recreation facilities in remote areas, etc. LCF had been open for application since late 2020, and over 60 applications had been received so far. Applications would be processed expeditiously for commencement of the funded projects in the third quarter. In addition, the first batch of the minor improvement works had been worked out for commencement in the second quarter of 2021. Other conservation projects included creating an eco-shoreline in Tung Chung New Town, revitalizing the Tung Chung Stream and turning it into a river park for conservation and recreation purposes, as well as introducing a sustainable urban drainage system to the community.

17. Mr POON Siu-ping expressed support for this staffing proposal for taking forward the development of Lantau. Having regard to the proposed zero growth for civil service establishment as announced by the Government earlier on, he asked how the Lantau projects (such as the proposed provision of over 60 000 housing units under the Tung Chung New Town Extension and the reclamation works at Sunny Bay, etc.) would be impacted if FC's approval was not given to this staffing proposal. In addition to the creation of supernumerary directorate posts, Mr POON also asked about the non-directorate establishment and work arrangements of SLO.

18. In response, DS(W)2 said that given its increasing workload, SLO had been strengthening its non-directorate establishment on an annual basis

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since its establishment in 2017. If FC's approval was not given on this staffing proposal, it would be incumbent on the two permanent directorate officers to take charge of SLO and it could be difficult for the various projects in Lantau to be taken forward on schedule.

19. The Chairman suggested that the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") should be taken into consideration in planning the various Lantau projects. She asked how the Administration could ensure the smooth completion of the housing scheme and ancillary transport facilities (railway construction in particular) on the artificial islands in the Central Waters. The Chairman also requested the Administration to provide supplementary information before the relevant FC meeting to illustrate the reason for the high cost of public works projects in recent years and the measures in place for keeping construction costs under control.

20. In response, DS(W)2 remarked that given the importance of the infrastructure in Lantau, namely the Three-Runway System and the Hong Kong-Zhuhai-Macao Bridge, for connecting Hong Kong with overseas places and the Mainland, the Administration believed that stepped-up efforts should be made for the development of Lantau to facilitate the future development of Hong Kong. While the Central Waters Study would examine the needs regarding the development of Hong Kong, GBA would also be taken into consideration in the planning of the artificial islands. Regarding efforts on monitoring the progress and cost of public works projects, he advised that the Project Strategy and Governance Office ("PSGO") under DEVB had been monitoring the cost control of various works projects. Any project variations of a costly nature subsequent to commencement of works project would be subject to the scrutiny of PSGO. DS(W)2 undertook to provide the supplementary information requested by the Chairman after the meeting.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members on 19 April 2021 vide LC Paper No. ESC44/20-21(01))

21. Ir Dr LO Wai-kiwok expressed concern on the development of ancillary transport facilities for Tung Chung New Town. He noted that in recent years, the development of ancillary transport facilities for new towns was unable to catch up with the development of the relevant housing projects. He opined that DEVB should enhance communication and collaboration with the Transport and Housing Bureau to prevent the problem and prevent causing inconvenience to the residents.

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22. Mr Holden CHOW pointed out the unsatisfactory living environment of the old areas of Ma Wan Chung, where there were flooding problems particularly during the rainy season. In addition to carrying out improvement works, he urged the Administration to review the general living environment of the area and introduce initiatives to improve residents' quality of life, such as arranging public housing for residents being affected. He also suggested provision of cycle tracks in the reclamation area of Tung Chung East to give easy access to residents to and from Tung Chung Town Centre.

23. Regarding the progress of the development of ancillary transport facilities in Lantau, DS(W)2 remarked that the Administration would adopt a transport infrastructure-led approach to realize the Lantau Tomorrow Vision ("LTV"). The Central Waters Study would also explore details of the development of the roads and rails connecting the artificial islands. The Administration anticipated that the connecting roads could be completed prior to the arrival of the first batch of residents under the housing project of LTV (i.e. around 2034). As the railway was a bigger project, it was anticipated that the railway project would not be completed until a later date.

24. Regarding improvement works for Ma Wan Chung, D of CED responded that rehabilitation works had been carried out at Ma Wan Chung, and improvement works for the drainage and sewerage facilities and construction of coastal pedestrian access connecting Ma Wan Chung and Tung Chung New Town were being planned. He said that he would convey members' views to PlanD for a holistic approach to be taken for the planning for Ma Wan Chung.

Voting on the item

25. There being no further questions from members, the Chairman put the item to vote. All the members present were in favour of this proposal. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval.

26. Mr Holden CHOW requested that the item be voted on separately at the relevant FC meeting.

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EC(2020-21)13 Proposed creation of one supernumerary post of Chief Engineer (D1) in the Drainage Services Department with immediate effect upon approval of the Finance Committee up to 31 March 2026 to lead a new Cavern Projects Division to mainly implement the "Relocation of Sha Tin Sewage Treatment Works to caverns" and plan cavern projects for relocation/accommodation of other suitable sewage treatment facilities

27. The Chairman remarked that the staffing proposal was to create one supernumerary CE (D1) post, to be designated as Chief Engineer/Cavern Projects ("CE/CP"), in the Drainage Services Department ("DSD") for a period of five years with immediate effect upon FC's approval up to 31 March 2026 to lead a new Cavern Projects Division ("CPD") to mainly implement the "Relocation of Sha Tin Sewage Treatment Works ("STSTW") to caverns" and plan cavern projects for relocation/accommodation of other suitable sewage treatment facilities.

28. Ir Dr LO Wai-kwok, Chairman of the Panel on Development, remarked that at its meeting on 27 October 2020, the Panel had discussed the proposal for creation of a permanent CE post in DSD to implement cavern development projects. The majority of the members raised no objection to submission of this staffing proposal to ESC for consideration. Some members opined that, as a first step, consideration should be given to creation of a time-limited supernumerary post, and reviews should be conducted in due course on the need for retaining the supernumerary post or on whether the supernumerary post should be made permanent having regard to the workload of directorate officers in DSD. Some members queried the need for a new dedicated CPD in DSD and asked about its major duties and staffing requirement. They also urged DSD to consider the feasibility of absorbing the additional workload through internal redeployment of manpower.

29. Ir Dr LO Wai-kwok pointed out that responses had been given by the Administration at the Panel meeting regarding the questions and concerns raised by members and supplementary information requested by members had been provided after the meeting. The relevant information had been circulated to all Members. The authorities advised in the supplementary information that having considered the comments of members and following the Chief Executive's commitment of reviewing staffing proposals as announced in the 2020 Policy Address, the authorities had revised the original proposal of creating a permanent CE post to a supernumerary CE post for five years instead.

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Discussion

Progress of implementing cavern development projects

30. Mr Holden CHOW noted that the Task Force on Land Supply ("Task Force") submitted a report to the Government recommending that cavern development was a priority option worthy of study and implementation for increasing land supply. He asked for details on implementing the recommendations made by the Task Force.

31. Ir Dr LO Wai-kwok expressed support for this staffing proposal. Citing the example of Stanley sewage treatment plant which was housed in caverns and commenced operation in 1995, he pointed out that relocating suitable Government facilities to caverns could, on the one hand, remove facilities which were incompatible with the land uses nearby, and, on the other hand, release above-ground sites for housing and other uses. In addition to relocation of STSTW, Ir Dr LO enquired about other cavern development projects. He also suggested that the Government should enhance public education and promotion work in respect of cavern development projects.

32. Mr Tony TSE expressed support for this staffing proposal to increase land supply for housing or other uses. He asked about the progress of implementing other cavern development projects apart from the relocation of STSTW.

33. Ms YUNG Hoi-yan enquired about the sites identified for other cavern development projects and details of DSD's large-scale public engagement activities for cavern development.

34. The Chairman enquired how future cavern development projects could benefit from the experience of the relocation of STSTW, for example, how cavern projects could be taken forward expeditiously and how the costs of relevant works projects could be reduced.

35. In response, DS(W)2 remarked that the relocation of STSTW was the largest cavern development project in Hong Kong so far. The Administration anticipated that upon completion of the project, about 28 hectares of land could be released for other purposes. The newly-established CPD was responsible for the relocation of STSTW, as well as planning and implementing the relocation or accommodation of other suitable sewage treatment facilities into caverns in light of the recommendations of the Task Force. It was expected that through relocation of STSTW, CPD could build up knowledge, technology and experience of cavern projects to facilitate implementation of similar

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projects in the future.

36. Regarding the progress of other cavern development projects, DS(W)2 advised that the Administration was progressively implementing plans to relocate other suitable Government facilities to caverns; for example, relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs to caverns was being planned, and funding approval for related building projects would be sought from FC at a later stage. A feasibility study on relocation of Yau Tong Group Fresh Water and Salt Water Service Reservoirs as well as Tsuen Wan No. 2 Fresh Water Service Reservoir to caverns had been conducted; according to the findings of the study, the two projects were technically feasible, and it was expected that a total of about 10 hectares of land could be released. A feasibility study on relocating Sham Tseng Sewage Treatment Works and Sai Kung Sewage Treatment Works to caverns had also been conducted by DSD; at present, reference was being made from the latest development plans for nearby areas to map out the way forward. No implementation timetable was available at this moment.

37. Regarding public engagement activities and education about cavern development, Director of Drainage Services advised that it took a long time for taking forward cavern projects, and the Administration attached great importance to gaining community support for these projects; as such, a community liaison centre had been set up adjacent to the construction site of STSTW relocation project to conduct relevant public education and promotion activities for residents, as well as holding meetings with stakeholders and residents living nearby to gauge public views.

Tendering of public works projects

38. The Chairman expressed concern on whether the qualifications required of contractors for tendering public projects were still relevant to the needs of the works projects being taken forward in Hong Kong.

39. In response, DS(W)2 remarked that DEVB maintained a List of Approved Contractors for Public Works who were eligible to tender for public works projects. The list was classified by works categories with subdivision of A, B, C Groups based on the scale of works. Among them, contractors from Group C could tender works projects of the largest scale. The scale of the STSTW relocation project belonged to a Group C contract, for which over 10 qualified contractors on the List were eligible to submit tenders. The tender prices arrived at during the tendering process would mostly reflect the prevailing market conditions. Contractors were required to possess technical know-how and experience of relevant works and meet other established requirements before they could apply for

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registration onto the List and then take part in the tendering after approval had been given for registration. He said that contractors from different places with relevant experience could apply for registration. He added that the criteria of public works projects were benchmarked against international standards including standards adopted by the European Union.

(At 10:26 am, the Chairman said she would extend the meeting by 5 minutes to 10:35 am to complete the consideration of this item. No members raised any objection.)

Voting on the item

40. There being no further questions from members, the Chairman put the item to vote. All the members present were in favour of this proposal. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

41. There being no other business, the meeting ended at 10:28 am.