

立法會

Legislative Council

LC Paper No. CB(4)1224/20-21

(These minutes have been
seen by the Administration)

Ref : CB4/PL/EDEV

Panel on Economic Development

Minutes of meeting
held on Monday, 26 April 2021, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Christopher CHEUNG Wah-fung, SBS, JP
(Chairman)
Hon Starry LEE Wai-king, SBS, JP
(Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon Elizabeth QUAT, BBS, JP
Ir Dr Hon LO Wai-ki, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon LUK Chung-hung, JP
Dr Hon CHENG Chung-tai
Hon Tony TSE Wai-chuen, BBS, JP

Public Officers : Agenda item III
attending

Transport and Housing Bureau

Mr Raymond CHENG
Head (Airport Expansion Project Coordination
Office)

Ms Alice YEUNG
Principal Assistant Secretary (Airport Expansion
Project Coordination Office)

Mr Kelvin NG
Chief Assistant Secretary (Airport Expansion
Project Coordination Office)

Development Bureau

Miss Polly CHONG
Principal Assistant Secretary (Planning and Lands)

Civil Aviation Department

Mr Raymond NG
Assistant Director-General of Civil Aviation
(Airport Standards)

Mr HUI Man-ho
Acting Assistant Director-General of Civil Aviation
(Air Traffic Engineering Services)

Lands Department

Mr Eugene TAM
Senior Land Surveyor, Three-runway System
Survey Section

Marine Department

Mr Simon HO
Acting General Manager/Planning, Development
and Port Security

Agenda item IV

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP
Under Secretary for Commerce and Economic
Development

Miss Wendy CHUNG
Deputy Commissioner for Tourism

Miss Maggie CHOW
Assistant Commissioner for Tourism 3

Agriculture, Fisheries and Conservation Department

Dr LEUNG Siu-fai, JP
Director of Agriculture, Fisheries and Conservation

Mr Simon CHAN
Assistant Director (Conservation)

Dr TAM Tze-wai
Executive Director (Hong Kong Wetland Park)
(Acting)

Agenda item V

Commerce and Economic Development Bureau

Mr Eric CHAN, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)²

Hong Kong Observatory

Miss Sharon LAU, JP
Assistant Director of the Hong Kong Observatory
(Aviation Weather Services)

Dr Jeffrey LEE
Acting Senior Scientific Officer (Aviation
Meteorological Data Analytics)

Miss TSE Shuk-mei
Acting Senior Scientific Officer (Three Runway
System Project)

Related organization : Agenda item III
Airport Authority Hong Kong

Mr Kevin POOLE
Executive Director, Third Runway

Mr Julian LEE
Executive Director, Finance

Clerk in attendance : Ms Shirley CHAN
Chief Council Secretary (4)5

Staff in attendance : Ms Shirley TAM
Senior Council Secretary (4)5

Ms Carol WONG
Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Miss Mandy LUI
Clerical Assistant (4)5

Action

I. Information papers issued since the last regular meeting

(LC Paper No. CB(4)671/20-21(01) — Letter from Hon Holden CHOW Ho-ding dated 18 March 2021 concerning the Air Mail Centre redevelopment

LC Paper No. CB(4)689/20-21(01) — Tables and graphs showing the import and retail prices of major oil products from March 2019 to February 2021 provided by the Administration

LC Paper No. CB(4)779/20-21(01) — Supplementary information provided by the Administration in response to the letter from Hon Holden CHOW Ho-ding dated 18 March 2021 and follow-up items arising from relevant discussion on the Air Mail Centre redevelopment)

Members noted the above papers issued since the last regular meeting.

II. Items for discussion at the next meeting

(LC Paper No. CB(4)830/20-21(01) — List of outstanding items for discussion

LC Paper No. CB(4)830/20-21(02) — List of follow-up actions)

2. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 24 May 2021 at 10:45 am –

- (a) Update on Hong Kong Disneyland Resort; and
- (b) Update on the Maritime and Aviation Training Fund.

III. Update on the development of the three-runway system at Hong Kong International Airport

(LC Paper No. CB(4)830/20-21(03) — Paper provided by the Airport Authority Hong Kong

LC Paper No. CB(4)830/20-21(04) — Updated background brief prepared by the Legislative Council Secretariat)

Declaration of interests

3. Ir Dr LO Wai-kwok declared that he was a member of the Board of the Airport Authority Hong Kong ("AAHK").

Presentation by the Administration and AAHK

4. At the invitation of the Chairman, Head (Airport Expansion Project Coordination Office) ("H(AEPCO)") gave an introductory remark on the latest development of the Three-Runway System ("3RS") project at Hong Kong International Airport ("HKIA") and the related subsidiary legislation amendments for commissioning the Third Runway and the 3RS. With the aid of powerpoint presentation materials and a video, Mr Kevin POOLE, Executive Director, Third Runway of AAHK, briefed the Panel on the progress update of the 3RS works. Mr Julian LEE, Executive Director, Finance of AAHK, briefed the Panel on the latest financial arrangement plan of the 3RS project. Details were set out in AAHK's paper (LC Paper No. CB(4)830/20-21(03)).

(Post-meeting note: The powerpoint presentation materials provided by AAHK were issued to members vide LC Paper No. CB(4)894/20-21(01) on 26 April 2021.)

Discussion*Project progress*

5. Ir Dr LO Wai-kwok said that the general public was concerned about the progress of the 3RS project and whether the related construction works would be delayed. As understood from the video shown by AAHK, the construction of the 3RS was a mammoth project. The reclamation works of the 3RS project had once been behind the original schedule due to the strained supply of fill materials. However, the problem was eventually solved and AAHK had strived hard to catch up with the progress. He was delighted to see that the reclamation works and the Third Runway were close to completion.

6. Mr Kevin POOLE, AAHK advised that despite the challenges associated with the various work fronts of the 3RS project and the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic, AAHK and its contractors had implemented various alternative and contingency measures to prevent further slippage of the overall 3RS critical works, which remained at approximately eight weeks as reported to the Panel in December 2020. He was confident that the surfacing of the Third Runway would be completed by mid-2021, followed by the completion of the entire Third Runway and its twin parallel taxiways by end 2021. H(AEPCO) supplemented that AAHK had also been maintaining the progress of the 3RS construction with a view to commissioning the Third Runway in 2022 and the 3RS in 2024 as planned.

7. Ir Dr LO Wai-kwok opined that an eight-week slippage was acceptable in such a gargantuan project. He urged AAHK to ensure the project quality in the construction of the project and suggested arranging a site visit to the project site to better understand its scope and latest development.

8. The Chairman and Mr Holden CHOW also expressed similar concern about the slippage of the 3RS works under the impact of the COVID-19 pandemic and showed appreciation for AAHK's assiduous efforts in catching up with the schedule.

Financial arrangement and airport construction fee ("ACF")

9. Mr Holden CHOW and Mr LUK Chung-hung expressed concern about the drop in the collection of ACF due to the traffic slump of HKIA which would reduce ACF's contributions to finance the 3RS project in the next few years. Mr LUK enquired about the amount of the decline in the collection of ACF and the resultant impact on the finance of the 3RS project. Mr CHOW recalled that based on the consultancy studies of AAHK's financial advisor, it was estimated that AAHK would be able to repay all the financings by 2030-2031. He enquired if AAHK would extend the repayment schedule in view of the prolonged impact of the COVID-19 pandemic.

10. Noting that it was AAHK's plan to maintain the same level of ACF throughout the collection period and cease collecting ACF when all 3RS-related debts were fully repaid, Mr YIU Si-wing asked if AAHK had any plan to adjust the collection arrangement of ACF in view of the drop in the collection of ACF due to the traffic slump of HKIA. As the bid prices for the 3RS construction works contracts under the COVID-19 pandemic might be lower than AAHK's original estimate, he asked if AAHK would reduce the budget of the 3RS project accordingly.

11. Mr Julian LEE, AAHK explained that AAHK funded the 3RS project through retaining AAHK's operating surplus, levying ACF and borrowing/raising funds from the market. The drop in operating surplus and the collection of ACF due to the traffic slump of HKIA had reduced their contributions to finance the 3RS project. As a result, AAHK had updated the 3RS financing plan to increase the proportion of external financings to fund the project prudently, with comprehensive consideration of its debt ratio and financial status. At the same time, the operation expenses of AAHK were deliberately kept under the level before the outbreak of the COVID-19 pandemic. It was premature to say whether the ACF collection would be extended which was largely dependent on the

pace of global aviation recovery. According to the latest estimation, AAHK would repay the 3RS-related debts by 2031-2032, which was one year later than initially planned. It was still AAHK's plan to maintain the same level of ACF throughout the collection period and cease collecting ACF when all 3RS-related debts were fully repaid. Meanwhile, AAHK would monitor the development of the pandemic closely and review the 3RS funding plan regularly.

12. Mr Kevin POOLE, AAHK responded that he also noticed the drop in bid prices for construction contracts of the 3RS project in last year as mentioned by Mr YIU Si-wing. However, the increasing pressure from inflation, especially in the prices of steel and copper, should not be overlooked. It remained AAHK's target to deliver the 3RS project within the budget of HKD141.5 billion.

13. Mr Holden CHOW noted that according to AAHK's latest forecast as of March 2021, in view of the prolonged impact of the COVID-19 pandemic on the global aviation industry, the total amount of funds raised from the market by AAHK to finance the 3RS project would increase from HKD69 billion to HKD89 billion of debt. He enquired about the amount of the extra interest to be paid by AAHK under the updated financing plan.

14. Mr Julian LEE, AAHK replied that the interest rate of external funding was envisaged to be around 5% per annum when AAHK took forward the project in 2015. The 2020-2021 borrowings for the 3RS project, under a low-interest-rate environment, were of different tenors and mixed effective interest rates ranging from 1.6% to 2.7% per annum, which were lower than initially envisaged. However, the total expenses of interest payment might not exceedingly vary from what was planned.

15. Recalling that around 50 to 70 million tourists visited Hong Kong in 2019, Mr CHUNG Kwok-pan estimated that the loss in the collection of ACF due to the impact of the COVID-19 pandemic totalled around HKD7 to 8 billion from 2020 to 2021. As the passenger traffic of the global aviation industry would not return to the level before the pandemic within three to four years, he anticipated that the total loss in the collection of ACF would eventually sum up to over HKD20 billion. Worrying that the operation of the 3RS might become a financial burden to HKIA, he sought information on the proportion of the volume of passenger traffic and freight cargoes relative to the total income of AAHK, as well as the impact of the drop in passenger traffic and the collection of ACF on the total income of AAHK.

16. Mr Julian LEE, AAHK explained that the plunge in passenger traffic would severely affect the revenue of AAHK in various aspects, i.e. landing fees paid by the airlines, ACF, and the rental from the retail shops

in HKIA. The financial status of AAHK in the first half of 2021-2022 was published, in which the total revenue of AAHK dropped by more than 60%. Hence, AAHK had updated the 3RS financing plan to increase the proportion of external financings to fund both the operation of HKIA and the 3RS project. Before the outbreak of the COVID-19 pandemic and social unrest, the earnings before interest, taxes, depreciation and amortization ("EBITDA") of AAHK was around HKD12 billion annually. Taking into account the amount of ACF received each year which was around HKD3 to 4 billion, the recurring adjusted EBIDTA of AAHK would be around HKD16 billion. Under the COVID-19 pandemic, such cashflow was substantially reduced. He emphasized that the construction of the 3RS was a long-term development plan of HKIA. Although the aviation industry and AAHK would be under the challenges brought by the pandemic in the coming few years, it was believed that the 3RS would be one of the important contributors to the economic development of Hong Kong in the coming years and the related investment would be paid back in the long run.

17. On Mr LUK Chung-hung's enquiry about the deferment of the issuance of the HKD 5 billion fixed-rate retail bond of AAHK which allowed participation of the general public in the 3RS project, Mr Julian LEE, AAHK replied that due to the outbreak of the COVID-19 pandemic, AAHK deferred the issuance of the HKD retail bond, which was originally scheduled to be issued in 2019-2020. Subject to market sentiments, AAHK would consider the issuance of the bond in second half of 2021-2022 to coincide with the gradual revival of the aviation industry when potential investors would restore their confidence in the business.

Relief measures for the airport community

18. Mr YIU Si-wing noticed that AAHK's relief measures for the airport community, i.e. the waiver or reduction of various fees for the aviation industry, had been extended until May 2021. As the relief measures were coming to an end soon, he asked if the Administration and AAHK would formulate any further relief measures to provide necessary assistance to the airport community in riding out the storm.

19. H(AEPCO) replied that the Administration was aware of the difficulties faced by the aviation industry and would work with AAHK closely to decide if further relief packages would be provided to the airport community. Mr Julian LEE, AAHK advised that the relief measures offered by AAHK to the airport community had lasted for over a year in view of the prolonged impact to the aviation industry brought by the COVID-19 pandemic. The measures would be adjusted from time to time depending on the air traffic and business recovery situation at HKIA.

Labour supply and construction safety

20. Concerning about the unemployment problem in the construction industry caused by the COVID-19 pandemic and noting that AAHK had imported skilled workers to meet the manpower requirements of the 3RS project in the past, Mr Tony TSE and Mr LUK Chung-hung called on AAHK to prioritize recruiting local workers to alleviate the unemployment problem in Hong Kong. Mr TSE also asked about the effectiveness of the job fairs organized by AAHK in collaboration with other organizations, the shortfall in the supply of local skilled workers for the 3RS project and the number of imported workers hired under the project to make up for the shortfall.

21. Mr LUK Chung-hung suggested that if AAHK perceived that certain skills would be required for the 3RS project, it should provide training to local workers in advance instead of importing workers. He also commented that importing workers might pose a public health risk to Hong Kong under the haze of the COVID-19 pandemic.

22. Mr Kevin POOLE, AAHK emphasized that it was always AAHK's priority to recruit local workers, although skilled labour was imported through the Supplementary Labour Scheme during the early stage of the 3RS project to address a particular labour shortfall in specialized reclamation and marine-related works in Hong Kong. To reach out to local job seekers, AAHK had organized some job fairs, including an online job fair in the wake of the COVID-19 pandemic, in collaboration with other organizations and made arrangement for another one in Tuen Mun later this year if situation allowed. In addition, AAHK was also working closely with the Construction Industry Council to provide specific training courses and apprentice schemes to local workers to meet the huge labour demand for workers in 2022-2023. AAHK also cooperated with labour unions to distribute information on job vacancies to their members.

23. Mr Tony TSE expressed dissatisfaction that the latest 12-month rolling Accident Frequency Rate ("AFR") for the 3RS project was 6.8, which was the same as the figure in the last progress report in December 2020 and higher than the figure in 2019. He urged AAHK to pay attention to construction safety as the construction of the 3RS project would come to a peak in the coming two years.

24. Mr Kevin POOLE, AAHK responded that AAHK was committed to maintaining the highest standard in construction safety. Although AFR for the 3RS project was substantially lower than the industry-wide AFR of 29.0 in 2019 as released by the Labour Department, he stressed that safety

rates were never good enough. In close collaboration with its contractors, AAHK had responded proactively to construction safety needs and had put forth a concerted effort to introduce several initiatives for construction safety among all levels of staff and workers in the 3RS project, e.g. the 12-week Safety Awareness Stimulation Programme was launched to boost the safety culture and commitment across the project; and a number of safety facilities were also put in place on the construction sites.

Conclusion

25. The Chairman requested the Administration and AAHK to take note of members' views and concerns raised at the meeting. He concluded that the Panel had no objection to the subsidiary legislation amendments proposed by the Administration and their submission to the Legislative Council for negative vetting.

IV. Upgrading of facilities of the Hong Kong Wetland Park

(LC Paper No. CB(4)830/20-21(05) — Paper provided by the Administration)

Presentation by the Administration

26. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on a funding proposal of \$135 million to upgrade the facilities of the Hong Kong Wetland Park ("HKWP") with a view to enhancing its appeal as an eco-tourism attraction ("the Proposal"). With the aid of powerpoint presentation materials, Executive Director (Hong Kong Wetland Park) (Acting) ("ED(HKWP)(Ag)") introduced further the Proposal. Details of the Proposal were set out in the Administration's paper (LC Paper No. CB(4)830/20-21(05)).

(Post-meeting note: The powerpoint presentation materials provided by the Administration were issued to members vide LC Paper No. CB(4)894/20-21(02) on 26 April 2021.)

Discussion

The Proposal

27. Mr Jeffrey LAM expressed support for the Proposal to enhance HKWP's tourism appeal and maintain its precious ecological resources. He considered that HKWP was an attractive place to visit. Noting that the

upgrading of facilities was expected to last from 2021 to 2024, he asked about the rationale to take such a long time to complete the project as not many improvement items were involved. He also enquired whether the Government had any plan to review the overall policy on designation of Wetland Buffer Area ("WBA") in Hong Kong and suggested exploring the feasibility to relax relevant restrictions for development.

28. Director of Agriculture, Fisheries and Conservation ("DAFC") advised that the upgrading of facilities of HKWP would begin in the fourth quarter of 2021 for completion by phases from the third quarter of 2022 to the fourth quarter of 2024. In the preliminary stage, the Administration would carefully examine the scope of the project and consult various stakeholders. It would also take time to redesign and fabricate relevant exhibits. During the upgrading of facilities, HKWP would remain open with partial closure of the exhibition galleries for replacing exhibits and visitor facilities to minimize impacts to visitors. Hence the upgrading for each gallery would be conducted and completed by phases.

29. DAFC supplemented that there were established guidelines on the planning and use of land in WBA, which was delineated to provide a buffer to the negative disturbances of developments on the wetlands in the Wetland Conservation Area ("WCA"), but not to prohibit development. New development/redevelopment project in WBA might be approved as long as an ecological impact assessment had been conducted to show that such a project would not have any environmental impact to WCA.

30. Mr Holden CHOW said that it was understandable for the Administration to upgrade HKWP, which was an important eco-tourism attraction in Hong Kong and its facilities were ageing after prolonged operation. Given that the project would cover updating and designing of the facilities and permanent exhibition content of the themed exhibition galleries as well as improvement of visitor facilities, he sought a breakdown of the Proposal by categories, in particular, whether a large amount of consultancy fee would be involved.

31. DAFC explained that the proposed funding of \$135 million would be spent on four major areas involving approximately \$10 million for design and preparation work, \$27 million for prototyping of new exhibits and visitor facilities, \$86 million for fabrication and production of exhibits, conducting interior fitting-out and management and installation of exhibits and visitor facilities, and \$12 million for defect liability and contingency.

32. Mr YIU Si-wing was of the view that while HKWP was a unique attraction to Hong Kong, its attractiveness had been diminishing over time as reflected by the limited number of visitors per day. Expressing support

for the Proposal to enhance HKWP's appeal, he enquired about the number of new leisure and interactive elements, as well as the expected increase in visitor capacity, coach parking spaces, overall patronage etc. under the Proposal. Mr YIU was also concerned if there was any funding reserve set aside for renewing the exhibits from time to time so as to maintain HKWP's appeal in the long run.

33. DAFC replied that HKWP was in need of upgrading as its exhibition and visitor facilities had been in use for almost 15 years. Quite a number of them were either ageing and could not be restored due to non-availability of spare parts. While the upgraded HKWP was expected to draw more visitors, its maximum indoor capacity would remain at 3 500 and a mechanism was already in place to control the visitor number. Meanwhile, the number of coach parking spaces would remain at 10 as no extra space was identified for expanding the car park.

34. Assistant Director (Conservation) added that there were currently 792 exhibits in HKWP. After implementing the Proposal, the number of exhibits would be increased to 871 pieces among which the new exhibits were updatable. These exhibits would be displayed by themes at different exhibition galleries incorporating the use of digital arts. Upon completion of the upgrading, with available resources, the Administration would continue to update or renew the exhibits by incorporating seasonal elements so as to maintain visitors' interest and competitiveness of HKWP. However, there might be inevitable need to upgrade HKWP further in future to keep abreast of the technology advancement.

35. Mr Steven HO was concerned how HKWP could achieve breakeven while its admission fee had been frozen at some \$30 for quite a while and the visitor capacity was capped at just 3 500. He also sought information about the projected visitor number and enquired whether the admission charge would be changed after the upgrading.

36. USCED replied that HKWP received about 300 000 to 400 000 visitors per year during the last decade, with 90% of them being locals and the rest being overseas. DAFC added that the admission fee of HKWP had been kept at \$30 per adult since its opening, and the fee level was under constant review by the Administration.

37. Mr Steven HO requested the Administration to advise after the meeting the usage rates of the venues for hire in HKWP from 2016 to 2018 and whether the Administration would consider converting the venues with low usage rates into other use during the upgrading so as to open up more space for visitors.

(*Post-meeting note:* The Administration's response was issued to members vide LC Paper No. CB(4)976/20-21(01) on 11 May 2021.)

38. Mr Tony TSE said that the public might not have strong views on upgrading HKWP which had been in operation for almost 15 years. To promote HKWP, he considered that the Administration should step up HKWP's work on education and conservation and set out clearly the positioning of HKWP. He also sought more information about the commercial elements of HKWP under the Proposal. Meanwhile, given the increased use of technology in the upgraded HKWP, he asked about the impact on its operating expenditure in the long term.

39. USCED responded that HKWP was positioned as an important wetland ecological education as well as a green tourism facility in the territory. Its major commercial elements, including a cafeteria and a souvenir shop, were currently operated by private operators and such arrangement would be maintained in future. With available resources, the Administration would introduce new souvenirs to bring better experience for visitors. The upgrading of facilities near the cafeteria would also enhance the overall ambience. DAFC added that the operating expense of HKWP was about \$66 million per year. It was expected that the maintenance cost for HKWP would be similar to the current level even with more exhibits under the Proposal. The Administration would work out the relevant estimate at a later stage.

Application of technology in HKWP

40. Ms Elizabeth QUAT expressed support for upgrading HKWP given its precious ecological value in Hong Kong and outdated facilities. She suggested that HKWP should make better use of information technology to enhance its appeal to attract more visitors while expanding its capacity limit. For example, apart from putting in place new interactive visit-planning kiosks in HKWP, the Administration could enable the public to plan their routes via the online platform before their visits to HKWP. Interactive and seasonal information on the exhibits could be provided to visitors during visits through mobile application to enrich their experience. Given the Administration's plan to implement online ticketing for HKWP, Ms QUAT also suggested selling its tickets by different visit sessions so as to maximize the overall patronage under the capacity limit.

41. Mr Holden CHOW enquired about the way to manage the increased visitor flow at HKWP and whether the capacity limit of HKWP would be relaxed.

42. DAFC advised that the Administration was planning to implement an online ticketing system for HKWP so as to provide convenient ticketing services to local and overseas visitors. There would be a built-in function in the system to pre-set a suitable limit on the number of tickets sold per day. This project would be rolled out separately before the completion of the upgrading. Meanwhile, HKWP would continue to implement the visitor number control when necessary, i.e. when the maximum indoor capacity of 3 500 visitors had been reached.

43. ED(HKWP)(Ag) added that the interactive tour planning service would be available at the kiosks in HKWP as well as on its website to facilitate visitors' early planning, and visitors could download a QR code of the planned route for use during visits. This service could enable visitors to grasp the best time to visit the galleries with better itinerary arrangement and it would be implemented under the Proposal and rolled out in 2024. USCED also said that in view of the possible increase of visitor flow, the Administration would also explore the introduction of a visitor flow control system for the exhibition galleries.

44. In response to Ms Elizabeth QUAT's suggestion on tourism promotion, USCED said that given the development of the COVID-19 epidemic, it was anticipated that green tourism would become more popular among local and overseas visitors. The Tourism Commission would collaborate with the Hong Kong Tourism Board to strengthen the promotion on local green destinations including HKWP as well as the neighbouring Ping Shan Heritage Trail, Tsim Bei Tsui and Lau Fau Shan through different channels including the social media platforms.

45. Mr LUK Chung-hung expressed support for the Proposal as the facilities of HKWP had been in use for a long time. Given that the Government would develop and promote arts technology ("Arts Tech") in Hong Kong, he sought further information about the Arts Tech elements that would be integrated under the Proposal. Concerning the performance of the contractors to be selected, Mr LUK enquired about what requirements would be included in the tendering exercise and whether a design competition would be conducted so as to ensure that the design of facilities and exhibition contents of HKWP would be innovative and attractive.

46. DAFC replied that a consultant engaged by the Administration had worked out a preliminary conceptual design after reviewing the existing exhibits and the areas for upgrading, consulting various stakeholders from the education sector, the tourism sector and the related resident and user groups etc, and making reference to related overseas venues. During the

tendering exercise, the Administration would select successful bidder(s) taking into account various factors including the tender price and the application of innovative technology (including creativity and designs).

47. Mr Frankie YICK welcomed the use of multi-media technology to improve the attractiveness of HKWP. Since HKWP was located far away from the city and parking spaces were limited therein, he suggested that the Administration should provide more information about accessing HKWP to visitors through mobile application, including the number of parking spaces available in neighbouring housing estates. He also suggested installing more rain shelters in the vicinity to facilitate visitors to visit HKWP.

48. In response, DAFC agreed to explore the suggestion of installing rain shelters with the departments concerned. The Administration would also consider providing information on nearby parking facilities on the HKWP website to facilitate visitors.

Conclusion

49. The Chairman concluded that the Panel did not object to submitting the Proposal to Finance Committee ("FC").

(At 12:33 pm, the Chairman directed that the meeting be extended for 15 minutes.)

V. Replacement of long-range light detection and ranging systems and procurement of wake turbulence detection equipment for the existing North and South runways of Hong Kong International Airport

(LC Paper No. CB(4)830/20-21(06) — Paper provided by the Administration)

Declaration of interest

50. Mr Steven HO declared that he was a member of the Board of AAHK.

Presentation by the Administration

51. At the invitation of the Chairman, Deputy Secretary for Commerce and Economic Development (Commerce and Industry)² ("DSCED(CI)") briefed members on a funding proposal of the Hong Kong Observatory ("HKO") to replace two existing long-range Light Detection and Ranging

("LIDAR") Systems and to procure new wake turbulence detection equipment for the existing North and South runways of HKIA (collectively known as "the HKO's Proposal"). The HKO's Proposal was estimated to involve a capital expenditure of \$102 million and annual recurrent expenditure from \$300 000 in 2023-2024, \$4.7 million in 2024-2025, and \$6.2 million per annum in 2025-2026 and onwards. Assistant Director of the Hong Kong Observatory (Aviation Weather Services) ("ADHKO(AWS)") elaborated on the HKO's Proposal further. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(4)830/20-21(06)).

Discussion

Replacement of long-range LIDAR Systems

52. Mr LUK Chung-hung noted that as a result of the impact of the 3RS construction works, it was necessary to replace the existing long-range LIDAR Systems at the North and South runways early, which were commissioned in early 2016, by late 2024. He sought more information to justify the proposed replacement, including the details of the impact caused by the 3RS works and the typical serviceable lifespan of the Systems.

53. DSCED(CI) responded that the two existing long-range LIDAR Systems were used at HKIA to detect windshear under non-rainy conditions. During their operation, they continuously changed their tilts and rotated to measure wind along glide paths and areas in the vicinity. Their typical serviceable lifespan was about 10 years. However, the sand and dust from the nearby 3RS construction sites had accelerated the deterioration of the Systems' bearings and gears, affecting their pointing accuracy and hence performance. It was therefore necessary to replace the Systems by late 2024 after about nine years of use to ensure the high quality of weather services.

54. Mr Tony TSE expressed concern on the shortened lifespan of the existing long-range LIDAR Systems at HKIA. He enquired if HKO had adopted any measures to mitigate the sand and dust problem arising from the 3RS construction works. Since there might be other related works following 3RS commissioning that might affect the new long-range LIDAR Systems to be commissioned in 2024, Mr TSE asked if there were ways to avoid reoccurrence of the problem on the new LIDAR Systems.

55. Mr Steven HO was concerned about the overall implications brought by the dust and sand of the 3RS construction works on other HKO's equipment at HKIA. He urged HKO to study the problem and

manage the relevant risks. He also requested the Administration to provide information on whether there was any case requiring early replacement of long-range LIDAR Systems impacted by sandstorms in places outside Hong Kong.

56. ADHKO(AWS) explained that the accelerated deterioration of the long-range LIDAR Systems was mainly caused by the persistent impact of sand and dust from the large-scale 3RS reclamation works nearby. Other HKO's equipment at HKIA had not experienced similar problems due to their different designs. The Administration had adopted various remedial measures including stepping up cleaning and preventive maintenance of the long-range LIDAR Systems. ADHKO(AWS) added that construction works at HKIA in the past (including building construction works) had no similar impact on the serviceable lifespans of HKO's equipment. In fact, the last long-range LIDAR Systems at HKIA had operated for some 10 years and 14 years before replacement. The Administration would provide supplementary information on the need to advance the replacement schedule of similar LIDAR Systems in other airports outside Hong Kong after the meeting.

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(4)1000/20-21(01) on 17 May 2021.)

57. Mr Tony TSE referred to the Government's "user pays" principle under which the costs for HKO's provision of relevant aviation weather services, including the costs of the HKO's Proposal, would be fully recovered from AAHK. As for the long-range LIDAR Systems, he asked whether its typical serviceable lifespan of 10 years or the shortened lifespan of about eight to nine years would be adopted as the cost recovery period.

58. Mr LUK Chung-hung enquired about the calculation basis of the cost recovery period of the long-range LIDAR Systems and how such costs would be recovered by the Government.

59. DSCED(CI) explained that the Administration would make reference to the respective typical serviceable lifespans of the systems and equipment concerned and work out the relevant costs to be recovered from AAHK through services charges for aviation weather services for aircrafts taking off or landing at HKIA. ADHKO(AWS) added that based on the "user pays" principle, for long-range LIDAR Systems with a 10-year typical serviceable lifespan, the Government would recover annually one-tenth of their capital cost from AAHK starting from the commission year of the respective Systems, alongside the recurrent expenditure incurred in their operation.

Procurement of systems/equipment

60. Referring to the United States ("the US")-Mainland relations and global political tensions, Mr LUK Chung-hung sought information about the manufacturing country(ies) of the systems and equipment to be procured under the HKO's Proposal. He was concerned that such systems and equipment, which were critical to aviation safety, might be prohibited from export by relevant countries after contracts were awarded.

61. Sharing Mr LUK Chung-hung's concern, Mr Steven HO said that in addition to the US, its affiliated countries such as Japan and the European Union might impose export restrictions on any commodities from a global political perspective. Hence, he enquired if HKO would consider the matter in a holistic manner, and use relevant systems and equipment manufactured by the Mainland if available. He also suggested that the Administration should spell out clearly the penalties of non-delivery due to export restriction in relevant tendering exercise(s) and adopt suitable contingency measures.

62. DSCED(CI) explained that the systems and equipment concerned were not strategic commodities and there was no information on particular export restrictions. The existing long-range LIDAR Systems at HKIA were manufactured in Japan and no export or import permit was required in the past. There were different suppliers from different countries manufacturing the systems and equipment under the HKO's Proposal. The Administration would conduct open tender exercises for systems and equipment under the HKO's Proposal while closely monitoring relevant international developments, so as to ensure the smooth delivery of relevant systems and equipment.

Conclusion

63. The Chairman concluded that the Panel did not object to submitting the HKO's Proposal to FC.

VI. Any other business

64. There being no other business, the meeting ended at 1:00 pm.