

# 立法會

## *Legislative Council*

LC Paper No. CB(1)1382/20-21

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### **Report of the Panel on Development for submission to the Legislative Council**

#### **Purpose**

This report gives an account of the work of the Panel on Development ("the Panel") during the 2020-2021 session. It will be tabled at the meeting of the Legislative Council ("LegCo") on 20 October 2021 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

#### **The Panel**

2. The Panel was formed by the resolution of LegCo on 8 July 1998, as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters. The terms of reference of the Panel are in **Appendix I**.

3. For the 2020-2021 session, the Panel comprises 22 members. Ir Dr Hon LO Wai-kwok and Hon LAU Kwok-fan were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

#### **Major work**

##### Increasing land supply

4. Land shortage has been plaguing Hong Kong for years. Severe shortage of land supply for housing developments has resulted in soaring property prices and a long waiting list for public rental housing. In this session, the Panel continued to conduct extensive discussions on various initiatives to increase land supply.

*Developing caverns — relocation of Sha Tin Sewage Treatment Works to Caverns*

5. The hilly and hard rock terrain of Hong Kong makes it highly suitable for developing rock caverns, particularly on the urban fringes. According to the Administration, based on the strategic territory-wide Cavern Master Plan<sup>1</sup> which delineates 48 Strategic Cavern Areas ("SCVAs") suitable for cavern development, some SCVAs are potential sites for, subject to studies, accommodating sewage treatment facilities.

6. At the Panel meeting on 27 October 2020, members were briefed on the proposals for (a) taking forward the Stage 2 Works for the relocation of Sha Tin Sewage Treatment Works ("STSTW") to caverns, i.e. main caverns construction and upstream sewage works, in the third quarter of 2021 for completion in the fourth quarter of 2031;<sup>2</sup> and (b) creating one permanent post of Chief Engineering ("CE") (D1) in the Drainage Services Department ("DSD") to lead a new dedicated Cavern Projects Division ("CPD").

7. The Panel noted that the relocation of STSTW to caverns was the largest cavern development project ever carried out in Hong Kong. According to the Administration's estimation, the total construction cost of the whole project spanning over 10 years would be around \$40 to \$50 billion in money-of-the-day ("MOD") prices. While not opposing to the relocation project, members were concerned about the high construction cost, possibility of cost overrun, limited competition in the tendering process for such a mega scale project that would drive up the tender price, as well as the arrangements for reusing the large amount of rocks excavated from caverns in the project.

8. On the above concerns, members were advised that a detailed feasibility study conducted by DSD confirmed that the relocation project was technically feasible and financially viable, and could release 28 hectares of land for housing and other beneficial uses. For more reliable cost estimates

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<sup>1</sup> The Cavern Master Plan was formulated under the recommendation of the "Long-term Strategy for Cavern Development — Feasibility Study" completed in 2017 by the Civil Engineering and Development Department ("CEDD") in conjunction with the Planning Department.

<sup>2</sup> The STSTW relocation project is being implemented in stages, i.e. Stage 1 Works, Stage 2 Works and the remaining works. The funding proposal for the Stage 1 Works, including site preparation and main access tunnel construction, was approved by the Finance Committee ("FC") in October 2018 and the relevant works commenced in February 2019. The extant funding proposal for the Stage 2 Works (i.e. [PWSC\(2020-21\)19](#)) was endorsed by the Public Works Subcommittee ("PWSC") on 9 December 2020 and approved by FC on 8 January 2021.

and better project management and cost control, the Administration would implement the relocation project by stages and through adopting the New Engineering Contract. DSD would conduct global tendering exercises with a view to receiving more tenders. As it was estimated that about five million tonnes of Grade I/II granite would be excavated from caverns for the contractors to sell on the market for use as construction materials in other projects, this could provide incentives to encourage the contractors to submit lower tender prices for the project.

9. At members' request for an early planning for the future use of the vacated site, the Administration indicated that a preliminary examination revealed that the released site could be used for housing developments and "Government, Institution or Community" uses. A planning and engineering ("P&E") study would be conducted to formulate appropriate development and land uses schemes for further consultation with the public and stakeholders. The Administration would commence the P&E study, which would take three to four years to complete, at an appropriate time to take into account the latest development needs of the district and community.

10. Regarding the proposal of creating a permanent CE post to lead a new dedicated CPD, while raising no objection to the submission of the proposal to the Establishment Subcommittee ("ESC") for consideration, members cast doubt on whether there was a long-term need for the post and the new division. They suggested that DSD should cope with the relevant workload through internal deployment. However, the Administration advised that given the highly compressed programme of the relocation project and the number of other existing and potential cavern sewage treatment facility projects being planned or implemented, there was an imminent and long-term need to create the permanent CE post to lead the new dedicated CPD. Furthermore, other incumbent CEs were already fully engaged in their respective duties, hence it was operationally impractical for them to take up the new tasks without adversely affecting the discharge of their current duties.<sup>3</sup>

### *Tung Chung New Town Extension*

11. According to the Administration, Tung Chung New Town Extension

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<sup>3</sup> Having considered the views of Panel members and following the Chief Executive's commitment of reviewing staffing proposals as announced in the 2020 Policy Address, the Administration subsequently revised the original proposal to the creation of a supernumerary CE post for five years. The revised staffing proposal (i.e. [EC\(2020-21\)13](#)) was endorsed by ESC on 31 March 2021 and approved by FC on 30 April 2021.

("TCNTE") is one of the major development projects being taken forward to increase land supply over the next 10 years. It covers areas on the eastern and western flanks of the existing Tung Chung New Town. The extension in Tung Chung East ("TCE") involves new land creation of 130 hectares from reclamation, while that in Tung Chung West ("TCW") involves resumption of private lots for public development.

12. At the Panel meeting on 24 November 2020, members were consulted on the funding proposals for the site formation and infrastructure works to support the development of TCNTE and the District Cooling System ("DCS") for TCE.<sup>4</sup>

13. Whilst expressing support for the above funding proposals, members were concerned that the commissioning schedule of the TCE Station targeted for 2029 could not tie in with the population intake of TCNTE commencing from 2024. Following the increase in population in TCNTE, members were also concerned whether there would be sufficient local employment opportunities for residents in the district. To promote local employment for residents in the district and alleviate the congestion problem of the Tung Chung Line, members suggested constructing a new light rail system to connect TCE, Tung Chung, the Airport Island and the artificial island at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities ("HKBCF"), and passed a motion on this suggestion.

14. Members noted from the Administration that the TCNTE development had adopted the approach of using railway as the backbone with most high density residential developments located within a 500-metre radius of the MTR stations. In April 2020, the Administration invited the MTR Corporation Limited ("MTRCL") to commence detailed planning and design for the Tung Chung Line Extension.<sup>5</sup> During the interim period from the first population intake of TCNTE in 2024 until completion of the Tung Chung Line Extension, the Administration would provide appropriate road-based transport service to meet the need of residents, as well as taking forward improvement works at some road junctions to alleviate road congestion. As MTRCL and the Airport Authority Hong Kong were conducting a joint study on transport facilities within the area of Tung Chung, the Airport Island and the HKBCF

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<sup>4</sup> The relevant funding proposal (i.e. [PWSC\(2020-21\)24](#)) was endorsed by PWSC on 13 January 2021 and approved by FC on 19 February 2021.

<sup>5</sup> The detailed planning and design for the Tung Chung Line Extension comprises three components: (a) a new intermediate TCE Station between the Sunny Bay Station and the Tung Chung Station; (b) an extension of the existing Tung Chung Line to a new terminal station at TCW; and (c) the Airport Railway Extended Overrun Tunnel (Remaining Section).

Island, the suggestion on the light rail system had been forwarded to MTRCL for consideration.

15. As regards employment opportunities, the Panel was advised that the floor areas for commercial development in TCNTE (i.e. 877 000 square metres ("sq m")) were expected to generate some 40 000 jobs, among which about 45% or 18 000 jobs were suitable for grassroot workers. Moreover, the development of SKYCITY on the Airport Island and the Hung Shui Kiu/Ha Tsuen New Development Area ("NDA"), which would be conveniently connected following the commissioning of the Tuen Mun—Chek Lap Kok Link, would create many employment opportunities.

#### *Development of New Territories North*

16. Under the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 promulgated in October 2016, New Territories North ("NTN") has been identified as one of the two strategic growth areas<sup>6</sup> to meet Hong Kong's long-term social and economic needs. The Preliminary Feasibility Study on Developing NTN completed in 2018 identified three Potential Development Areas, viz. San Tin/Lok Ma Chau Development Node ("STLMC DN"), the NTN New Town and Man Kam To ("MKT") Logistics Corridor, as essential sources of land supply beyond 2030.

17. At the Panel meeting on 10 May 2021, members were consulted on the funding proposal of engaging consultants to undertake (a) investigation and detailed works design for the First Phase Development of NTN covering STLMC DN and the land to be released from the Lok Ma Chau Boundary Control Point; and (b) the P&E study for the Remaining Phase Development of NTN covering the NTN New Town and MKT Logistics Corridor.<sup>7</sup>

18. Members supported the funding proposal and urged the Administration to expedite the implementation of NTN developments. To address the keen demand for private and public housing in the community, some members suggested reserving a portion of land in the site of the Enterprise & Technology Park of STLMC DN for the development of private housings or talent apartments, and using the agricultural land/green belt in STLMC DN for housing developments. There was a view that the Administration should consider further enhancing the public housing ratio

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<sup>6</sup> The other strategic growth area identified is East Lantau Metropolis.

<sup>7</sup> The relevant funding proposal (i.e. [PWSC\(2021-22\)26](#)) was endorsed by PWSC on 30 June 2021 and approved by FC on 16 July 2021.

in STLMC DN from the proposed public/private split of 70:30. Members also urged the Administration to tie in the development of NTN with the development of the transport infrastructure in the area by advancing the commissioning of the Northern Link ("NOL") from 2034 to 2032 to dovetail with the first population intake in STLMC DN and considering the development of an NOL extension connecting San Tin Station and the Lok Ma Chau Loop. Opining that the development of columbarium, crematorium and related facilities at the Sandy Ridge Cemetery near the NTN developments was a planning mismatch, some members considered that the Development Bureau ("DEVB") should work with relevant bureaux/departments to ensure a more coordinated planning of NTN.

19. The Administration advised that it would explore the feasibility of increasing the development density of STLMC DN in order to boost both public and private housing supply. Members noted that DEVB would work with the Transport and Housing Bureau ("THB") to tie in the STLMC DN project with the NOL development. THB had already commissioned MTRCL to conduct a study on the NOL project, which included the feasibility of extending the NOL alignment to the new Huanggang Port via the Lok Ma Chau Loop. The Administration further advised that the over 1 000 hectares of land in NTN would be put to optimal use for the development of the port economy belt focusing on innovation and technology, logistics industry and higher education. The Administration assured members that it would strive to expedite the implementation of NTN developments by streamlining the relevant project planning and design process and phased implementation of works.

#### *District Cooling System at Kwu Tung North New Development Area*

20. According to the Administration, the Kwu Tung North ("KTN") and Fanling North NDAs, together with the other NDA projects in the New Territories, formed a core part of the multi-pronged land supply strategy in the medium- and long-term. At the meeting on 24 November 2020, the Panel was consulted on the funding proposal for the construction of DCS at KTN NDA by two phases to tie in with the development programmes of infrastructure and building projects there.<sup>8</sup> Under the Administration's proposal, DCS at KTN NDA would serve a total of about 1.1 million sq m of non-domestic air-conditioned gross floor area ("GFA"), with about 190 megawatt of refrigeration cooling capacity.

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<sup>8</sup> The relevant funding proposal (i.e. [PWSC\(2020-21\)25](#)) was endorsed by PWSC on 13 January 2021 and approved by FC on 5 February 2021.

21. Members generally supported the provision of DCS at KTN NDA. They enquired about the estimated energy saving to be achieved, and noted that like DCS at the Kai Tak Development ("KTD"), the proposed DCS at KTN NDA was expected to consume around 35% and 20% less electricity comparing to traditional air-cooled air-conditioning systems and individual water-cooled air-conditioning systems using cooling towers respectively. Regarding the cost comparison among the proposed DCSs at KTN NDA and TCE, as well as DCS at KTD, members noted that based on the respective air-conditioned GFA serviced by the three DCSs, their unit construction costs were comparable. Noting the Administration's plan that the proposed DCS at KTN NDA would be operated by a contractor under a Design-Build-Operate contract in order to expedite the project and facilitate the smooth commissioning and operation of the system, members urged the Electrical and Mechanical Services Department to monitor the performance of the contractor as well as the operation of the proposed DCS, and learn the relevant technologies and practices during the process.

#### Water supply, drainage and water works

##### *Supply of Dongjiang water*

22. The Panel has all along been paying close attention to the supply of Dongjiang ("DJ") water to Hong Kong and the charging approach. While the "package deal lump sum" approach<sup>9</sup> had been adopted for many years since 2006, the Panel noted in 2017 that the Government would conduct a review on the payment approach. A working group set up by the Hong Kong and Guangdong sides would explore different payment approaches and strive to complete the review for future Agreement for the supply of DJ water to Hong Kong ("Supply Agreement") after 2020.

23. In December 2020, the Panel noted an information paper from the Administration on the new Supply Agreement for the next three years between 2021 and 2023.<sup>10</sup> Under the new Supply Agreement, the "package deal lump sum" approach would continue to be adopted largely but an adjustable element of water price deduction according to the actual amount of DJ water supplied would be introduced (collectively named as "package deal deductible sum" approach). Under this adjusted approach, the current annual supply ceiling of 820 million cubic metres of DJ water would be retained to meet the needs

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<sup>9</sup> Under the "package deal lump sum" approach, an annual lump sum payment is made to the Guangdong side for supply of an annual agreed quantity of DJ water to meet the needs of Hong Kong.

<sup>10</sup> [LC Paper No. CB\(1\)370/20-21\(01\)](#)

of Hong Kong, while the annual water price would be adjusted downward from the fixed annual ceiling water price by deducting the difference between the annual supply ceiling and the actual amount of water supplied multiplied by a unit rate. According to the Administration, this price deduction mechanism would address the public requests for payment based on quantity of DJ water imported. Both the Hong Kong and Guangdong sides agreed that this approach should be maintained for at least up to 2029 (assuming three 3-year water supply agreements including the new Supply Agreement).

#### *Rehabilitation of underground stormwater drains*

24. The Panel has all along been concerned about the proper inspection and maintenance of the 2 400 kilometres long underground stormwater drains in Hong Kong, many of which have been in service for years and are suffering from ageing and deterioration at an increasing rate. During the session, the Panel continued to monitor the implementation of the territory-wide replacement and rehabilitation ("R&R") programme for underground stormwater drains. At its meeting on 24 November 2020, the Panel examined the funding proposal for rehabilitation of a total of about 19 kilometres of underground stormwater drains and the associated manholes in 12 districts, and the construction of ancillary works.<sup>11</sup>

25. Members supported the adoption of the risk-based approach under the R&R programme to conduct rehabilitation works for the drains in order to facilitate timely rehabilitation of ageing pipes and avoid pipe collapses that would result in road subsidence, disruptions to traffic and nuisance to the public. They called on the Administration to continue conducting pipe condition surveys and investigation for flooding cases with a view to identifying the possible causes and areas deserving improvement. When taking forward the rehabilitation works, members urged the Administration to take proper measures, including suitable temporary traffic arrangements, to minimize the traffic impact on the surrounding road network during the construction stage.

#### *Other water works projects*

26. The Panel was consulted on a number of water works projects during the session. These projects included the uprating of Sheung Wong Yi Au fresh water supply system; investigation study, design and site investigation of Ngau Tam Mei Water Treatment Works extension; improvement of salt water supply to Tsuen Wan and Kwai Chung; extension of Siu Ho Wan Water

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<sup>11</sup> The relevant funding proposal (i.e. [PWSC\(2020-21\)22](#)) was endorsed by PWSC on 6 January 2021 and approved by FC on 29 January 2021.



Treatment Works and improvement of water supply to Sha Tin, Sheung Shui and Fanling; and reprovisioning of Harcourt Road Fresh Water Pumping Station. Members generally supported these projects to improve the existing fresh water, salt water and reclaimed water supply networks.

### Heritage conservation

27. During the session, the Panel continued to monitor the Administration's work in conserving and revitalizing the heritage sites and buildings in Hong Kong. At its meeting on 10 May 2021, the Panel considered the progress report on heritage conservation initiatives, and supported the funding application for three Batch V projects under the Revitalizing Historic Buildings Through Partnership Scheme, namely (a) Roberts Block, Old Victoria Barracks; (b) Luen Wo Market; and (c) Former Lau Fau Shan Police Station.<sup>12</sup>

28. Members expressed grave concern over the handling of the demolition works at the Ex-Sham Shui Po Service Reservoir ("Service Reservoir"), which was identified as a water tank under the "List of Items Not Falling Under the Usual Category of Buildings/Structures" ("the List") and therefore no follow-up action was taken before the commencement of its demolition works.<sup>13</sup> Members enquired how the Administration could prevent recurrence of similar incidents and urged the Administration to expedite the restoration works of the Service Reservoir to make available the site for public enjoyment as early as possible. There was a suggestion that the Administration should consider developing the Service Reservoir and its surrounding area into a new tourist attraction.

29. The Administration admitted that the handling of the demolition works of the Service Reservoir was undesirable. To address public concerns on the incident, a working group led by the Permanent Secretary for Development (Works) had been set up to review the handling of the case by relevant departments with an aim to put forward improvement measures to avoid recurrence of similar incidents. Upon completion of the necessary strengthening and improvement works, the Administration planned to conduct guided tours for the public at the Service Reservoir within 2021. It would

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<sup>12</sup> The relevant funding proposal (i.e. [PWSC\(2021-22\)28](#)) was endorsed by PWSC on 25 August 2021 and approved by FC on 24 September 2021.

<sup>13</sup> Under the prevailing system for grading historic buildings, items that do not fall under the category of buildings/structures (e.g. cemetery and stone tablet) will be included in the List and no grading assessment will be conducted for these items for the time being.

also look into the long-term options of conserving and revitalizing the Service Reservoir in parallel.

30. There was a query as to whether the Administration had adopted the same standards in the grading assessments of different historic buildings. Some members considered that historic buildings of the colonial era also deserved conservation. In grading historic buildings, the Administration should assess their heritage value in a fair and impartial manner irrespective of their historical background. The Administration advised that it had all along been assessing historic buildings in an impartial manner in accordance with the grading system,<sup>14</sup> which provided an objective basis for determining the heritage value and hence the preservation need of historic buildings in Hong Kong. Historic buildings with heritage value which could reflect the history of Hong Kong would be conserved whether or not they were constructed during the colonial era.

#### Work of the Urban Renewal Authority

31. During the session, the Panel had examined the progress of the work of the Urban Renewal Authority ("URA"). The Panel noted that URA was tasked to adopt "redevelopment" and "rehabilitation" as its two core businesses under the new Urban Renewal Strategy promulgated in February 2011.

32. In view of the serious problem of urban decay, members called on the Administration to formulate a more forward-looking policy in respect of urban renewal to expedite the redevelopment of old buildings. Some members considered that the Administration should render necessary support to URA in terms of land and financial resources to expedite the urban renewal process, and provide incentives to encourage private developers to participate in urban renewal projects to help address the problem of ageing buildings.

33. The Administration advised that it had put in place various measures to support the work of URA, such as exempting URA from paying market premium for its redevelopment sites, and offering government sites in the vicinity as "linked sites" to URA as part of its redevelopment sites where considered appropriate in order to maximize the development potential and planning gains of the projects concerned. The Administration was also mindful of the importance of private sector participation in urban renewal. The District Study for Yau Ma Tei and Mong Kok ("YMDS") would propose

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<sup>14</sup> Pursuant to the grading system, heritage value of historic buildings will be assessed based on six criteria, namely historical interest, architectural merit, group value, social value and local interest, authenticity and rarity.

planning concepts and initiatives applicable for redevelopment by URA and for incentivizing private developers to take part in urban renewal projects.

34. In response to members' concern about the financial sustainability of URA in the long run, URA advised that depending on the duration of negative cash flow, it might consider financing by bank loans or issuance of bonds to ensure that it had sufficient resources to implement the redevelopment programmes included in its five-year Corporate Plan covering 2021-2022 to 2025-2026. The Administration was positive to various financing options and would not preclude the possibility of injecting funds into URA in the future subject to its financial situation.

35. Under the Integrated Building Rehabilitation Assistance Scheme, URA is responsible for administering various building rehabilitation assistance schemes and services, including the Building Drainage System Repair Subsidy Scheme ("DRS") launched in 2021. With the introduction of many building rehabilitation assistance schemes and services in recent years, members urged URA to deploy additional manpower to cope with the increasing workload. Members also expressed concern about the effectiveness of the Smart Tender Building Rehabilitation Facilitating Services Scheme ("Smart Tender") in reducing the bidding price of building rehabilitation projects and the risk of bid-rigging. According to URA, the average number of bids received for each building rehabilitation project had increased after the introduction of Smart Tender, more choices were hence available to building owners, thereby reducing the risk of bid-rigging. Moreover, based on the market price estimation made by third party consultants, the number of bids with bidding price lower than the estimated market price had increased after the introduction of Smart Tender.

#### *Building Drainage System Repair Subsidy Scheme*

36. In view of the rising public concerns on defective drains amid the Coronavirus Disease — 2019 pandemic, the Financial Secretary ("FS") announced in the 2021-2022 Budget that the Administration would launch DRS with a non-recurrent commitment of \$1 billion to subsidize owners of old and dilapidated domestic (viz. residential or composite) buildings in repairing and/or upgrading the drains of their buildings. The relevant funding commitment was approved in the context of the Appropriation Bill 2021.<sup>15</sup> Administered by URA, DRS has been open for application since 1 May 2021.

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<sup>15</sup> The Appropriation Bill 2021 was passed by LegCo on 28 April 2021.

37. The Panel discussed the DRS proposal at its meeting on 23 March 2021. Members generally welcomed the proposal and hoped that DRS could help address the problem of misconnections of building drains. They enquired how the Administration would handle cases involving unauthorized connections of branch pipes serving individual units or located within subdivided units, and urged the Administration to combat the problem at its source by strengthening enforcement actions against misconnections of building drains.

38. The Administration advised that in response to public concerns, the Buildings Department ("BD") launched a territory-wide drainage inspection programme in June 2020 to proactively inspect the drains at the external walls of some 20 000 private residential or composite buildings exceeding three storeys. BD would also issue statutory orders requiring building owners to carry out drainage repair and/or rectification works for serious cases. Apart from accepting applications from eligible buildings with owners who were willing and able to organize the drainage investigation, repair and/or upgrading works ("drainage works") themselves (i.e. Category 1 buildings) under DRS, BD would, on a risk basis, select buildings whose owners did not have the ability to coordinate the drainage works by themselves (i.e. Category 2 buildings). BD would exercise its statutory power to carry out the requisite works for compliance of outstanding statutory drainage-related orders in default of the owners concerned.

39. The Administration further advised that DRS would subsidize 80% of the costs required for the drainage works, whereas the remaining 20% of the costs had to be borne by the building owners. To minimize inconvenience caused to the building owners (e.g. obviating the need of a separate scaffolding), DRS would cover works for both common drains of a building and branch pipes serving individual units that were not located within individual premises on condition that these branch pipes were located in proximity with the common drains where works were warranted. Special cases would be dealt with by BD on a case-by-case basis subject to the actual circumstances.

#### Findings and recommendations of Detailed Feasibility Study for Environmentally Friendly Linkage System for Kowloon East

40. At the Panel meeting on 26 January 2021, members were briefed on the findings and recommendations of the Detailed Feasibility Study ("DFS") for the Environmentally Friendly Linkage System ("EFLS") for Kowloon East

("KE").<sup>16</sup> Members were disappointed to note that the construction of a single elevated mode of EFLS in KE would not be pursued due to concerns over the major technical complications and challenges as well as the construction and recurrent costs.

41. DFS suggested implementing a "multi-modal" EFLS in KE.<sup>17</sup> Members were concerned whether the proposed "multi-modal" EFLS could help solve the traffic congestion problem in KE, and enquired whether it was forward-looking enough to meet the transport need in the area. They were particularly concerned whether the existing heavily used roads in KE could cope with the extra traffic flow brought about by the new bus and green minibus routes to be introduced under the proposal, and how the Administration would address the overcrowding problem at some MTR stations along the Kwun Tong Line. There was also a query as to whether the "multi-modal" EFLS could support the large number of tourists arriving at the Kai Tak Cruise Terminal ("KTCT").

42. The Administration advised that the traffic condition of KE would be greatly improved upon the commissioning of the entire Tuen Ma Line and other transport infrastructures, including the Route 6. The road traffic in Kwun Tong would also be improved pursuant to the massive redevelopment of Kwun Tong Town Centre by URA and various road improvement works in the Kwun Tong Business Area that were either being implemented or under planning. Both the single elevated and "multi-modal" EFLS would be able to cope with about 266 000 passengers daily, which could meet the transport demand arising from the anticipated increase in residential and working population of the KTD Area up to 2031. To address the transport need of tourists arriving at KTCT, the operator of KTCT would, in addition to public transport services, arrange free shuttle bus services between the terminal and nearby shopping malls as well as other areas (e.g. Tsim Sha Tsui), and enhance

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<sup>16</sup> Based upon the findings of the preliminary feasibility study completed in 2014 and the first stage of DFS completed in 2017, CEDD commenced the second stage of DFS in the second half of 2017. DFS was substantially completed in around January 2021.

<sup>17</sup> The "multi-modal" EFLS comprises a package of green initiatives that serve complementarily to enhance connectivity in the area. The relevant initiatives include:

- (a) enhancing public transport services in KE and deploying electric vehicles to run new bus/green minibus routes in the area;
- (b) developing a travellers network that links up the former runway of Kai Tak, the Kowloon Bay Action Area and the Kwun Tong Action Area;
- (c) providing a GreenWay network that runs through promenades and open spaces in the KTD Area for shared use by pedestrians and cyclists;
- (d) constructing an elevated landscaped deck to connect the Kwun Tong Station; and
- (e) establishing a "water taxi" service point in the KTD Area.

taxi services by providing information on cruise passengers arrivals to the taxi industry.

Proposed increase in financial ceilings of delegated authority for Category D items in the Capital Works Programme and block allocation subhead on computerisation

43. The Capital Works Reserve Fund ("CWRF") was established under section 29 of the Public Finance Ordinance (Cap. 2) with effect from 1 April 1982 pursuant to a resolution passed by LegCo on 20 January 1982<sup>18</sup> for the purpose of financing the public works programme and the acquisition of land. At present, there are a total of 26 block allocation subheads under CWRF, 21 of which are subject to a financial ceiling in spending on each item, and the remaining five are either not subject to a financial ceiling per item or a different financial ceiling per item.

44. On 24 November 2020, the Panel conducted a joint meeting with the Panel on Information Technology and Broadcasting to consider the Administration's proposal on the CWRF block allocations for 2021-2022, and the increase in the financial ceilings of the delegated authority for applicable Category D items in the Capital Works Programme ("CWP") from \$30 million to \$50 million and the block allocation subhead on computerisation from \$10 million to \$20 million.<sup>19</sup>

45. Members did not object to the proposal on the funding provision for the CWRF block allocations for 2021-2022. Regarding the proposed increase in the financial ceiling of the delegated authority for applicable Category D items in CWP, members were most concerned about the justifications for the proposed magnitude of increase, the possible splitting of controversial major capital works projects into smaller projects to circumvent the Finance Committee's monitoring thereby undermining the role of LegCo in scrutinizing minor works items, as well as measures to be put in place to enhance project cost management of such items. Noting that the last adjustment was made in 2012, some members called on the Administration to

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<sup>18</sup> The resolution sets out the administration of CWRF, its purposes, the moneys to be credited to CWRF and from which moneys may be expended. It specifies that FS should administer CWRF and FS may expend moneys from CWRF in accordance with the conditions, exceptions and limitations as may be specified by FC. The resolution was amended six times between 1983 and 1997 in light of evolving requirements. Details of these amendments are set out in Enclosure 1 to [FCRI\(2017-18\)13](#).

<sup>19</sup> The relevant proposal (i.e. [PWSC\(2020-21\)23](#)) was endorsed by PWSC on 16 December 2020 and approved by FC on 22 January 2021.

set up a mechanism for regular review and adjustment of the financial ceiling according to relevant factors including inflation.

46. Members were advised that in view of the increase in the construction cost in the past eight years, the Administration considered it necessary to increase the financial ceiling with a view to maintaining the usefulness of the delegated authority for achieving the intended objective of the block allocations arrangement. In proposing the increase in the financial ceiling, the Administration had made reference to the price adjustment factors, which were used for converting the cost of capital works projects from constant prices into MOD prices, as well as the projected price adjustment factor a few years down the road to cater for the effect of the anticipated inflation.

47. Moreover, members were advised that there were internal guidelines for works departments specifying that the splitting of a project into smaller projects for the purpose of circumventing the relevant financial ceilings was not allowed. The works departments should ensure that the scope of the projects should fall within the ambit of the relevant subheads and the project costs were within the relevant financial ceilings. Notwithstanding that most of the Category D items funded by CWRF block allocations were standardized works projects with relatively lower cost and hence were not normally subject to the scrutiny of the Project Strategy and Governance Office ("PSGO"), bureaux/departments could refer the Category D items under their purview to PSGO for better project cost management if deemed necessary. The Administration would also regularly review the financial ceiling for Category D items under CWP.

#### Other funding, staffing and legislative proposals discussed by the Panel

48. Apart from the funding proposals mentioned in the preceding paragraphs, the Panel had also examined the funding proposals for a number of other public works projects during the session, including the construction of a covered four-span footbridge system at the junction of Sham Mong Road and Yen Chow Street West in Sham Shui Po; improvement works at Kau Sai Village Pier and Lai Chi Chong Pier; construction of a landscaped elevated walkway connecting to the new acute hospital being developed in the KTD Area; construction of a boardwalk underneath the Island Eastern Corridor and an elevated landscaped pedestrian deck to connect the Kwun Tong Station.

49. On staffing proposals, in addition to the proposal mentioned in paragraph 6 above,<sup>20</sup> the Administration had also consulted the Panel on the

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<sup>20</sup> i.e. the proposal of creating one permanent post of CE (D1) in DSD to lead a new dedicated CPD.

proposed creation of a non-civil service position equivalent to the rank of D2 in DEVB to coordinate and implement the measures under the "Invigorating Island South" initiative; staffing proposals of the Sustainable Lantau Office under CEDD, the Planning Department and the Railway Development Office under the Highways Department for taking forward and implementation of development and conservation projects related to Lantau; and regrading of two one-rank grade directorate posts of the Head of Greening, Landscape and Tree Management Section (D2) and the Head of Tree Management Office (D1) in the Greening, Landscape and Tree Management Section under DEVB to multi-disciplinary directorate posts.

50. At its meeting on 28 September 2021, the Panel discussed a proposed Member's Bill to amend the Protection of the Harbour Ordinance (Cap. 531).<sup>21</sup>

#### Other subjects deliberated by the Panel

51. Other subjects deliberated by the Panel during the session included urban forestry management work in Hong Kong; development of Government-wide-internet-of-things network to enhance city management and YMDS. The Panel was also briefed on the progress of various Government funding schemes and projects, including the funding scheme to support the use of vacant government sites by non-government organizations for the financial year 2020-2021; implementation of the Construction Innovation and Technology Fund; development of the Common Spatial Data Infrastructure; revitalization of industrial buildings; and the Landslip Prevention and Mitigation Programme.

#### Work of the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project

52. In the session, the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") formed under the Panel on Development and the Panel on Home Affairs deliberated on various issues in relation to the development of the West Kowloon Cultural District ("WKCD"), including the progress of development of Zone 2 and Zone 3 of WKCD and the financial situation of the WKCD project. Members were also briefed on the progress of development of performing arts and venue operation of WKCD; the latest development of

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<sup>21</sup> Proposed by Hon Alice MAK, the proposed Bill seeks to amend the Protection of the Harbour Ordinance (Cap. 531) to establish a central harbour area; to ensure non-reclamation projects in the harbour can be proceeded smoothly; and to exempt reclamation projects for public purpose outside the central harbour area from this Ordinance.



M+ and the Hong Kong Palace Museum; and the learning and community engagement initiatives of and talent development opportunities provided by WKCD. In the session, the Joint Subcommittee held a total of six meetings and conducted a site visit to WKCD in March 2021 to observe the latest development of the WKCD project. The Joint Subcommittee has completed its work and will report to the two Panels.

#### Meetings and visits

53. Up to the end of September 2021, the Panel held a total of 13 meetings, including a joint meeting with the Panel on Information Technology and Broadcasting on 24 November 2020 and a meeting by videoconferencing on 26 January 2021. The Panel has also scheduled a meeting in October 2021 to receive a briefing by the Secretary for Development on the Chief Executive's 2021 Policy Address in respect of the policy initiatives of DEVB. Moreover, the Panel conducted a site visit to the Tung Chung East Reclamation Site in April 2021 to learn about the progress of the reclamation works. The Panel also conducted a site visit to NTN in August 2021 to better understand the current situation of the area.

Council Business Division 1  
Legislative Council Secretariat  
7 October 2021

**Legislative Council**

**Panel on Development**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Panel on Development**

**Membership list for the 2020-2021 session \***

<b>Chairman</b>	Ir Dr Hon LO Wai-kwok, GBS, MH, JP
<b>Deputy Chairman</b>	Hon LAU Kwok-fan, MH, JP
<b>Members</b>	Hon Abraham SHEK Lai-him, GBS, JP Hon Starry LEE Wai-king, SBS, JP Hon CHAN Hak-kan, SBS, JP Dr Hon Priscilla LEUNG Mei-fun, SBS, JP Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP Hon Paul TSE Wai-chun, JP Hon Michael TIEN Puk-sun, BBS, JP Hon Frankie YICK Chi-ming, SBS, JP 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 Martin LIAO Cheung-kong, GBS, JP Dr Hon Junius HO Kwan-yiu, JP Hon Holden CHOW Ho-ding Hon Wilson OR Chong-shing, MH Hon CHEUNG Kwok-kwan, JP Hon Kenneth LAU Ip-keung, BBS, MH, JP Hon Vincent CHENG Wing-shun, MH, JP Hon Tony TSE Wai-chuen, BBS, JP

(Total: 22 members)

<b>Clerk</b>	Ms Doris LO (Up to 21 February 2021) Ms Connie HO (Since 22 February 2021)
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<b>Legal Adviser</b>	Ms Vanessa CHENG
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\* Changes in membership are shown in the Annex

## Annex to Appendix II

### Panel on Development

#### Changes in membership (2020-2021 session)

<b>Member</b>	<b>Relevant date</b>
Hon HUI Chi-fung	Up to 18 October 2020
Hon IP Kin-yuen	Up to 20 October 2020
Hon SHIU Ka-chun	Up to 20 October 2020
Hon James TO Kun-sun	Up to 26 October 2020
Prof Hon Joseph LEE Kok-long, SBS, JP	Up to 26 October 2020
Hon Tommy CHEUNG Yu-yan, GBS, JP	Up to 27 October 2020
Hon Claudia MO	Up to 27 October 2020
Hon Charles Peter MOK, JP	Up to 10 November 2020
Hon Jeremy TAM Man-ho	Up to 11 November 2020
Hon WU Chi-wai, MH	Up to 12 November 2020
Dr Hon Helena WONG Pik-wan	Up to 12 November 2020
Hon Andrew WAN Siu-kin	Up to 12 November 2020
Hon LAM Cheuk-ting	Up to 12 November 2020
Hon KWONG Chun-yu	Up to 12 November 2020
Dr Hon Fernando CHEUNG Chiu-hung	Up to 18 November 2020
Hon CHAN Kin-por, GBS, JP	Up to 1 December 2020
Hon WONG Kwok-kin, GBS, JP	Up to 1 December 2020
Hon KWOK Wai-keung, JP	Up to 1 December 2020
Hon CHAN Chun-ying, JP	Up to 1 December 2020
Hon LUK Chung-hung, JP	Up to 1 December 2020
Hon POON Siu-ping, BBS, MH	Up to 2 December 2020
Hon Jimmy NG Wing-ka, BBS, JP	Up to 2 December 2020
Dr Hon CHIANG Lai-wan, SBS, JP	Up to 3 December 2020
Hon Steven HO Chun-yin, BBS, JP	Up to 8 December 2020
Hon Jeffrey LAM Kin-fung, GBS, JP	Up to 14 December 2020
Dr Hon CHENG Chung-tai	Up to 25 August 2021

For **changes in LegCo Membership**, please refer to the link below:  
(<https://www.legco.gov.hk/general/english/members/yr16-20/notes.htm>)