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**Panel on Development and
Panel on Information Technology and Broadcasting**

**Minutes of joint meeting
held on Tuesday, 24 November 2020, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Members present : Panel on Development

- * Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)
- Hon LAU Kwok-fan, MH (Deputy Chairman)
- * Hon Abraham SHEK Lai-him, GBS, JP
- * Hon Jeffrey LAM Kin-fung, 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 Paul TSE Wai-chun, JP
- Hon Steven HO Chun-yin, BBS
- Hon LEUNG Che-cheung, SBS, MH, JP
- * Hon Alice MAK Mei-kuen, BBS, JP
- * Hon KWOK Wai-keung, JP
- * Hon Martin LIAO Cheung-kong, GBS, JP
- Hon POON Siu-ping, BBS, MH
- * Dr Hon CHIANG Lai-wan, SBS, JP
- Hon Jimmy NG Wing-ka, BBS, JP
- Hon Holden CHOW Ho-ding
- Hon Wilson OR Chong-shing, MH
- * Hon CHAN Chun-ying, JP
- Hon CHEUNG Kwok-kwan, JP
- * Hon LUK Chung-hung, JP
- 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

Panel on Information Technology and Broadcasting

- # Dr Hon Junius HO Kwan-yiu, JP (Chairman)
- # Hon CHAN Kin-por, GBS, JP (Deputy Chairman)
- Hon WONG Ting-kwong, GBS, JP
- Hon YIU Si-wing, BBS
- Hon Christopher CHEUNG Wah-fung, SBS, JP
- Hon Elizabeth QUAT, BBS, JP
- Hon SHIU Ka-fai, JP
- Hon YUNG Hoi-yan, JP

Members absent : Panel on Development

- * Hon Mrs Regina IP LAU Suk-ye, GBS, 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

Panel on Information Technology and Broadcasting

Hon Charles Peter MOK, JP
Hon CHUNG Kwok-pan

(* Also members of the Panel on Information Technology and Broadcasting)
(# Also members of the Panel on Development)

Public officers attending : Agenda item II

Mr Howard LEE Man-sing
Deputy Secretary for Financial Services and the
Treasury (Treasury)³
Financial Services and the Treasury Bureau

Ms Margaret HSIA Mai-chi
Principal Assistant Secretary for Financial Services
and the Treasury (Treasury) (Works)
Financial Services and the Treasury Bureau

Mr Dennis WAN Kin-hung

Principal Assistant Secretary (Project Capability
and Strategy)
Development Bureau

Mr Frankie FUNG Yiu-man
Chief Assistant Secretary (Works)1
Development Bureau

Mr Albert CHEUNG Ka-lok
Assistant Director/Specialist 3
Lands Department

Mr Alan SIN Kwok-leung
Assistant Director (Property Services)
Architectural Services Department

Mr Raymond CHAN Bak-hang
Chief Property Services Manager (3)
Architectural Services Department

Mr Wilson PANG Wai-shing
Deputy Director
Drainage Services Department

Mr Ricky LAU Chun-kit, JP
Director of Civil Engineering and Development

Dr Samuel CHUI Ho-kwong
Assistant Director (Environmental Infrastructure)
Environmental Protection Department

Mr NG Wai-keung
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 (2)
Home Affairs Department

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 Patrick KOON Sai-wing
Senior Maintenance Surveyor (School Premises
Maintenance)³
Education Bureau

Ms Barbara CHU Wing-chee
Assistant Director (Planning and Development)
Social Welfare Department

Mr Andy LIU Hon-wah
Chief Executive Officer (Planning)¹
Social Welfare Department

Mr CHAU Sai-wai, JP
Deputy Director of Water Supplies

Mr Victor LAM Wai-kiu, JP
Government Chief Information Officer
Office of the Government Chief Information
Officer

Mr Michael HONG Wing-kit
Chief Civil Engineer (Public Works Programme)
Transport and Housing Bureau

Clerk in attendance : Ms Doris LO
Chief Council Secretary (1)²

Staff in attendance : Miss Rita YUNG
Senior Council Secretary (1)2

Mr Keith WONG
Council Secretary (1)2

Ms Christina SHIU
Legislative Assistant (1)2

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I Election of Chairman

Ir Dr LO Wai-kwok, Chairman of the Panel on Development, advised that as agreed with Dr Junius HO, Chairman of the Panel on Information Technology and Broadcasting, he should chair the joint meeting. In accordance with rule 22(k) of the House Rules, members agreed that Ir Dr LO would chair the joint meeting.

II Capital Works Reserve Fund Block Allocations for 2021-2022, and proposals to increase the financial ceilings of the delegated authority for Category D items in the Capital Works Programme and Block Allocation Subhead on Computerisation

(LC Paper No. CB(1)221/20-21(01) — Administration's paper on Capital Works Reserve Fund Block Allocations for 2021-2022, and proposals to increase the financial ceilings of the delegated authority for Category D items in the Capital Works Programme and Block Allocation Subhead on Computerisation

LC Paper No. CB(1)221/20-21(02) — Paper on adjustments to the financial ceilings of delegated authority under Capital Works Reserve Fund block allocations prepared by the Legislative Council Secretariat (Background brief)

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LC Paper No. CB(1)221/20-21(03) — Paper on Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) — New administrative computer systems prepared by the Legislative Council Secretariat (Updated background brief))

(Full list of items proposed to be funded by Capital Works Reserve Fund Block Allocations for 2021-2022 [[LC Paper No. CB\(1\)238/20-21\(01\)](#)] has been provided by the Administration on 18 November 2020.)

2. At the invitation of the Chairman, Deputy Secretary for Financial Services and the Treasury (Treasury)3, Financial Services and the Treasury Bureau ("DS(T)3, FSTB") briefed members on the estimated funding provision required for the block allocation subheads under the Capital Works Reserve Fund ("CWRF") in 2021-2022, comprising a total allocation of \$24,283.5 million, of which \$13,729.2 million were works-related.
3. DS(T)3, FSTB also briefed members on the proposals to increase the respective financial ceilings of the delegated authority for (a) applicable Category D items in the Capital Works Programme ("CWP") from \$30 million to \$50 million in respect of 21 works-related block allocation subheads and (b) Head 710 Computerisation Subhead A007GX — New Administrative Computer Systems from \$10 million to \$20 million.
4. The Chairman reminded members that in accordance with Rule 83A of the Rules of Procedure of the Legislative Council ("LegCo"), they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects.
5. Mr CHAN Kin-por declared that he was a director of Well Link Insurance Group Holdings Limited. The Deputy Chairman declared that he was an adviser to China Road and Bridge (Hong Kong) Limited.

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Capital Works Reserve Fund block allocations for 2021-2022

Head 701 — Land Acquisition

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

6. Mr Holden CHOW expressed concern that since the Kam Tin South ("KTS") area had not been planned to be developed into a new town, the land owners and occupiers, as well as the domestic households to be affected by the Government's land acquisition and clearance exercise would not be eligible for the land acquisition and clearance-related compensation and rehousing arrangements applicable to new town development projects. Relaying the disappointment of the affectees of the KTS developments towards the compensation and rehousing arrangements, Mr CHOW called on the Administration to prudently take heed of their views and requests.

7. Dr CHENG Chung-tai referred to the proposed new items under subhead 1100CA in relation to the resumption of land for developments at KTS and Long Bin in Yuen Long, and Tung Chung New Town Extension, and asked about the details of the public and private housing developments covered in these development projects. In view of the various development projects in Tuen Mun and Yuen Long in the coming years, Dr CHENG expressed concern about whether there would be sufficient supporting transport facilities to meet the transportation needs arising from the proposed housing developments.

8. Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau responded that traffic impact assessments would be conducted to ensure that there would be sufficient supporting transport facilities and the road networks could meet the traffic and transportation needs arising from the proposed public housing developments.

9. Dr CHENG Chung-tai also urged the Administration to provide sufficient medical services, in particular public hospital services, in New Territories West to meet the increasing population arising from the various development projects in Tuen Mun and Yuen Long in the coming years.

10. The Chairman advised that Dr CHENG Chung-tai's views on the planning and provision of medical services in New Territories West should be followed up at the relevant Panel.

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Head 704 — Drainage

Subhead 4100DX — Drainage works, studies and investigations for items in Category D of the Public Works Programme

11. Dr CHENG Chung-tai expressed concern about the flooding problem in Shap Pat Heung in Yuen Long, particularly during the typhoon season, and called on the Administration to carry out suitable flood prevention works to address the problem as soon as practicable.

12. Deputy Director, Drainage Services Department clarified that as far as the proposed new item related to Shap Pat Heung, Yuen Long (i.e. Village sewerage for Shap Pat Heung, Yuen Long (Stage 1) — consultants' fees and investigation) was concerned, it was a consultancy study for the investigation of the village sewerage for Shap Pat Heung. The investigation was scheduled to commence in April 2021 for completion in September 2022.

Head 708 (part) — Capital Subventions

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

13. Dr Junius HO asked whether any item under subhead 8100EX in 2021-2022 was related to the repair works resulting from the damages caused to the campuses of The Chinese University of Hong Kong and the Hong Kong Polytechnic University during the social incidents in 2019.

14. Deputy Secretary-General (1), University Grants Committee Secretariat indicated that the items under subhead 8100EX were unrelated to the repair works for campus facilities damaged in the social incidents in 2019, while the relevant costs of such repair works were met by internal resources of the relevant institutions. He further advised that some of the projects to be carried out by the Hong Kong Polytechnic University under the above block allocation subhead were for renovation and alteration works of teaching laboratories to improve the clinical training facilities for its undergraduate programmes in allied health.

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Head 710 — Computerisation

Subhead A007GX — New administrative computer systems

15. Ms YUNG Hoi-yan referred to the item "Upgrade of mission critical systems in 1823, Efficiency Office", and called on the Administration to continue to enhance the service of 1823.

16. In response, Government Chief Information Officer ("GCIO") said the Efficiency Office would continue to enhance the information technology ("IT") systems for the 1823 service. Generally speaking, the captioned block allocation subhead enabled bureaux and departments ("B/Ds") to expedite the development of smaller scale IT systems to improve public services and meet their operational needs, including modifications and upgrading of existing systems and equipment.

Head 711 — Housing

Subhead B100HX — Minor housing development related works, studies and investigations for items in Category D of the Public Works Programme

17. The Deputy Chairman called on the Administration to speed up the rezoning of more than 210 suitable sites with potential for housing development identified in land use reviews, so as to increase the supply of housing land. He also requested the Administration to provide supplementary information on the progress of rezoning the abovementioned sites with potential for housing development, including the number of sites that had been rezoned, and the time required for the rezoning of each of these sites.

(Post-meeting note: The Chinese and English version of the Administration's supplementary information were circulated to members vide LC Paper No. CB(1)321/20-21(01) on 9 December 2020 and 9 April 2021 respectively.)

Proposed increase in allocation for subhead 9100WX for 2020-2021

18. Mr Tony TSE and Mr YIU Si-wing asked about the reasons for the proposed increase in the approved allocation for subhead 9100WX under Head 709 for 2020-2021 by \$294.5 million, among which \$230.8 million were used for implementing 35 new items for the risk-based improvement works to water mains with high risk of failure. Mr TSE asked how the Administration assessed the risk of water mains burst. Mr TSE and

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Mr YIU expected the Administration to use the latest technology to perform risk assessment for water mains.

19. In response, Deputy Director of Water Supplies said that for the abovementioned 35 new items, the water mains concerned were in urgent need for improvement to alleviate possible public nuisance due to main bursts and/or leakage. These new items were unforeseen at the time of preparing the 2020-2021 estimates for subhead 9100WX. As such, an additional allocation of \$230.8 million was required. Furthermore, an additional \$63.7 million was required as the implementation of 19 on-going projects had been expedited in 2020-2021, including the need for urgent improvement works for operation and safety reasons.

20. Deputy Director of Water Supplies further advised that the Water Supplies Department ("WSD") launched the replacement and rehabilitation programme for aged water mains in 2000. Following the substantial completion of the programme in 2015, the condition of the water distribution network had been largely improved. The annual number of water main bursts had been reduced from the peak of about 2 500 in 2000 to about 40 in 2019. WSD performed continuous monitoring of the performance of the water distribution network. WSD would continue to keep abreast of the technological advancement in relation to the monitoring of network condition as well as the risk assessment of water mains for prioritization of improvement works, so as to maintain the healthiness of the water distribution network and alleviate possible public nuisance due to water mains bursts.

Proposed increase in financial ceilings

21. Mr CHAN Kin-por noted that the respective financial ceilings of the delegated authority for applicable Category D items in CWP and the block allocation subhead on computerisation had not been adjusted for many years, and asked whether the Administration had conducted regular review on the financial ceilings. The Deputy Chairman and Mr CHAN called on the Administration to set up a mechanism for regular review and adjustment of the financial ceilings according to relevant factors including inflation.

22. DS(T)3, FSTB advised that the Administration had been regularly reviewing the financial ceilings for Category D items under CWP and the block allocation subhead on computerisation. Previous reviews had revealed that the respective financial ceilings remained sufficient to cope with the expenditure for Category D items under CWP and computerisation projects. DS(T)3, FSTB took note of the Deputy Chairman's and

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Mr CHAN Kin-por's suggestion on implementing regular inflationary adjustment to the financial ceilings, and said that the relevant bureaux and departments would continue to review the ceiling regularly.

Category D items in the Capital Works Programme

23. Mr SHIU Ka-fai and Mr YIU Si-wing asked about the rationale for increasing the financial ceiling of the 21 works-related block allocation subheads from \$30 million to \$50 million for each item. DS(T)3, FSTB responded that the financial ceiling of the delegated authority for Category D items in CWP was last adjusted in 2012. In view of the increase in construction costs 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 money-of-the-day prices. The Administration had also made reference to the projected price adjustment factor a few years down the road to cater for the effect of the anticipated inflation, taking into account the typical duration of minor works projects.

24. The Deputy Chairman and Mr Tony TSE were keen to ensure that the proposed increase in the financial ceiling for Category D items in CWP would expedite the implementation of projects that were closely related to the daily lives of the public, and create more jobs for the construction industry. The Deputy Chairman asked about the number of projects that could have been implemented under the block allocations arrangement in previous years on the assumption that the financial ceiling for Category D items were raised to \$50 million earlier.

25. In response, Principal Assistant Secretary (Project Capability and Strategy), Development Bureau said that the block allocations mechanism enabled the Administration to respond more promptly and efficiently to the community need for carrying out standalone minor improvement items of a smaller scale at the district level. In the past eight years, there was an average of less than two projects per year with project cost between \$30 million to \$50 million which had been submitted to the Finance Committee ("FC") for approval individually.

26. Mr Tony TSE asked about the proportion of the expenditure of Category D items to the total expenditure of CWP after the financial ceiling for Category D item was raised to \$50 million. In response,

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Chief Assistant Secretary (Works)1, Development Bureau ("CAS(W)1, DEVB") said that in the past few years, the expenditure of CWP was around \$70 to \$80 billion a year, of which \$12 to \$13 billion were for minor works projects.

27. Mr Tony TSE and Mr CHAN Kin-por expressed concern about the possible splitting of controversial major capital works projects into smaller projects falling within the financial ceiling for each Category D item to circumvent FC's monitoring. DS(T)3, FSTB stressed that there were clear internal guidelines for works departments specifying that the artificial splitting of a project into smaller projects for the purpose of circumventing the relevant financial ceilings was not allowed. The works departments had to 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 ceiling.

28. Mr Tony TSE called on the Administration to repackage the works contracts of the Category D items in CWP into manageable scales so as to enable more small-and-medium-sized contractors and consultants to participate. CAS(W)1, DEVB took note of Mr TSE's suggestion.

29. Mr LUK Chung-hung and Mr WONG Kwok-kin expressed concern that increasing the financial ceiling for Category D items in CWP would drive up the tender prices of these public works projects. Mr LUK and Mr Holden CHOW called on the Administration to strengthen the cost control and cost saving measures for the Category D items. Mr CHOW also asked about the role of the Project Strategy and Governance Office ("PSGO") established under the Development Bureau in the cost management of Category D items.

30. In response, CAS(W)1, DEVB said that construction costs (including costs of materials and labour) had continued to increase in the past years. In addition, increasing levels of safety requirement, mitigation measures in relation to environmental and traffic impact for CWP projects also contributed to the increase of construction costs. The Administration had established PSGO for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance. PSGO would tighten up project cost management and control throughout the implementation programme of public works projects to capitalize on all opportunities for cost saving, step up control on project budget and expenditure to curb cost overrun and programme delay. CAS(W)1, DEVB explained that regarding the annual CWRP block allocations for public works projects, PSGO would review the change in the proposed allocation for the works-related subheads. As most of the

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Category D items funded by CWRF block allocations were standardized works projects with relatively lower cost, PSGO normally did not scrutinize the Category D items individually. Having said that, B/Ds could refer the Category D items under their purview to PSGO for better project cost management if deemed necessary.

31. Mr LUK Chung-hung requested the Administration to provide data on the Building Works Tender Price Index, cost of labour index and cost of materials index in relation to public sector construction projects since 2012.

(Post-meeting note: The Chinese and English version of the Administration's supplementary information were circulated to members vide LC Paper No. CB(1)321/20-21(01) on 9 December 2020 and 9 April 2021 respectively.)

32. Mr WONG Kwok-kin and Dr Junius HO expressed concern that the proposed increase in the financial ceiling for Category D items in CWP would undermine the role of LegCo in scrutinizing and giving views on these minor works items, including the items initiated by the District Councils. In response, DS(T)3, FSTB said that given the increase in construction costs in the past eight years, the aim of increasing the financial ceilings for applicable Category D items from \$30 million to \$50 million was to maintain the usefulness of the delegated authority for achieving the intended objective of the block allocations arrangement, but not to undermine the role of LegCo in scrutinizing the spending of the Government. DS(T)3, FSTB reiterated that the works departments had to ensure that the scope of all Category D projects, including those initiated by the District Councils should fall within the ambit of the relevant subheads, and the project costs were within the relevant financial ceilings.

33. Dr Junius HO asked whether the Administration would propose to increase the financial ceilings of other block allocation subheads under CWRF in the future. He also called on the Administration to report to LegCo regularly on the implementation of CWRF.

34. DS(T)3, FSTB responded that regarding the three subheads (namely 1004CA — Compensation for surrenders and resumptions: miscellaneous; 1100CA — Compensation and ex-gratia allowances in respect of projects in Public Works Programme; and 5001BX — Landslip preventive measures) that were not subject to a financial ceiling, and subhead 6101TX — Universal Accessibility Programme that was subject to a financial ceiling of \$75 million, the Administration had no plan for adjustments at the moment. DS(T)3, FSTB further advised that the Administration would submit annual reports on CWRF block allocations

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reporting the major differences between the actual expenditures and the allocations approved by FC.

Block allocation subhead on computerisation

35. Ms Elizabeth QUAT called on the Administration to capitalize on the advancement in new areas such as cloud computing, big data analytics and artificial intelligence in recent years, so as to enhance the policy formulation and operational efficiency of the Government. She was keen to ensure that following the increased financial ceiling of the delegated authority for the block allocation subhead on computerisation, the Administration would expedite the development of more convenient digital government services.

36. In response, GCIO said that the Office of the Government Chief Information Officer ("OGCIO) had established the next generation government cloud infrastructure ("GovCloud") to enable B/Ds to share resources, expedite system development and enhance operational efficiency so as to cope with the growing demand for digital public services. OGCIO had also implemented the big data analytics platform, providing big data analytics, artificial intelligence cognitive tools, etc. which would facilitate B/Ds' transmission and sharing of real-time data and conduct big data analytics so as to adopt a data-driven approach in policy making and service delivery for raising government operational efficiency and improving city management.

37. GCIO advised that proposed increase of the financial ceiling of the delegated authority for the block allocation subhead on computerisation from \$10 million to \$20 million per project would expedite the approval of relatively smaller-scale computerisation projects, thus enhancing the delivery of e-government services. With the implementation of GovCloud and the big data analytics platform, small-scale computerisation projects funded by CWRP block allocations could be launched within one year.

38. Ms YUNG Hoi-yan and Mr SHIU Ka-fai sought elaboration on the justification of the proposed increase of the financial ceiling for the block allocation subhead on computerisation from \$10 million to \$20 million per project. In response, GCIO said that the current ceiling of \$10 million was set in 1996. In addition to changes in the price level, the IT sector had over the years seen significant advancement in new areas such as cloud computing, big data analytics and artificial intelligence. The mode of IT services delivery had also changed. For example, in terms of IT products and services procured in a project, vendors now tended to offer bundled

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packages which were charged by subscription based on usage, particularly so in cloud computing services. As a result, the implementation cost of a typical administrative computer 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. Nevertheless, the overall cost over the system life span of the project would be lower than that of the conventional approach. Taking into account the above, the Administration proposed that the financial ceiling of the block allocation subhead on computerisation be adjusted upward from \$10 million to \$20 million per project to maintain the usefulness of the delegated authority and to cope with the changing demands for IT system development and services in the Government.

Submission of the funding proposal to the Public Works Subcommittee

39. The Deputy Chairman, Mr Tony TSE, Ms Elizabeth QUAT, Mr Holden CHOW, Ms YUNG Hoi-yan, Mr YIU Si-wing and Dr Junius HO expressed support for the proposed increase in the financial ceilings for applicable Category D items in CWP and block allocation subhead on computerisation. Mr WONG Kwok-kin said that while he supported the proposed increase in the financial ceiling for block allocation subhead on computerisation, members belonging to The Hong Kong Federation of Trade Unions had yet to decide whether to support the proposed increase in the financial ceilings for applicable Category D items in CWP.

40. The Chairman concluded that members generally supported the Administration's submission of the funding proposals to the Public Works Subcommittee for consideration. He called on the Administration to take note of members' views and concerns on the proposed increase in the financial ceiling for applicable Category D items in CWP, and to provide the supplementary information as requested by members.

III Any other business

41. There being no other business, the meeting ended at 4:01 pm.