

立法會
Legislative Council

LC Paper No. FC227/20-21
(These minutes have been
seen by the Administration)

Ref : FC/1/1(7)

Finance Committee of the Legislative Council

Minutes of the 7th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 4 December 2020, from 3:04 pm to 6:59 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, 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-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
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

Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

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
Miss Jennie CHAN Cheuk Yin	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Michael WONG Wai-lun, JP	Secretary for Development
Mr LIU Chun-san, JP	Under Secretary for Development
Mr LAM Sai-hung, JP	Permanent Secretary for Development (Works)
Ms Doris HO Pui-ling, JP	Deputy Secretary for Development (Planning and Lands) 1
Mr Vincent MAK Shing-cheung, JP	Deputy Secretary for Development (Works) 2
Mr TSE Chin-wan, BBS, JP	Under Secretary for the Environment
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	Acting Deputy Head of the Sustainable Lantau Office (Works), Civil Engineering and Development Department
Mr Ivan CHUNG Man-kit, JP	Deputy Director of Planning (Territorial)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

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

Action

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

Item 1 — FCR(2019-20)27

RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 25 MAY 2019

PWSC(2019-20)5

HEAD 705 — CIVIL ENGINEERING

Civil Engineering — Land development

768CL — Studies related to artificial islands in the Central Waters

Continuation of the discussion on agenda item FCR(2019-20)27

2. The Finance Committee ("FC") continued with the discussion on FCR(2019-20)27. The Chairman advised that this item sought the approval of members for the upgrading of 768CL to Category A at an estimated cost of \$550.4 million in money-of-the-day prices to engage consultants to conduct the studies related to artificial islands in the Central Waters ("Studies on artificial islands in the Central Waters") and the associated site

investigation works. The Public Works Subcommittee had spent a total of 6 hours and 9 minutes on the scrutiny of the aforesaid proposal, and FC had also spent 3 hours 42 minutes on the discussion of this item at its last meeting (i.e. the meeting held on 27 November 2020).

3. The Chairman declared that he was a Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited. He was also a Director of Well Link General Insurance Company Limited and Well Link Life Insurance Company Limited, both under the Well Link Insurance Group.

The financing model and the expected economic benefits of the Lantau Tomorrow Vision

4. Mr CHUNG Kwok-pan said that since the development of artificial islands around Kau Yi Chau ("KYC Artificial Islands") was part of the Lantau Tomorrow Vision ("the Vision"), and the Central Waters Study would involve a huge amount of money, the Administration should provide more details on the financing model and the expected economic benefits of the Vision.

5. Ms Starry LEE said that the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") to which she belonged supported the Administration to increase land supply for housing development, but was concerned about the financing arrangements and the economic benefits of the KYC Artificial Islands development and the Vision. She requested the authorities to provide further information on the financing options to be covered in the Central Waters Study, including the respective pros and cons of these options, as well as the proposed cost control measures to be implemented when taking forward the KYC Artificial Islands development in a bid to prevent under-estimation of costs and over-estimation of returns. She also requested the Administration to provide a cost breakdown of the aforesaid finance study in a presentation style similar to that in paragraph 17 of PWSC(2019-20)5.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC85/20-21(01) on 31 December 2020.]

6. Mr Martin LIAO enquired about the financing model to be adopted for the development projects under the Vision and suggested that the studies on artificial islands in the Central Waters should explore and analyse different financing models with a view to identifying a cost-effective financing method. Mr WONG Kwok-kin expressed his support in principle

for the Vision and suggested that the Administration should consider financing the project by bond issuance, which would provide an investment option for the public at the same time. Mr Paul TSE enquired about the details of the Administration's financing effort to take forward the KYC Artificial Islands.

7. Mr Christopher CHEUNG expressed support in principle for increasing land supply for housing developments and enquired about the delivery model for the Vision, such as implementation by the Government or public-private partnership, and about the Administration's plan to enhance the transparency of the project expenditure. Mr CHEUNG asked whether the Administration had taken into account the possible future impacts from different economic factors, such as inflation and changes in employees' salaries, in calculating the estimated expenditure for the KYC Artificial Islands project.

8. Mr YIU Si-wing enquired about the estimated expenditure for the Vision and the financing model for delivery of the project, such as issuance of bonds or sale of land to developers for development. He also enquired about the possible economic benefits, such as growth in Gross Domestic Product and creation of jobs, that the Administration envisaged would be brought about by the development of the third core business district on the KYC Artificial Islands.

9. Mr CHAN Hak-kan asked how the Administration would control the construction costs of the KYC Artificial Islands and requested that the studies on artificial islands in the Central Waters cover the matters of concern raised by Members.

10. Dr Priscilla LEUNG enquired what economic benefits the Administration envisaged would be brought about by the KYC Artificial Islands and when such benefits would be delivered.

11. Mr Holden CHOW enquired about the financing model and estimated expenditure for the KYC Artificial Islands under the Vision and suggested that the studies on artificial islands in the Central Waters should include an exploration of these issues.

12. In response, Secretary for Development ("SDEV") said that:

- (a) the Government planned to develop the third core business district on the KYC Artificial Islands, involving a total gross floor area equivalent to 80% of that provided by the core business district in Central. The Government Economist

crudely estimated that, upon full development of the KYC Artificial Islands, namely upon full utilization of the commercial and retail space thereon for economic activities, around \$141 billion (in 2018 prices) of value added would be generated each year, amounting to about 5% of the Gross Domestic Product, and some 200 000 diversified employment opportunities could be provided as well;

- (b) the Government would consider different forms of financing to deliver the KYC Artificial Islands project, including public-private partnership (for example, by invitation of tenders from the private sector based on the Build-Operate-Transfer model, or invitation of tenders from the private sector for the development rights of the project and the rail-plus-property development rights) and bond issuance. All of the aforesaid financing models could attract tenders from the private sector for the development of the KYC Artificial Islands. The studies on artificial islands in the Central Waters would analyse different financing models and present the pros and cons of each model to the public. In general, the Government would not indicate the financing arrangements and expenditure for individual projects in the breakdown of the study fees for infrastructure projects. The Bureau would provide supplementary information after the meeting as requested by Ms Starry LEE; and
- (c) as for cost control, the Project Strategy and Governance Office under the Development Bureau would formulate and promote strategies to strengthen project governance and delivery capability.

Item on the development of Kau Yi Chau Artificial Islands

Housing developments

13. Mr CHUNG Kwok-pan noted the housing demand for around 1 million units in Hong Kong during the period from 2016 to 2046 as projected in the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+"). Housing supply for the next 10 years as proposed in the Policy Address and also the number of units available on KYC Artificial Islands (which amounted to over 310 000 public housing units and a maximum of 260 000 public and private housing units respectively), when added together, would still fail to meet the housing supply target in Hong Kong 2030+. He sought details on the housing

developments on KYC Artificial Islands, including the implementation timetable and also the sizes of sites for such developments.

14. Dr Pierre CHAN asked about the respective proportions of public housing and private housing in the housing developments on KYC Artificial Islands.

15. Mrs Regina IP was concerned that the Administration might ask for a high price in its sale of sites on KYC Artificial Islands for housing development, with the result of driving up the prices of public and private housing units thereon and making them unaffordable to people.

16. SDEV gave a consolidated reply as follows:

- (a) KYC Artificial Islands would cover a total area of around 1 000 hectares, and planning would be drawn up for roughly 30% of the area for housing developments (the respective proportions of private housing and public housing would stand at about 30% and 70%). Developments on residential and commercial sites on the Artificial Islands would be taken forward in phases, and at the same time, the Government would also construct transport infrastructure for connection to the Artificial Islands. Following the commencement of studies on artificial islands in the Central Waters, the Government would revise its earlier projection of the housing supply volume and explore a timetable for the development of the Artificial Islands and its financing details;
- (b) among the 310 000-odd public housing units to be constructed on the 330 hectares of land identified in the Policy Address, around 35% would originate from various New Development Areas ("NDAs") in the New Territories and also large-scale development projects (including the Tung Chung New Town Extension, the Kwu Tung North/Fanling North New Development Area, and also the Hung Shui Kiu/Ha Tsuen New Development Area); about 40% would be provided on a number of rezoning sites for public housing development (e.g. the public housing development in Queen's Hill of Fanling, and also the first-phase public housing development in Wang Chau of Yuen Long), and roughly 25% would come from other projects (e.g. brownfield development and part of the Fanling Golf Course);

- (c) besides, the Government was conducting studies on developing three areas with development potential in New Territories North. Among them, the feasibility study on the San Tin/Lok Ma Chau Development Node had already been commenced in September 2019. The Government would strive to commence planning and engineering studies in 2021 for the other two areas with development potential (i.e. the New Territories North New Town and the Man Kam To Logistics Corridor). It was anticipated that the housing developments there could contribute to meeting the target in Hong Kong 2030+; and
- (d) the Government was mindful of the housing needs of the general public, so 70% of the housing developments on KYC Artificial Islands would be designated as public housing, and their price or rent level would not be determined on the basis of the market level. The Government adopted the general floor-area-based sales prices of commercial and residential properties on the market (which ranged respectively from around \$8,000 to \$9,000 per sq ft and from roughly \$10,000 to \$12,000 per sq ft) as the basis for projecting the land revenue of around \$707 billion from KYC Artificial Islands.

Auxiliary transport facilities

17. Mr Frankie YICK opined that before the first batch of residents moved into any housing developments on KYC Artificial Islands (i.e. in 2034), the Administration should have completed the construction of auxiliary transport facilities for connecting the Artificial Islands to urban areas, so as to provide convenient access for residents. He enquired about the timetable for developing auxiliary transport facilities on KYC Artificial Islands, and whether the future reclamation works for forming the Artificial Islands would affect or obstruct any navigation courses in the nearby waters.

18. Mr Michael TIEN said that as various NDAs in New Territories West would be completed around the same time when the first batch of residents would move into any housing developments on KYC Artificial Islands (i.e. in 2034), it was foreseeable that by that time, the significant increase in the population of New Territories West and also its traffic flow (in the case of the Hung Shui Kiu New Development Area, for example, the Administration's projection was that 180 000 people would move into the area by 2035) would add to the already heavy burden of railway networks in New Territories West in carrying passengers. Mr TIEN urged the Administration to expeditiously construct a railway connecting KYC Artificial Islands to urban areas, so as to divert traffic in New Territories

West.

19. Mr Martin LIAO opined that the coverage of auxiliary transport facilities (including roads and railways) on KYC Artificial Islands would be extensive (covering KYC Artificial Islands, Hong Kong Island, Lantau Island and the coastal area of Tuen Mun). He enquired about the Administration's plan for diverting traffic in the areas covered.

20. Mr CHEUNG Kwok-kwan and Mr LEUNG Che-cheung were concerned how the auxiliary transport facilities on KYC Artificial Islands would affect the traffic conditions in other districts. Mr CHEUNG noted that the auxiliary transport facilities on KYC Artificial Islands would be connected to Island West, and he enquired about the Administration's plan for preventing a resultant increase in the traffic burden of Island West. Mr LEUNG sought details on the population statistics adopted by the Administration in examining how the auxiliary transport facilities on the Artificial Islands would affect the traffic condition in New Territories West.

21. Mr CHAN Han-pan pointed out that the Administration had drawn up auxiliary transport facility planning for the external connection of Mui Wo under the East Lantau Metropolis development plan, and the absence of any such planning in the Administration's proposal to take forward the KYC Artificial Islands project reflected their disregard for the transport needs of Mui Wo residents. Dr Junius HO opined that while the Administration developed KYC Artificial Islands, it should also consider improving the auxiliary transport facilities in Mui Wo of Lantau Island for external connection.

22. SDEV gave a consolidated response as follows:

- (a) in the past, when the Government developed new towns, it often waited until the number of people moving into a new town had reached 200 000 to 300 000 before it started to plan for rail connections, resulting in a lag in railway development in the region. In developing the auxiliary transport facilities on KYC Artificial Islands, the road network would be developed by the Government in advance during the first resident intake of the housing projects and the commencement of commercial activities (i.e. 2034). The road link connecting Kau Yi Chau would also be in operation during that period. But due to the complexity of the railway planning and construction, the rail link might not be completed until after 2034; and

- (b) the Government had taken into account the fairways of the nearby waters in planning the boundary of KYC Artificial Islands. The scope of the studies on artificial islands in the Central Waters would include exploring the impact of the auxiliary transport facilities on the artificial islands on the surrounding transportation network and recommending appropriate relief measures.

23. In response to the impact of the auxiliary transport facilities on KYC Artificial Islands on the traffic of individual districts, SDEV advised that:

- (a) as highlighted in the "Technical Study on Transport Infrastructure at Kennedy Town for Connecting to East Lantau Metropolis" completed by the Civil Engineering and Development Department ("CEDD") in November 2017, the future planning of transport infrastructure between Lantau and Hong Kong West should not impose a significant burden on the traffic of Hong Kong West. This would be studied in detail in the studies on artificial islands in the Central Waters;
- (b) as for the development of the auxiliary transport facilities in Mui Wo, CEDD had conducted a study on improving the overall traffic on Lantau Island, which was expected to be completed in the second half of 2021. The Government would brief the relevant Panel by that time; and
- (c) in terms of population growth, the Government currently estimated that the development of KYC Artificial Islands could accommodate a population of about 400 000 to 700 000. The latest population data would be used in the studies on artificial islands in the Central Waters as the basis for planning the auxiliary transport facilities. As for the transport planning outside KYC Artificial Islands, the Transport and Housing Bureau would conduct a study on major road and railway development in due course.

Development of various industries

24. Ir Dr LO Wai-kwok and Mr Frankie YICK enquired about the feasibility of industrial development on KYC Artificial Islands. Ir Dr LO expressed support for this funding proposal and suggested that the Administration should make reference to overseas reclamation projects for diversified development (e.g. commercial, tourism and residential projects) on KYC Artificial Islands. Mr YICK enquired whether the Administration

had any plan to develop industries or logistics industry on KYC Artificial Islands.

25. Mr Steven HO expressed concern about the impact of artificial island development on the agriculture and fisheries industries. He considered that the current consultants conducting relevant studies for government projects did not have sufficient knowledge in this area and suggested that the Administration should be more prudent in selecting the consultant for the studies on artificial islands in the Central Waters. In view of the Administration's inclusion of Hei Ling Chau Typhoon Shelter in the reclamation area of KYC Artificial Islands, he urged the Administration to review the typhoon shelter planning in parallel with a view to alleviating the shortage of berthing spaces in typhoon shelters.

26. Ms YUNG Hoi-yan enquired whether the Administration would amend or relax some of the requirements under the Residential Care Homes (Elderly Persons) Regulation (e.g. the requirement that no part of a residential care home for the elderly ("RCHE") shall be situated at a height more than 24 metres above the ground floor) in the light of the development of RCHEs on KYC Artificial Islands, so as to facilitate the development of RCHEs to meet the needs of the ageing population in Hong Kong.

27. Mr Vincent CHENG enquired whether the Administration would consider rehousing those affected by the urban renewal programmes on KYC Artificial Islands. He said that the limited availability of land for rehousing in urban areas (especially in developed areas such as Kowloon East and Kowloon West) had indirectly affected the progress of the urban renewal programmes. Mr Martin LIAO asked about the details of the Administration's arrangements for rehousing of residents affected by the urban renewal programme.

28. Mr CHUNG Kwok-pan opined that in planning to develop the third Core Business District on KYC Artificial Islands, the Administration might overestimate the future demand for commercial properties. He said that the current downward rental of commercial premises in Central had already reflected the limited demand in the market.

29. Referring to the Administration's advice that the benefits of the development of KYC Artificial Islands, which would promote economic development and provide employment opportunities in Hong Kong, were similar to those of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), Dr Pierre CHAN requested the Administration to give a brief account of the benefits of the two development projects.

30. Mr POON Siu-ping sought details on the employment terms of the posts created for the site investigation works under the Administration's studies on artificial islands in the Central Waters.

31. SDEV said in his consolidated reply that:

- (a) the Government had drawn up planning for a diversified range of development projects on KYC Artificial Islands. About 30% of the land would be used for housing developments, and roughly 10% of the land would be used for developing a third core business district. The Government also intended to draw up planning for various facilities on the Artificial Islands, such as social welfare facilities, public facilities and elderly facilities;
- (b) as for the development of the logistics industry, the Government had already earmarked sites in other districts for this purpose, such as a site of some 60 hectares that had been earmarked in the Hung Shui Kiu/Ha Tsuen New Development Area. According to the completed Preliminary Feasibility Study on Developing the New Territories North, the Government expected to commence planning and engineering studies in 2021 for two areas with development potential, i.e. the Man Kam To Logistics Corridor and the New Territories North New Town, and it would identify a site at Lung Kwu Tan in Tuen Mun West to support the development of the logistics industry;
- (c) regarding the impact brought by the development of KYC Artificial Islands on the agricultural and fisheries industry, the Government would select the most competitive consultant from the List of Consultants of the Engineering and Associated Consultants Selection Board ("the List") or other qualified consultants to conduct studies on artificial islands in the Central Waters, and the consultant would be required to engage professionals with the relevant expertise to conduct studies covering various areas;
- (d) the Government considered that in view of the low utilization rate of the Hei Ling Chau Typhoon Shelter, its inclusion in the scope of reclamation for KYC Artificial Islands would produce relatively small impact. The Development Bureau and the Marine Department would identify a suitable location where typhoon shelter facilities would be provided to alleviate the existing shortage of such facilities. The studies on artificial islands in the Central Waters, upon commencement, could

provide the Government with more information on the demand for typhoon shelters. By that time, the Government would communicate with Members and the industry on ways to alleviate the shortage of typhoon shelter facilities;

- (e) regarding the development of RCHEs, the height restriction imposed by the Government on RCHEs aimed to ensure the safety of elderly inmates in the event of fire or other emergencies, and the time taken by firefighters for rescue or evacuation could also be shortened effectively. The Steering Group on Streamlining Development Control under the Development Bureau had already joined hands with the relevant departments (including the Fire Services Department) in exploring the feasibility of relaxing the restriction on newly-built RCHEs that fulfilled the fire safety standards;
- (f) with respect to the rehousing of residents affected by urban renewal programmes, the Government agreed that due to discrepancies in the architectural parameters for developing old and new buildings (one example is the difference in the computation of plot ratio), the development of residential projects on newly-developed sites would be more effective than that in urban areas. In the case of KYC Artificial Islands, the auxiliary transport facilities on the Artificial Islands would be connected to Hong Kong Island to facilitate residents in travelling to and from urban areas, and this could induce residents affected by urban renewal programmes to move in. In order to enhance the efficiency of urban renewal programmes, the Government had entrusted the Urban Renewal Authority to launch an intermediary service to assist non-governmental organizations in optimizing the use of their land resources and facilitate the redevelopment of low-rising buildings on such sites. The Government had also taken forward the "single site, multiple use" model for renewal programmes and introduced a mix of land uses, including education, social welfare and/or other community uses; and
- (g) the Government opined that the close proximity of KYC Artificial Islands to Central and the Hong Kong International Airport would be conducive to its development into a third core business district. Therefore, it intended to provide about 4 million sq m of commercial and office floor space on the Artificial Islands, and it was expected that around 200 000 job opportunities could be created. Some 105 job opportunities

would also be created as the Government conducted studies on artificial islands in the Central Waters and the relevant site investigation works. In the course of drawing up transport facility planning for the Artificial Islands, the Government would also consider their connection to the Greater Bay Area to foster economic development in both places.

Enhancing public promotion and public engagement activities

32. Mr Christopher CHEUNG, Mr Holden CHOW, Mr Wilson OR and Ms Alice MAK urged the Administration to step up public promotion of the Vision. Mr CHEUNG suggested that the Administration should enhance the transparency of the Vision as a response to people's concern about its substantial expenditure (its estimated works cost amounted to as much as \$624 billion). Mr CHOW proposed that public promotion activities should focus on allaying people's concern about possible cost overruns. Mr OR urged the Administration to step up promotion of the project through various channels (including updating the relevant information on webpages and social media platforms). Ms MAK said that the Hong Kong Federation of Trade Unions with which she was affiliated recognized the urgent need to increase land supply in Hong Kong and in turn resolve the housing problem, while also urging the Administration to step up promotion and public education activities regarding housing developments on KYC Artificial Islands. Mr CHAN Chun-ying enquired whether the Administration had earmarked any funding for organizing public engagement activities regarding the development of KYC Artificial Islands.

33. SDEV said in reply that:

- (a) the Government would step up public promotion of the Vision, especially the explanation of the financing arrangements for taking forward the project. The current works expenditure estimate of as much as \$624 billion (in September 2018 prices) for the Vision and also the projected revenue ranging from around \$707 billion to \$1,100 billion did not factor in the impact of inflation. Upon the completion of the studies on artificial islands in the Central Waters, the Government would decide on the financing mode for the Vision and would ensure fairness, impartiality and transparency in the course of taking forward the project;
- (b) the Government noted Members' recommendation on stepping up public promotion of the Vision and also its account of project details for the public. Ever since the launch of the East Lantau

Metropolis initiative under the Enhancing Land Supply Strategy introduced in 2011, the Government had been organizing public engagement activities on the Vision to interact with people; and

- (c) with reference to its past experience in massive infrastructure development, the Government had earmarked around \$11.6 million as expenditure for holding various types of public engagement activities during the conduct of the studies on artificial islands in the Central Waters. Besides, the Government had also set aside some \$52 million as contingency funding, so it envisaged that there would be sufficient funding to afford the expenditure for public engagement activities.

Studies related to artificial islands in the Central Waters

34. Mr CHAN Chun-ying, Mr CHUNG Kwok-pan and Mr Tony TSE remarked that in view of the lead time spanning as long as 42 months for the studies on artificial islands in the Central Waters, the Administration should provide the relevant Panels with an interim report on the studies to facilitate Members' follow-up on their progress. Mr TSE asked whether the Administration would draw up timetables for various study areas to facilitate follow-up on the progress, and whether it would, in the light of the study areas, engage professionals from the relevant fields to conduct studies, with a view to ensuring that study findings were based on professional and independent judgment. Mr Christopher CHEUNG advised the Administration to shorten the lead time of the studies, so as to prevent a lag in the studies' projection of the estimated expenditure for works items.

35. Mr Paul TSE recommended that the Administration should draw reference from the contents of the technical study reports on future development completed by bureaux/departments in recent years (such as the Transport Infrastructure and Traffic Review, and also the topical report on Environmental Protection and Nature Conservation for Sustainable Growth), in a bid to shorten the lead time required for the studies on artificial islands in the Central Waters, and that it should also reduce the need for commissioning consultancy companies to conduct preliminary studies on development projects in recent years as an indirect means to bring down project costs.

36. Dr Priscilla LEUNG opined that the Administration should entrust the lead of the studies on artificial islands in the Central Waters to a professional team within the relevant consultancy company, so as to ensure that the studies could come up with professional findings.

37. Mr POON Siu-ping expressed support for the funding proposal. Given the extensive coverage of the studies related to artificial islands in the Central Waters, he was concerned whether the Administration could recruit a team that met various professional qualifications to conduct the studies. Mr POON asked whether the Administration would consider inviting academics specializing in the relevant disciplines from tertiary institutions to assist in the studies.

38. Mr Martin LIAO enquired whether the Administration would accept the conclusion of the studies related to artificial islands in the Central Waters if the studies did not recommend that the Vision should be proceeded with in the end. Mr Wilson OR asked about the Administration's follow-up in case the studies advised against the development of KYC Artificial Islands.

39. SDEV said in reply that:

- (a) the Government had endeavoured to launch all those studies that could be undertaken in parallel in order to shorten the lead time required for the studies on artificial islands in the Central Waters, so it might not be feasible to further compress the timetable for the studies at this stage. But the Government could arrange for the submission of an interim report on the study progress to the relevant Panels;
- (b) in the Government's plan, the first stage of work for the studies on artificial islands in the Central Waters would be the completion of the Preliminary Outline Development Plan (including drawing up planning for the reclamation scope, transport and road alignment). Stage two of the studies involved an examination of the financial matters arising from the development of KYC Artificial Islands and also various financing modes. Except for the planning of certain roads which required independent examination, the Government intended to commission a consultancy team to conduct the studies, and the consultancy team would comprise professionals from different sectors;
- (c) as for the tender process for the studies on artificial islands in the Central Waters, the Government had met with various professional bodies earlier (e.g. the Hong Kong Institution of Engineers, the Hong Kong Institute of Planners and the Hong Kong Institute of Architects) and agreed that the team tasked with the studies on artificial islands in the Central Waters should comprise cross-disciplinary professionals, so as to ensure that

the team in charge of the studies was equipped with multi-disciplinary expertise. The Government would set out this requirement in the tender documents. Consultancy companies on the List or other eligible consultancy companies could participate in the tender exercise for the studies. Given the extensive coverage of the studies on artificial islands in the Central Waters, the Government anticipated that some consultancy companies might form a professional team with others and take part in the tender exercise as joint participants;

- (d) since the additional massive workloads involved in the wide-ranging studies on major development projects were beyond the capacity of the permanent manpower of bureaux/departments, the Government would commission a consultancy company to undertake the relevant studies and bear the associated expenses incurred by the consultancy company according to the general practice in the past;
- (e) based on the Government's previous experience in implementing infrastructure projects, tertiary institutions seldom participated in the tender exercises of infrastructure projects, but it could not rule out the possibility that individual consultancy companies might seek advice on the studies from the relevant academics in tertiary institutions; and
- (f) the studies on artificial islands in the Central Waters were intended to facilitate planning for taking forward the work relating to KYC Artificial Islands. Upon completion of the studies, the Government must still make a development application to the Town Planning Board for the item and fulfil various assessment requirements (e.g. environmental assessment) before the KYC Artificial Islands project could be taken forward.

40. The meeting was suspended at 5:04 pm and resumed at 5:16 pm.

Ways to increase land supply

41. Mr SHIU Ka-fai enquired whether the Administration had considered the resumption of brownfield sites for housing developments first. He opined that based on a computation of the per-sq-ft cost of land development, the resumption of brownfield sites for development would be more cost-effective. Mr SHIU also asked whether the Administration would consider using construction waste for the KYC Artificial Islands

reclamation works, so as to reduce the development cost.

42. Mr Wilson OR stated that the Task Force on Land Supply under the Development Bureau had already submitted to the Government a report on the overall land supply strategy and land supply options, which contained a number of development options (such as brownfield development). He enquired about the details on the Administration's consideration of those options and the implementation timetables for individual options, and whether the implementation timetables could dovetail with the development of the Vision.

43. Ms Starry LEE said that as the resumption of New Territories land would be less costly and controversial than the development of artificial islands, she suggested that the Administration should first consider land resumption for housing developments. Ms LEE stated that the Democratic Alliance for the Betterment and Progress of Hong Kong with which she was affiliated had already written to the Administration to express the aforementioned views.

44. Dr Junius HO considered that when compared to reclamation as a means to increase land supply, the resumption of New Territories land for development would incur a lower overall cost with a shorter lead time. He proposed that the Administration should consider land development in boundary areas and country parks as a means to increase the number of sites available for housing developments.

45. SDEV stated in his reply that:

- (a) the per-sq-m cost of creating land by reclamation at Kau Yi Chau was comparable to that of resuming agricultural brownfield sites. But if a site to be resumed was inhabited by people or used for economic activities, the Government was required by the relevant laws to provide rehousing and compensation for residents. This would push up the cost of land resumption for development and delay the progress of development on the resumed land (For example, the development of the Kwu Tung North/Fanling North New Development Area had already commenced in 2008, and it was not until 2026-2027 that large numbers of residents would move into the area; and in the case of the Hung Shui Kiu/Ha Tsuen New Development Area, its planning had already begun in 2011, and it was not until 2030 that residents would move into the area on a large scale);

- (b) the development of resumed land in the New Territories was often constrained by the natural environment and landscape, and it was only possible to launch housing developments with a low or medium density there. In the course of undertaking reclamation for forming KYC Artificial Islands, construction waste would be one of the materials for use in the Government's plan. When compared to land resumption for development, developing land on KYC Artificial Islands for residential and commercial developments with a higher density would be subject to fewer constraints;
- (c) in the course of undertaking reclamation for forming KYC Artificial Islands, construction waste would be one of the materials for use in the Government's plan; and
- (d) the Government would continue to strengthen its land development efforts, and it was expected that the size of land to be resumed in the next five years would reach 400 hectares, an increase of around 20 times over the past five years. In addition, the Government had advanced the commencement of the feasibility study on the First Phase Development of the New Territories North to 2019. As for the study on the remaining phase development, it would be commenced forthwith after funding approval was sought from the Legislative Council in 2021 according to the Government's plan.

46. Mrs Regina IP was worried that the Administration's plan to develop KYC Artificial Islands as a means to increase land supply would be affected by the unstable supply of reclamation materials. She referred to the need to purchase marine sand from overseas due to a shortage of this necessary material at the time when the Hong Kong Airport Authority conducted reclamation works for the Third Runway.

47. Dr CHENG Chung-tai was concerned about the possible impact of reclamation as a means to increase land supply and the unstable supply of reclamation materials. He enquired about the Administration's plan to reduce the economic, political or environmental impacts of the reclamation works after their commencement.

48. Noting the Central Government's reservations about reclamation in the Mainland, Mr CHUNG Kwok-pan enquired whether the Administration's plan to develop KYC Artificial Islands through reclamation for the purpose of increasing land resources had factored in the relevant policies of the Central Government.

49. SDEV stated in his reply that:
- (a) with the advancement of reclamation technology, the materials used for reclamation were no longer confined to marine sand. The reclamation works for the Third Runway and Tung Chung East would provide experience for the development of KYC Artificial Islands. While the reclamation works for the Third Runway were once plagued by a shortage of materials earlier on, the problem was resolved after the Mainland had increased the supply of mechanical sand (one of the materials used for reclamation). So far, a large portion of the reclamation works for the Third Runway had been completed. Sixty percent of the materials used were mechanical sand, while inert construction waste and marine sand each accounted for 20% of the materials used. The reclamation works involving 130 hectares of land for Tung Chung East was half-completed, and inert construction waste and mechanical sand respectively accounted for 60% and 40% of the materials used;
 - (b) based on the experience from the two reclamation works projects mentioned above, and considering the generation of roughly 15 million tonnes of inert construction waste every year in Hong Kong, the Government opined that around half of the materials to be used for the KYC Artificial Islands reclamation works could be inert construction waste;
 - (c) on the conservation of the environment and various species, the environmental impact assessment reports submitted by the Government on its works projects should, as a general requirement, explain how it would seek to avoid the environmental impact of its works, and also what mitigating and remedial measures it would launch to alleviate possible repercussions. The studies on artificial islands in the Central Waters would also cover the contents of environmental impact assessment reports; and
 - (d) to the Government's understanding, the Central Government did not forbid reclamation, only that it was more stringent than Hong Kong in the regulation of reclamation works. A comparison with neighbouring regions showed that in Hong Kong, the size of additional land created by reclamation accounted for less than 10% of its overall territorial size, and this proportion was lower than those of Singapore and Macao.

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

50. At 6:44 pm, FC started to vote on whether the motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") for expressing views on this item ("FCP 37A motions") should be proceeded with forthwith.

51. The Chairman put to vote, one by one, the questions that these FCP 37A motions should be proceeded with forthwith. At the request of members, the Chairman ordered a division on each of the motions. The voting results were as follows:

Member proposing the motion	Serial no. of the motion	Whether to proceed with the motion forthwith
Mr CHAN Han-pan	<u>0001</u>	<u>Yes</u>
Mr Steven HO	<u>0002</u>	<u>No</u>
Mr Paul TSE	<u>0003</u>	<u>Yes</u>
Mr Michael TIEN	<u>0004</u>	<u>No</u>

52. The Chairman declared that the two motions proposed by Mr CHAN Han-pan and Mr Paul TSE were approved. The wording of the two motions was set out in **Appendices I and II** respectively. Members noted that the Administration shall, upon request, give a written reply on the two motions approved by FC.

Voting on FCR(2019-20)27

53. At 6:57 pm, the Chairman put item FCR(2019-20)27 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 33 members voted in favour of and 2 members voted against the item, and 2 members abstained from voting. The votes of individual members were as follows:

For:

Mr Abraham SHEK Lai-him
 Mr Jeffrey LAM Kin-fung
 Mr CHAN Hak-kan
 Mr WONG Kwok-kin
 Mr Michael TIEN Puk-sun
 Mr YIU Si-wing
 Mr CHAN Han-pan

Mr Tommy CHEUNG Yu-yau
 Ms Starry LEE Wai-king
 Dr Priscilla LEUNG Mei-fun
 Mr Paul TSE Wai-chun
 Mr Frankie YICK Chi-ming
 Mr MA Fung-kwok
 Mr LEUNG Che-cheung

Ms Alice MAK Mei-kuen	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Ms Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Ir Dr LO Wai-kiwok	Mr CHUNG Kwok-pan
Dr Junius HO Kwan-yiu	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Mr CHAN Chun-ying	Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung	Mr LAU Kwok-fan
Mr Kenneth LAU Ip-keung	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	
(33 members)	

Against:

Dr Pierre CHAN
(2 members)

Dr CHENG Chung-tai

Abstained:

Mr Steven HO Chun-yin
(2 members)

Ms YUNG Hoi-yan

54. The Chairman declared that the item was approved.
55. The meeting ended at 6:59 pm.

(Translation)

Finance Committee

**Motion passed under paragraph 37A of the
Finance Committee Procedure in relation to
agenda item FCR(2019-20)27 at the meeting on 4 December 2020**

This Council requests that upon securing the funding for the preliminary studies under the Lantau Tomorrow Vision, the Government must address the concerns of residents in Lantau and Ping Chau, and their specific demands are as follows:

1. constructing a link road between Tung Chung and Mui Wo;
2. establishing a 15-minute living circle covering Mui Wo, Tung Chung and Tai O;
3. reviewing afresh the reclamation extent around Ping Chau; and
4. constructing a link road between Ping Chau and the newly-reclaimed island.

Moved by: Hon CHAN Han-pan

(Translation)

Finance Committee

**Motion passed under paragraph 37A of the
Finance Committee Procedure in relation to
agenda item FCR(2019-20)27 at the meeting on 4 December 2020**

Given that the Study and the related development projects are highly controversial with profound implications, this Council urges the Bureau:

1. to take measures to compress the time required for the Study as far as possible to less than the originally proposed 42 months;
2. in light of the relevant technical studies conducted by the Government in the past, to avoid duplication of efforts as far as possible, so as to enhance the cost-effectiveness of the study and save costs;
3. to consider incorporating the financing proposal into the scope of the study;
4. to endeavour to conduct comprehensive publicity work (including adopting such down-to-earth means as online publicity and distributing leaflets in various districts) to explain to the public squarely that the item only involves preliminary studies and clarify any smearing remarks and false accusations;

so that the Study can be more pragmatic, more down to earth, more effective and more easily understood by the public.

Moved by: Hon Paul TSE Wai-chun