

**立法會**  
**Legislative Council**

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seen by the Administration)

Ref : FC/1/1(13)

**Finance Committee of the Legislative Council**

**Minutes of the 13<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 22 January 2021, from 2:30 pm to 5:29 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-yee, 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-kiwok, 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:**

Mr Christopher Hui Ching-yu, JP	Secretary for Financial Services and the Treasury
Mr Joseph CHAN Ho-lim, JP	Under Secretary for Financial Services and the Treasury
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 CHAN Cheuk-Yin, Jennie	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Howard LEE Man-sing	Deputy Secretary for Financial Services and the Treasury (Treasury)3
Ms Margaret HSIA Mai-chi	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (W)
Mr Dennis WAN Kin-hung	Principal Assistant Secretary for Development (Project Capability and Strategy)
Mr Frankie FUNG Yiu-man	Chief Assistant Secretary for Development (Works)1
Ms Lily CHIU Lee-lee	Assistant Director of Lands (Specialist 3)

Ms Winnie HO Wing-yin, JP	Director of Architectural Services
Ms PING Tak-wai	Senior Property Services Manager (Technical Support 2), Architectural Services Department
Mr Wilson PANG Wai-sing	Deputy Director of Drainage Services
Mr Ricky LAU Chun-kit, JP	Director of Civil Engineering and Development
Mr Andy CHAN Siu-wing	Assistant Director of Environmental Protection (Environmental Infrastructure)
Mr NG Wai-keung, JP	Deputy Director of Highways
Mr Tony CHEUNG Ka-leung	Deputy Project Manager (Major Works) (1), Highways Department
Ms Eugenia CHUNG Nga-chi, JP	Assistant Director of Home Affairs (2)
Mr Gavin TSE Chun-tat	Chief Engineer (Works), Home Affairs Department
Mr Louis LEUNG Sze-ho	Deputy Secretary-General (1), University Grants Committee Secretariat
Mr Samuel FAN Kim-fung	Chief Maintenance Surveyor (School Premises Maintenance), Education Bureau
Mr KOON Sai-wing	Senior Maintenance Surveyor (School Premises Maintenance)3, Education Bureau
Ms Barbara CHU Wing-chee	Assistant Director of Social Welfare (Planning and Development)
Mr Andy LIU Hon-wah	Chief Executive Officer (Planning)1, Social Welfare Department
Mr CHAU Sai-wai, JP	Deputy Director of Water Supplies
Mr Tony WONG Chi-kwong, JP	Deputy Government Chief Information Officer, Office of the Government Chief Information Officer
Mr Gavin WAH Kwok-kee	Chief Systems Manager (Governance and Resources), Office of the Government Chief Information Officer
Mr HONG Wing-kit	Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau

**Clerk in attendance:**

Ms Anita SIT

Assistant Secretary General 1

**Staff in attendance:**

Ms Angel SHEK	Chief Council Secretary (1)1
Miss Bowie LAM	Council Secretary (1)1
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)7

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Action

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

**Item 1 — FCR(2020-21)83  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 16 DECEMBER 2020**

**PWSC(2020-21)23  
CAPITAL WORKS RESERVE FUND  
HEAD 701 — LAND ACQUISITION  
HEAD 702 — PORT AND AIRPORT DEVELOPMENT  
HEAD 703 — BUILDINGS  
HEAD 704 — DRAINAGE  
HEAD 705 — CIVIL ENGINEERING  
HEAD 706 — HIGHWAYS  
HEAD 707 — NEW TOWNS AND URBAN AREA DEVELOPMENT  
HEAD 708 (PART) — CAPITAL SUBVENTIONS  
HEAD 709 — WATERWORKS  
HEAD 710 — COMPUTERISATION  
HEAD 711 — HOUSING  
Block Allocations**

2. The Chairman advised that this item sought the approval of the Finance Committee ("FC") for the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting on 16 December 2020 in respect of PWSC(2020-21)23 to:

- (a) approve a total allocation of \$24,283.5 million for 2021-2022 for the block allocations under the Capital Works Reserve Fund ("CWRF"), and increase the approved allocation for Subhead 9100WX under Head 709 for 2020-2021 by \$294.5 million from \$1,610.8 million to \$1,905.3 million;
- (b) increase the financial ceiling of the delegated authority from \$30 million to \$50 million per item for 21 works-related block

allocation subheads under CWRP Heads of Expenditure 702 to 707, 708 (Part) – Capital Subventions, 709 and 711, namely Subheads 2001AX, 2002AX, 2003AX, 3004GX, 3100GX, 3101GX, 4100DX, 5101CX, 5101DX, 6100TX, 7014CX, 7016CX, 7017CX, 7100CX, 8100BX, 8100EX, 8100MX, 8100QX, 8001SX, 9100WX, and B100HX; and

- (c) increase the financial ceiling of the delegated authority from \$10 million to \$20 million for each project under Subhead A007GX of Head 710.

3. The Chairman advised that PWSC had spent about 2 hours and 20 minutes on scrutinizing the above proposal. The Administration had also submitted an information paper.

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

5. At the invitation of the Chairman, Secretary for Financial Services and the Treasury ("SFST") briefed members on the above proposal. He pointed out that the Government sought FC's funding approval of \$24,283.5 million for CWRP block allocations, of which \$13,729.2 million being associated costs for launching public works projects; \$9,254.3 million being the related expenses for land acquisition; the remaining \$1,300 million being the cost for upgrading of computer systems in various government departments. The above allocations involved more than 16 000 works projects, among which around 13 000 were initiated in or before 2020-2021.

6. SFST added that the Government had sought and been granted FC's approval six times for increasing the financial ceiling of the delegation of authority to the Financial Secretary in new or approved Category D items. Considering that the last application was made in 2012 and factors such as the subsequent increase in construction cost and inflationary adjustment, and in order to preserve the real value and usefulness of the delegated authority, the Government now applied to FC for increasing the financial ceiling of the delegated authority for the 21 works-related block allocation subheads under CWRP from \$30 million to \$50 million and, at the same time, increasing the financial ceiling of the delegated authority for the item related to New Administrative Computer Systems from \$10 million to \$20 million. To maintain the transparency of the block allocations mechanism, the Government submitted the full list of items proposed to be funded by CWRP

Block Allocations for 2021-2022 together with the funding proposal paper, and would submit papers to PWSC on a quarterly and yearly basis to report respectively the updated expenditure profile of the various block allocations, and after the end of the financial year, the Government would account for the major differences between the actual works projects and the indicative ones when applying for funding approval.

Monitoring mechanism for expenditure on projects under Capital Works Reserve Fund block allocations

7. Mr LUK Chung-hung enquired that, after raising the limit on the delegation of authority of 21 works-related block allocation subheads under CWRP to \$50 million, what measures the Administration would take to control the expenditure on Category D items.

8. Dr CHENG Chung-tai enquired about the Administration's estimate of the amount under block allocations for 2022-2023 and the impact of the new financial ceiling of the delegated authority on the manpower arrangements and workload of controlling officers. Dr CHENG was also concerned that after increasing the financial ceiling of the delegated authority, controversial works projects would not require FC's funding approval for early preparatory work not exceeding the financial ceiling, rendering it more difficult for FC to effectively monitor government spending. He requested the Administration to provide supplementary information on cost monitoring and control of Category D items. Mr Christopher CHEUNG also expressed similar concerns.

9. Mr Tony TSE was of the view that the Administration did not have sufficient justifications for the proposed increase in the financial ceiling for Category D items. However, considering the need for striking a balance between the effectiveness of the block allocations mechanism and the function of the Legislative Council ("LegCo") to monitor the government spending, he did not oppose the proposal, yet he requested the Administration to undertake to provide LegCo with information on Category D items each costing over \$40 million but not exceeding \$50 million on a half-yearly basis in the coming two years.

10. In response, SFST and Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>3</sup> ("DS(Tsy)<sup>3</sup>/FSTB") advised that the Financial Services and the Treasury Bureau ("FSTB") had issued clear internal guidelines to various bureaux and departments, requiring controlling officers of various departments to strictly comply with relevant requirements. Controlling officers should create Category D items in the Capital Works Programme ("CWP") within the ambit and the financial ceiling of the

delegated authority for relevant block allocation subheads, and should not circumvent LegCo's scrutiny by artificial splitting of large-scale projects into smaller ones. The responsible works departments would also have to prepare a submission based on the format of a PWSC paper for approval by their controlling officers for creating relevant works items. For capital works projects costing more than \$10 million, the relevant paper for the funding proposal should be signed by the approving officer and sent to FSTB for record. These internal monitoring mechanisms would still apply after the increase in the financial ceiling of the delegated authority. In addition to submitting information papers to LegCo to account for the use of block allocations on a regular basis, the Government was currently exploring the arrangement under which the Project Strategy and Governance Office would advise on and monitor the cost management of Category D projects with a total project estimate ranging between \$30 million and \$50 million each after the adoption of the new financial ceiling of the delegated authority. SFST advised that after increasing the financial ceiling of the delegated authority, it was estimated that works projects involving piers and walkway covers would be included in proposals under block allocations. The Government undertook to provide information requested by Mr Tony TSE and Dr CHENG Chung-tai.

[*Post-meeting note:* The Chinese and English versions of the supplementary information provided by the Administration were issued to members vide LC Paper No. FC101/20-21(01) on 2 February 2021 and 21 April 2021 respectively.]

#### Justifications for increase in financial ceiling of delegated authority

##### *Increase in financial ceiling for Category D items to \$50 million*

11. Ir Dr LO Wai-kwok and Mr Christopher CHEUNG expressed support for the proposal. Ir Dr LO was of the view that FC should focus on scrutinizing capital works projects with higher costs and larger scale. Therefore, the proposal for increasing the financial ceiling of delegated authority was reasonable.

12. The Deputy Chairman expressed support for the proposal and noted that the increase in the financial ceiling of delegated authority proposed by the Administration included the basis of Price Adjustment Factors ("PAFs"). The Deputy Chairman pointed out that according to the paper provided by the Administration on the basis of PAFs (Annex 2 to LC Paper No. CB(1)321/20-21(01)), the basis of PAFs for 2020 was 3%; and the basis of PAFs for year 2021 to 2025 was 5% per year. He considered that there was

a huge difference between the relevant estimate and the latest inflation rate recently announced by the Administration, which was near 0%.

13. Mr Michael TIEN said that the Administration failed to give a satisfactory explanation for the proposed rate of increase in the financial ceiling of the delegated authority. Therefore, he was opposed to this part of the proposal. Mr TIEN added that, even after taking into account the cumulative inflation rate for year 2012 to 2019, the increase in the financial ceiling of the delegated authority to 70% was probably too high, as mild inflation, or even deflation, would likely be recorded in the next few years against the backdrop of an expected reduction in economic activities in Hong Kong and a rise in unemployment rate of the construction industry. Assuming an annual inflation rate of 2% in each of the next four years and a 10% contingency allowance, an increase of the financial ceiling of the delegated authority to \$44 million would be more reasonable.

14. Mr LEUNG Che-cheung advised that works projects involved in block allocations were generally district minor works. However, the Administration was unable to provide information on works projects in the pipeline with estimated cost between \$30 million and \$50 million. He questioned whether it was necessary to increase the financial ceiling of the delegated authority. Mr YIU Si-wing expressed concerns about whether the Government's estimate of the basis of PAFs was reasonable.

15. SFST advised that works departments had all along used PAFs as the basis to estimate the cost of public works in money-of-the-day ("MOD") prices. Between 2012 and 2020, cost in relation to construction inflated by around 40%, and the increase in construction cost from 2012 to 2024 was estimated to be around 67%. Therefore, it was necessary to increase the financial ceiling of the delegated authority for Category D items in the CWP to preserve the real value and usefulness of the delegated authority. The Government also needed to make corresponding adjustments to the proposal to increase the financial ceiling of the delegated authority in accordance with the overall economic outlook in the next few years. He added that, in 2017-2018, 2018-2019 and 2019-2020, the numbers of capital works projects with estimated costs ranging between \$30 million and \$50 million which required FC approval were 3, 0 and 2 respectively, while there were only a few such projects in 2020-2021. At the request of the Deputy Chairman, SFST undertook to, in light of the latest economic conditions (including changes in inflation rate), provide supplementary information on PAFs set out in Annex 2 to LC Paper No. CB(1)321/20-21(01).

[*Post-meeting note*: The Chinese and English versions of the supplementary information provided by the Administration were issued to members vide LC Paper No. FC101/20-21(01) on 2 February 2021 and 21 April 2021 respectively.]

16. Under Secretary for Financial Services and the Treasury and DS(Tsy)3/FSTB added that PAFs were formulated based on the data from the Office of the Government Economist. Instead of solely considering the inflation rate, PAFs had taken into account a basket of factors, including data of the price deflator for public sector building and construction output, overall labour market situation, the latest movements in construction wages and building material prices, as well as the trends of the global and local economic performance, etc. The construction period of minor works items generally could last three to four years and works costs had to be calculated in MOD prices. Therefore, the adoption of PAFs as the basis for increasing the financial ceiling of the delegated authority was consistent with the basis adopted for Category A works projects submitted to FC for scrutiny, and was more comprehensive and appropriate.

17. The Deputy Chairman advised that contingency funds (generally amounted to 10% of the estimated costs of works items) could be used to cover the additional works costs incurred due to inflated costs of construction materials and labour, and the adjusted basis of PAFs would also lead to increases in budgets for contingency funds. He was concerned that this might result in the reserve of excessive financial resources for Category D items, and suggested the Administration consider whether it was necessary to lower the proportion of contingency funds for Category D items.

18. Chief Assistant Secretary for Development (Works)1 responded that the construction periods of Category D items were generally shorter than those of Category A works projects, and inflation had relatively less impact on works costs. Contingency funds were primarily used to cover additional works costs derived from uncertain factors.

*Increase in financial ceiling of delegated authority of New Administrative Computer Systems to \$20 million*

19. Ir Dr LO Wai-kwok and Mr Christopher CHEUNG supported raising the financial ceiling of delegated authority of New Administrative Computer Systems under Computerisation to \$20 million. Mr CHEUNG enquired that, as the existing financial ceiling of delegated authority had been adopted since in 1996, whether this indicated that the ceiling set at the time was too loose; and enquired about the criteria used by the Administration in deciding to increase the financial ceiling of delegated authority.

20. Deputy Government Chief Information Officer, Office of the Government Chief Information Officer ("DGCIO/OGCIO") explained that the current financial ceiling of delegated authority was set in October 1996. In addition to changes in price level and development in information technology ("IT"), the mode of the Government's delivery of IT services had also changed. In terms of procurement of IT products and services, vendors now tended to offer bundled packages which were charged by subscription based on usage in the form of rental services, particularly so in cloud computing services. As a result, the implementation cost of a typical administrative computer system project with a system life span of five to seven years would be at least 50% higher than the one-off set-up cost under the conventional approach. If the current financial ceiling of delegated authority was maintained, for projects with estimate exceeding \$10 million, it generally took 7 to 24 months from inception to FC approval, thereby slowing down the progress and work efficiency of user departments in updating their computer systems.

Individual works projects covered in Capital Works Reserve Fund block allocations proposal for 2021-2022

21. Ir Dr LO Wai-ki advised that the Business and Professionals Alliance for Hong Kong ("BPAHK") supported CWRP block allocations proposal for 2021-2022. He was of the view that smooth implementation of numerous minor works covered by block allocations proposal would help boost the economy.

*Head 701 Subhead 1100CA - Compensation and ex-gratia allowances in respect of projects in the Public Works Programme*

22. Dr CHENG Chung-tai enquired about the progress of the briefings on rehabilitation arrangements held by the Administration for farmers affected by New Development Areas and the Agricultural Park ("Agri-Park") project. Assistant Director of Lands (Specialist 3) clarified that the Special Agricultural Land Rehabilitation Scheme ("SALRS") enquired by Dr CHENG was different from the rehabilitation scheme of the Agri-Park project. Under SALRS, the Government had been in contact with eligible farmers affected by the first phase development of the Kwu Tung North/Fanling North New Development Areas who intended to participate in SALRS, and had signed leases with two farmers; the leases to be agreed with two other farmers were still in preparation. They all said that they understood the lease terms. The Government originally planned to negotiate relevant arrangements with the remaining 10-odd farmers who had applied to participate in the scheme in January this year, but was unable to

do so because of the epidemic. The Government and relevant social worker teams would keep in touch with farmers and address their aspirations.

*Head 703 Subhead 3004GX - Refurbishment of government buildings for items in Category D of the Public Works Programme*

23. Mr Tony TSE enquired about the progress of the Enhanced Public Toilet Refurbishment Programme ("EPTRP") and suggested that the Administration should launch additional public toilet refurbishment works related to the programme in advance in the coming two years to increase employment opportunities in the construction industry; and organize design competitions for relevant works projects, as well as applying the winning ideas to project design, so as to increase the opportunities for the public and young professionals in the industry to participate. Mr YIU Si-wing enquired how the Administration would take forward and manage newly-built public toilet projects to remove the general public perception that local public toilets were poorly managed.

24. Director of Architectural Services ("DArchS") responded that EPTRP involved 240 public toilets across the territory. In 2019-2020, the Government launched 42 projects and 18 of them were completed; 49 projects were launched in 2020-2021 and five of them were completed. The Government planned to launch 50 projects in each of the three years from 2021-2022 to 2023-2024. As it was necessary to maintain a certain number of public toilets to provide services, and each refurbishment project had its own unique challenges, the Architectural Services Department ("ArchSD") would coordinate with the Food and Environmental Hygiene Department ("FEHD") to take forward the programme. She advised that ArchSD and FEHD co-organized a design thinking programme called Toilet Tells: Rediscover Public Toilet and workshops would be held within 2021 to solicit views on the design and management of public toilets. At the same time, ArchSD and FEHD also co-organized a public toilet design competition. Four teams would be selected in the first round of the competition and the design of the champion team would probably be used in new public toilet projects. As regards construction, ArchSD was exploring the use of innovative construction methods for refurbishment of public toilets, allowing off-site fabrication of some toilet components, so as to minimize on-site assembly works and expedite works progress, thereby shortening as much as possible the closure period of the public toilets during the works.

25. Mr YIU Si-wing enquired about the principle of the Administration for carrying out refurbishment for government buildings and the manpower required. DArchS responded that ArchSD was responsible for repairing

and maintaining around 8 000 government buildings, with thousands of them aged 30 years or above. ArchSD appointed building surveyor consultants and, with the assistance of ArchSD technical staff and building user departments, conducted district inspection on government buildings, and put forward maintenance and repair recommendations to ArchSD. ArchSD would make professional decisions and assessment to determine the need and priority of works, and ageing buildings with higher utilization rate would be given priority. The district inspections had to be carried out cyclically.

*Head 703 Subhead 3100GX - Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme*

26. Mr YIU Si-wing noted that the estimates for minor investigations and consultants' fees for school construction projects involving different numbers of classrooms were rather similar. He enquired how the Administration monitored whether these expenses were reasonable, and about the ranks of approving officers and the professional qualifications required. DArchS explained that according to factors such as site locations, surrounding topography and traffic, ArchSD staff would assess issues such as engagement of consultancies and implementation of minor investigations. Depending on the total cost estimate of individual works projects, the expenditure had to be approved by an officer of equivalent rank in accordance with existing government mechanism, including Chief Architects, Assistant Director of ArchSD or DArchS.

*Head 703 Subhead 3101GX - Minor building works for items in Category D of the Public Works Programme*

27. Mr Michael TIEN enquired about the criteria the Administration adopted to measure the urgency of renovation works projects of government facilities and suggested that projects with no urgency be postponed to free up financial resources for implementing measures to boost the economy.

28. DArchS responded that the Government had internally set up the Minor Building Works Committee to vet and approve the expenditure of every minor building works project which cost over \$2 million but not exceeding \$20 million. The Committee would also make recommendations for each building works project costing over \$20 million but not exceeding \$30 million, and the recommendations would be submitted to the Accommodation Strategy Group for approval. Government departments involved in the projects would need to submit project proposals through their bureaux. The above Committee/Strategy Group would review whether such project proposals were in compliance with relevant

technical and procedural requirements, as well as other relevant factors (including whether the project proposals were in line with the policy measures advocated in the Policy Address and/or the Budget, public health or building safety issues etc.) in order to assess whether such projects were necessary. The above Committee/Strategy Group would generally review these project proposals through internal circulation and meetings.

*Head 705 Subhead 5101DX - Environmental works, studies and investigations for items in Category D of the Public Works Programme*

29. Mr Tony TSE enquired about the implementation progress of Community Green Stations ("CGSs"). DArchS responded that ArchSD was the agent of the works project of CGSs, and the first phase of CGSs was close to completion, with the construction of a community green station at Wan Chai entering the final stage and the facilities soon being transferred to the Environment Bureau ("EB"). If it was difficult to identify suitable locations to construct CGS facilities in certain areas, EB would consider other ways to set up recycling facilities in these areas.

*Head 708 Subhead 8100QX - Alterations, additions, repairs and improvements to education subvented buildings*

30. Dr Priscilla LEUNG enquired about the difference between the financial proposals under this subhead and the individual financial proposals for which the Education Bureau sought FC approval from time to time, and whether the remaining resources could be used on other education-related purposes. Chief Maintenance Surveyor (School Premises Maintenance), Education Bureau explained that Head 708 Subhead 8100QX was mainly for carrying out alterations, additions, repairs and improvements to education subvented buildings (generally school facilities), including regular major maintenance or repair projects. Permanent Secretary for Financial Services and the Treasury (Treasury) advised that the current Government devoted substantial resources to promoting a number of policy measures to improve education. The approved allocations could only be used to implement designated measures while capital works projects involving school facilities had to be borne by CWRP. The two types of resources could not be mingled in use.

*Head 708 Subhead 8001SX - Provisioning of welfare facilities*

31. Mr Martin LIAO enquired about the reason for lower cash flow requirements of ongoing items in 2021-2022. Regarding the Government's initiative of Purchase of Premises for the Provision of Welfare Facilities, he

enquired how the Administration would flexibly use block allocations and resources under the initiative to increase elderly service facilities.

32. Assistant Director of Social Welfare (Planning and Development) explained that the block allocations applied under this subhead in 2021-2022 were reduced by around \$33 million compared with 2020-2021, mainly because some projects were nearing completion, and the cash flow required for these projects in the coming year was lower than in the previous year; in addition, the Social Welfare Department ("SWD") would launch new projects under this subhead in the coming year, and the demand for cash would generally be lower at the initial stage of the projects. She advised that SWD had all along been adopting a multi-pronged approach to identify suitable premises for the provision of different welfare services, including planning appropriate welfare facilities in new public housing developments, requiring developers to provide designated welfare facilities under land sale conditions, providing welfare facilities in "Government, Institution or Community" sites, altering idle government lands (including vacant school premises) for relevant uses and purchasing properties in the private market, etc. Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau responded that the Government would plan relevant associated facilities for public housing, including elderly service facilities, according to the Hong Kong Planning Standards and Guidelines. When developing new public housing projects, responsible bureaux/departments would negotiate with SWD on the provision of necessary social welfare facilities.

*Head 708 Subhead 8100EX - Alterations, additions, repairs and improvements to the campuses of the University Grants Committee-funded institutions*

33. Dr Junius HO observed that this subhead involved several items related to the Hong Kong Polytechnic University ("PolyU"), and the total cost estimates of certain works projects were rather close to the current financial ceiling of delegated authority, causing doubts that whether such works projects were split to avoid the need for FC approval. Dr HO also raised the following questions/concerns:

- (a) whether such works projects involved facilities damaged when PolyU was occupied in 2019;
- (b) whether the functions of proposed facilities were the same as those scientific research facilities of the Hong Kong Science Park and/or the Chinese University of Hong Kong ("CUHK"), resulting in duplication of resources; and

- (c) overall plan for the future development, refurbishment and maintenance of the PolyU campus.

34. Deputy Secretary-General (1), University Grants Committee Secretariat ("DSG(1)UGCS") responded that the allocations concerned were used for continuing the on-going and new works projects. None of the allocations would be used for repairing facilities damaged by the social incidents in 2019. In addition, the Chief Executive stated in the 2018 Policy Address that to expand the capacity for relevant professional healthcare training, the Government would earmark about \$20 billion to upgrade and increase the relevant teaching facilities of the University of Hong Kong, CUHK and PolyU, including short-medium-and long-term works projects. Some minor facility improvement projects under the short-term projects would be carried out through CWRP block allocations.

35. DSG(1)UGCS added that in recent years, PolyU had been actively enhancing its research capability and teaching competence in applied technology, including reorganizing the existing spaces in industrial centres and upgrading related facilities to meet the teaching and research needs of PolyU in areas such as artificial intelligence and robotics technologies. PolyU would also renovate part of the existing laboratory space and establish Hong Kong's first cell therapy laboratory facility in line with medical-grade Good Manufacturing Practice. In addition, to align with the Government's long-term medical manpower planning, PolyU would deploy additional resources in paramedical areas such as nursing and physiotherapy, increase clinical training places and construct teaching facilities, such as an integrated teaching building. The process involved a pre-construction consultancy study and the demolition of some existing buildings, as well as renovating/improving certain laboratory/classroom space and equipment. As for CUHK's proposal to seek funding approval from FC for constructing a laboratory in the Centralized General Research Laboratory Complex (Block 2), it aimed at taking advantage of biotechnology to address challenges posed by climate changes and to develop novel ways to treat human diseases. The field was different from the nature of the items proposed by PolyU to be added under block allocation subhead 8100EX. DSG(1)UGCS also pointed out that the University Grants Committee was supportive of cross-institutional collaboration among the eight funded universities, and universities would also allow researchers from the other seven universities to use their own scientific research facilities where appropriate.

*Head 709 Subhead 9100WX - Waterworks, studies and investigations for items in Category D of the Public Works Programme*

36. Referring to the historic building of the service reservoir at Bishop Hill which was nearly demolished because of the Government's waterworks, Dr Priscilla LEUNG enquired about the implementation of the waterworks and policy measures on conservation. The Deputy Director of Water Supplies ("DDWS") responded that in accordance with established procedures, the Government would consult the Antiquities and Monuments Office ("AMO") on the proposed public works to ensure that the projects would not affect any heritage sites. AMO had already stated earlier that the incident of the service reservoir at Bishop Hill was a result of insufficient communication; the Development Bureau had also set up a dedicated working group on the incident to review the handling of the case by relevant departments, and to put forward improvement measures. At present, the Water Supplies Department ("WSD") was carrying out reinforcement and improvement works on the historic building to ensure the structural safety of the structure; after the historic building was recommended by AMO and graded by the Antiquities Advisory Board, WSD would open the place for the public under restricted access arrangement depending on the situation.

*Head 710 Subhead A007GX - New Administrative Computer Systems*

37. Dr Priscilla LEUNG noted that the items proposed under this subhead involved several bureaux/departments. She enquired about the specific scope of these projects and suggested the Administration briefly explain the progress of individual projects in discussion papers in future.

38. DGCIO/OGCIO advised that many of the items proposed under this block allocation subhead were items for upgrading IT security. According to the Government's IT security requirements, all bureaux/departments should conduct security risk assessments and updates on their IT systems biennially. The Office of the Government Chief Information Officer ("OGCIO") had a dedicated team to assist each bureau/department to implement and monitor the projects.

*District Minor Works Programme*

39. Mr LUK Chung-hung suggested the Government strengthen consultation with other district organizations beyond District Councils ("DCs") when taking forward the District Minor Works Programme. Mr Holden CHOW advised that district organizations other than DCs (including Area Committees) could assist the Government with monitoring the progress of local improvement works. Dr CHENG Chung-tai said that

it was not reasonable to have public works monitored by Area Committees whose members were appointed by the Government.

40. SFST responded that the Government consulted local groups and relevant advisory committees on policies or works projects from time to time. The Government would consider the importance and urgency of relevant projects, as well as district views on individual works projects, etc., before deciding whether to create new works projects. Assistant Director of Home Affairs (2) added that the District Minor Works Programme aimed at improving local facilities, living environment and hygiene conditions, so as to enhance residents' quality of life. The Government would consider ways to better absorb district views, such as strengthening consultation with district groups, so that the projects could more effectively fulfill the needs of the districts. DArchS advised that ArchSD was ready to collaborate with departments proposing the public works and communicate with DCs and relevant district organizations.

41. Mr Tony TSE suggested the Administration avoid bundling the tendering exercises for a number of district minor works into one project, in order to maximize the chances for small and medium-sized contractors to participate. The Administration noted the above view.

Increase in approved allocation for Subhead 9100WX under Head 709 for 2020-2021

42. Ir Dr LO Wai-kwok advised that BPAHK supported the increase in approved allocation for Subhead 9100WX under Head 709 for 2020-2021. Mr Tony TSE enquired about the details of the 35 new and 19 ongoing works projects involved in the proposed increase in allocations, and the mechanism adopted by WSD to examine the risk of water main burst/leakage in Hong Kong.

43. DDWS advised that the water mains involved in these 35 new works projects were in urgent need of improvement works, so as to reduce the risk of burst/leakage. As these new projects were unforeseeable when the 2020-2021 estimate for Subhead 9100WX was prepared, additional allocations had to be sought for emergency improvement works. Moreover, the progress of the 19 ongoing works projects proceeded faster than expected, and therefore additional allocations were needed for the works expenditure. In general, there were fewer rainy days in 2020, coupled with the ample supply of staff from contractors, which were conducive to carrying out the works on water mains and other various waterworks. WSD currently assessed the risks of water main burst based on information such as the service life of water mains, materials and past burst records, and then

considered the impact on water supply and traffic in an area in case of burst of an individual water main, and would then prioritize the replacement or improvement works. WSD would continue to explore the use of predictive models with artificial intelligence to assess the risk of water main burst and would pay attention to relevant technological development in the market.

IT system incidents

44. Dr Priscilla LEUNG enquired about the improvement measures implemented by the Administration as well as the actions (including punishments) taken against the contractors concerned following the loss of electors' data by the Registration and Electoral Office ("REO") and the failure of the Food and Health Bureau ("FHB") to promptly send notifications of Coronavirus Disease 2019 test results via SMS to those who took the test.

45. DGCIO/OGCIO responded that FHB's contractors were responsible for sending the test results via SMS, and OGCIO had followed up on the incident with FHB and provided opinions on improvement measures; FHB had also instructed the contractors concerned to implement the relevant measures. REO had conducted reviews on the loss of electors' data, strengthened data processing procedures and enhanced the security of the relevant IT system. Relevant bureaux/departments would provide written responses to the information requested by Dr Priscilla LEUNG.

*[Post-meeting note: The Chinese and English versions of the supplementary information provided by the Administration were issued to members vide LC Paper No. FC101/20-21(01) on 2 February 2021 and 21 April 2021 respectively.]*

46. The meeting was suspended at 4:31 pm and resumed at 4:42 pm.

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

47. At 5:16 pm, FC started to vote on whether the two motions respectively proposed by Mr Michael TIEN and Dr Junius HO under paragraph 37A of the Finance Committee Procedure ("FCP") for expressing views on this item ("FCP 37A motions") should be proceeded with forthwith.

48. 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 in relation to the question that the

motion proposed by Mr Michael TIEN should be proceeded with forthwith. The voting results on the two questions put were as follows:

Member proposing the motion	Serial no. of the motion	Whether to proceed with the motion forthwith
Mr Michael TIEN	<a href="#">0001</a>	<a href="#">No</a>
Dr Junius HO	<a href="#">0002</a>	No

#### Voting on FCR(2020-21)83

49. At 5:23 pm, the Chairman put item FCR(2020-21)83 to the vote. At the request of members, the Chairman ordered a division. The Chairman declared that 18 members voted in favour of and two 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 Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun	Mr Frankie YICK Chi-ming
Mr MA Fung-kwok	Mr Christopher CHEUNG Wah-fung
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Dr Junius HO Kwan-yiu
Mr SHIU Ka-fai	Dr Pierre CHAN
Mr CHAN Chun-ying	Mr LAU Kwok-fan
Mr Kenneth LAU Ip-keung	Mr Tony TSE Wai-chuen
(18 members)	

*Against:*

Mr Michael TIEN Puk-sun	Dr CHENG Chung-tai
(2 members)	

*Abstained:*

Mr YIU Si-wing  
(1 member)

50. The Chairman declared that the item was approved.

51. The meeting ended at 5:29 pm.