

立法會
Legislative Council

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(These minutes have been seen
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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 26th meeting
held in Conference Room 1 of the Legislative Council Complex
on Tuesday, 4 July 2017,
from 9:00 am to 1:00 pm (session one) and
from 5:00 pm to 7:15 pm (session two)**

Members present:

Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Chairman)

Hon Charles Peter MOK, JP (Deputy Chairman)

Hon Tommy CHEUNG Yu-yan, 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 LEUNG Kwok-hung

Hon Claudia MO

Hon Michael TIEN Puk-sun, BBS, JP

Hon Steven HO Chun-yin, BBS

Hon Frankie YICK Chi-ming, SBS, JP

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon MA Fung-kwok, SBS, JP

Hon CHAN Chi-chuen

Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, BBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Member attending:

Hon SHIU Ka-fai

Member absent:

Hon Abraham SHEK Lai-him, GBS, JP

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

Public officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr HON Chi-keung, JP	Permanent Secretary for Development (Works) (Session One)
Mr Albert LAM Kai-chung, JP	Deputy Secretary for Development (Works) ¹ (Session Two)
Ms LINN Bernadette, JP	Permanent Secretary for Development (Planning and Lands)
Mr WONG Chuen-fai	Assistant Director of Environmental Protection (Environmental Assessment)
Ms Margaret HSIA Mai-chi	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mrs Betty FUNG CHING Suk-yee, JP	Permanent Secretary for Home Affairs
Mrs Sorais LEE KWAN Siu-kuen, JP	Project Manager (HAB) Home Affairs Bureau
Ms Alice PANG, JP	Project Manager (Kowloon) Civil Engineering and Development Department

Mr Ringo MOK Wing-cheong	Chief Engineer (Kowloon) Civil Engineering and Development Department
Mr Edwin TONG Ka-hung, JP	Director of Drainage Services
Mr CHOI Chun-ming	Chief Engineer (Consultants Management) Drainage Services Department
Mr TAI Wai-man	Chief Engineer (Project Management) Drainage Services Department
Mr Ricky LI Chung-leung	Chief Engineer (Electrical and Mechanical Projects) Drainage Services Department
Ms Daisy LO	Assistant Director of Environmental Protection (Water Policy)
Mr Anthony FOK Wai-kai	Principal Environmental Protection Officer (Sewerage Infrastructure) Environmental Protection Department
Mr Alan SIU Yu-bun, JP	Director of Administration and Development Department of Justice
Mr Peter WONG Hing-hong	Deputy Solicitor General (Policy Affairs) Department of Justice
Mrs Apollonia LIU LEE Ho-kei, JP	Deputy Director (Special Duties) Department of Justice
Ms Carrie LEE Kit-ling	Principal Executive Officer (Special Duties) Department of Justice
Mrs Sylvia LAM YU Ka-wai, JP	Deputy Director of Architectural Services
Ms Winnie HO Wing-yin, JP	Project Director (1) Architectural Services Department
Mr WONG Chung-leung, JP	Deputy Director of Water Supplies

Mr LUK Wai-hung, JP	Assistant Director of Water Supplies (New Works)
Mr Thomas CHAN Tak-yeung	Chief Engineer (Consultants Management) Water Supplies Department
Mr YEUNG Sek-kui	Chief Engineer (Design) Water Supplies Department
Mr Francis LEUNG Lap-ki	Principal Assistant Secretary for Development (Works) ⁴
Mr Cynthia LO Siu-han	Departmental Secretary Electrical and Mechanical Services Department
Mr SZETO Wing-sum	Senior Engineer (Project) ⁷ Electrical and Mechanical Services Department
Mr AUSTIN Joseph Jerry	District Planning Officer (Hong Kong) (Acting) Planning Department

Attendance by invitation:

Mr Jeremy STOWE	Director (Project Control) West Kowloon Cultural District Authority
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Clerk in attendance:

Ms Sharon CHUNG	Chief Council Secretary (1) ²
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Staff in attendance:

Miss Rita YUNG	Senior Council Secretary (1) ²
Mr Raymond CHOW	Senior Council Secretary (1) ⁶
Ms Mandy LI	Council Secretary (1) ²
Ms Christina SHIU	Legislative Assistant (1) ²
Ms Christy YAU	Legislative Assistant (1) ⁷
Ms Clara LO	Legislative Assistant (1) ⁸
Miss Joey LAW	Clerical Assistant (1) ²

Action

The Chairman advised that the meeting would be held in two separate sessions with a total meeting time of six hours. Session One would be held from 9:00 am to 1:00 pm and Session Two from 5:00 pm to 7:00 pm.

2. The Chairman advised that there were 12 funding proposals on the agenda for the meeting, involving a total funding of \$17,071.8 million. He drew members' attention to Rules 83A and 84 of the Rules of Procedure of the Legislative Council ("LegCo").

3. The Chairman said that he was a Board Member of the West Kowloon Cultural District Authority ("WKCDA") but the membership did not involve any pecuniary interest.

Head 707 – New Towns and Urban Area Development

PWSC(2017-18)12 763CL Integrated Basement for West Kowloon Cultural District

4. The Chairman advised that the proposal, i.e. PWSC(2017-18)12, sought to upgrade part of 763CL to Category A, at an estimated cost of \$3,638.5 million in money-of-the-day ("MOD") prices, for implementing the third stage of construction works of the integrated basement ("IB") in the West Kowloon Cultural District ("WKCD"). The Administration had consulted the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project ("the Joint Subcommittee") under the Panel on Home Affairs and the Panel on Development on the proposed works on 29 May 2017. Members of the Joint Subcommittee had no objection to the Administration's submission of the funding proposal to the Subcommittee for consideration. A gist of the Joint Subcommittee's discussion had been tabled at the meeting.

Functions of the integrated basement

5. Mr LEUNG Kwok-hung expressed objection to the proposed works. He asked the Administration about the reasons for constructing IB, and the impact caused if the remaining section of underground road in Zone 3A of IB was not built. Dr KWOK Ka-ki urged the Administration to consider other options instead of going ahead with the IB project.

6. Permanent Secretary for Home Affairs ("PSHA") said that the underground road could not run through the entire IB of WKCD without constructing the remaining section of underground road in Zone 3A of IB.

WKCD had conducted a three-stage public engagement exercise from 2009 to 2011 to prepare a Development Plan ("DP") for WKCD. In March 2011, after considering public views, WKCD selected Foster + Partners' "City Park" concept as the preferred option on which the WKCD DP was to be based. WKCD DP, which was developed by WKCD, was approved by the Chief Executive in Council in January 2013. IB was an integral component of the aforesaid conceptual plan, which would provide at least 23 hectares of public open space in WKCD. The design of IB enabled traffic to be put underground, thereby freeing up the site for cultural use and public enjoyment and enhancing the walking environment at grade.

Funding arrangement for the capital works of the integrated basement

7. Ms Tanya CHAN said that members belonging to the Civic Party did not support the proposed works. She expressed dissatisfaction that while the then Chief Secretary for Administration, who was also the Board Chairman of WKCD, had said on 28 June 2013 that the Government and WKCD would each bear 50% of the construction cost of IB, the Government announced subsequently that it would fully fund the capital works of IB. Dr KWOK Ka-ki expressed similar views. Mr LEUNG Kwok-hung opined that it was unreasonable for the Administration to fund the construction cost of IB. Mr LEUNG and Mr Jeremy TAM said that WKCD should build IB at its own cost.

8. Mr Alvin YEUNG, Mr CHU Hoi-dick, Mr LEUNG Kwok-hung and Dr Fernando CHEUNG queried whether the one-off upfront endowment of \$21.6 billion which was granted to WKCD in 2008 had covered the development of transport facilities (i.e. an automated people mover system or other pedestrian transport system) and public car parking facilities. Mr YEUNG and Dr CHEUNG enquired about the details of the use of the \$21.6 billion, including how the funding originally earmarked for the development of transport facilities would be put to use. Mr LEUNG enquired about the number of facilities that would be built under the WKCD project. Dr CHEUNG opined that the funding of \$21.6 billion approved by the Finance Committee ("FC") in 2008 should have covered the construction cost of the WKCD basement.

9. Mr HUI Chi-fung enquired about the justifications for undertaking the capital works of IB with full government funding, the appropriateness of doing so, and whether the Administration might consider funding the capital works of IB by other means.

10. PSHA explained that in its funding proposal submitted to FC in 2008 on the development of WKCD ([PWSC\(2008-09\)31](#)), the Administration had

indicated that WKCD A would use the one-off upfront endowment to cover the design and construction costs of the arts and cultural facilities, while the other communal and government facilities and related engineering works, which were designed to support the whole WKCD development, would be undertaken by the Government and funding approval for such works would be sought separately in accordance with the development schedule. Given that IB was not envisaged when the upfront endowment was granted to WKCD A in 2008, the Government announced in June 2013 that, subject to funding approval by FC, it was prepared to fully fund the capital works of IB as general enabling works to facilitate the development of the WKCD project. Furthermore, the complexity involved in implementing the "City Park" conceptual plan which made construction of an IB a pre-requisite of any topside developments, as well as the vertical integration of different uses within a building, had increased construction costs and extended the delivery timeframe of the WKCD A facilities. Besides, WKCD A required additional funding to deliver the additional gross floor area approved by the Town Planning Board ("TPB").

11. It was stated in the Administration's paper for the Joint Subcommittee meeting on 3 July 2013 ([LC Paper No. CB\(2\)1492/12-13\(02\)](#)) that "[a]cknowledging that this integrated basement was not covered in the [Consultative Committee on the Core Arts and Cultural Facilities of WKCD] case and is one of the major factors for the project cost escalation, the Administration is prepared to fully fund the capital works of the main integrated basement as general enabling works to facilitate the development of the whole WKCD project, subject to funding approval by the LegCo." Furthermore, in order to alleviate the financial pressure on WKCD A, the Government's full funding of the capital works of IB might allow WKCD A to focus on delivering the arts and cultural facilities using the one-off upfront endowment.

12. PSHA added that the Administration still followed the proposal set out in paragraph 18 of the funding application ([PWSC\(2008-09\)31](#)) in the spending of the approved funding of \$21.6 billion. The basement referred to in the then proposal was no more than a general pick-up/drop-off area, and not an IB. The one-off upfront endowment was broadly broken down into: (a) design and construction of various facilities in WKCD (\$15,700 million or 73%); (b) major repair and renovation of various facilities (\$2,900 million or 13%); (c) collection costs and related costs for M+ (\$1,700 million or 8%); and (d) planning of WKCD and project management (\$1,300 million or 6%). After obtaining the endowment fund, WKCD A used part of the \$21.6 billion capital costs for investment to generate interest income.

13. Mr CHU Hoi-dick pointed out that since the 2008 funding proposal already set out that public car parking facilities were among the facilities to be developed using the one-off upfront endowment of \$21.6 billion, and the current funding proposal submitted by the Administration also covered the provision of parking spaces, the latest use of the endowment appropriated previously was no longer clear. He queried if the Administration had violated the Public Finance Ordinance or paragraph (c) of the Capital Works Reserve Fund Resolution (Cap. 2A). He enquired whether FC's approval had to be sought if the Administration was to change the use of the funding which FC had approved (including using the funding for investment purpose).

14. Deputy Secretary for Financial Services and the Treasury (Treasury)3 ("DSFST(T)3") said that controlling officers must expend the moneys approved in accordance with the scope of funding for a project. For any expenses falling outside the applicable scope, separate funding approval had to be sought from FC. PSHA reiterated that the one-off upfront endowment of \$21.6 billion was allocated for uses under the scope set out in paragraph 18 of [PWSC\(2008-09\)31](#), and there had not been any change to the use of the fund approved. In addition, WKCDA was empowered under the West Kowloon Cultural District Authority Bill to invest in a financially prudent manner. As mentioned in the aforesaid paper, the Financial Advisor estimated that the annual rate of return on investment was 6.1%.

Admin 15. Mr CHU Hoi-dick requested the Administration to provide information on the use of the one-off upfront endowment of \$21.6 billion by WKCDA since the funding was approved in 2008, setting out in tabulated form a breakdown of the actual expenses corresponding to each of the cost element items under the Capital Costs Analysed by Cost Elements at Enclosure 3 to [PWSC\(2008-09\)31](#). The Administration undertook to provide the information requested by Mr CHU after the meeting.

Scope of works and cost estimate of the integrated basement

16. Mr CHAN Chi-chuen commented that the supplementary information provided by the Administration to the Joint Subcommittee after its meeting on 29 May 2017 ([LC Paper No. CB\(1\)1112/16-17\(01\)](#)) was not detailed. He enquired about the total length of the underground road in Zone 3A of IB.

17. PSHA explained that the underground road in Zone 3A of IB was about 230 metres long in total. The funding application in July 2015 for the second stage of construction works of IB covered a section of the underground road of about 140 metres while the latest funding proposal covered the construction works of the remaining section of 90 metres.

18. Noting that Zone 2A of IB was located within the works area of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") project, Mr CHU Hoi-dick enquired whether the works for Zone 2A would entail greater cost and engineering difficulty than those for other zones.

19. PSHA and Project Manager (Kowloon), Civil Engineering and Development Department ("PM(K)/CEDD"), advised that the design and site investigation for Zones 2A, 2B and 2C of IB had commenced in February 2017. The cost estimate for the whole IB project would be updated in the first quarter of 2019. The Administration would coordinate with MTR Corporation Limited ("MTRCL") on the foundation works in Zone 2A. Director (Project Control), West Kowloon Cultural District Authority ("D(PC)/WKCDA"), supplemented that a part of Zone 2A of IB, for which the foundation construction works were completed, was located above the XRL Terminus. The design of the ventilation system and escape staircases would align with that of the concourse of the XRL Terminus and the topside developments of IB.

20. Mr CHAN Chi-chuen noted that the cost estimate for construction of essential structure and associated works for Zone 3B of IB was about \$1,762.5 million. He enquired: (a) about the details of the associated construction works, e.g. whether engineering design was included, and whether separate funding application was needed for the beautification works of the basement; and (b) whether the water supply, drainage and electrical and mechanical works would be connected with the arts and cultural facilities above ground and, if so, why the construction cost of such works was not borne by WKCDA. Mr Alvin YEUNG enquired whether the title to IB was vested in the Administration or in WKCDA. Mr YEUNG and Mr CHAN asked whether WKCDA would be responsible for the repair and maintenance of IB.

21. PSHA said that the site area covered by Zone 3B of IB was three times that of the Hong Kong Stadium turf pitch. An underground road, pick-up/drop-off area, parking spaces, etc. would be provided in IB. The proposed works included construction of essential structure and associated works, as well as provision of public facilities, such as water supply and drainage systems, for Zone 3B of IB. The relatively high project cost estimate was mainly due to the need for the basement structure to support topside developments. The Administration was responsible for construction of the essential basement structure and associated works (including the structural elements of IB), as well as the public infrastructure works ("PIW") (including provision of public roads, water supply and drainage systems, etc.

in IB). Project Manager (HAB), Home Affairs Bureau ("PM/HAB"), supplemented that the Administration was only responsible for construction of essential structure for IB. Except for the underground road, the title to IB was vested in WKCD, which was responsible for its repair and maintenance.

22. Mr Michael TIEN enquired about the detailed zoning of IB and the number of phases by which the works would be completed. Mr TIEN, Mr Jeremy TAM and Dr Fernando CHEUNG expressed concern about the final cost for the construction of the whole IB.

23. PSHA replied that IB comprised Zones 2A, 2B, 2C, 3A and 3B. The current proposal was to seek funding approval from FC/the Public Works Subcommittee for the third stage of construction works of IB. Funding would still need to be sought for the works for Zones 2A, 2B and 2C and a number of PIW in future. Based on the estimates submitted to LegCo previously, the total cost estimate for implementing the works for Zones 3A, 3B and 2B and the associated infrastructure works was about \$10 billion, of which about \$6 billion was the construction cost of Zones 3A and 3B. The cost estimate for construction of the remaining portions of IB (i.e. Zones 2A and 2C) was not confirmed yet. In 2014, the Administration had derived a rough cost estimate of around \$23 billion in MOD prices for the whole IB and the associated PIW on the assumption that the construction of the whole IB would be completed in one go by 2020. The Administration would be in a better position to provide more updated estimates for the whole IB project when the detailed design and construction programmes for the different phases of IB were firmed up.

24. Dr Fernando CHEUNG considered that the reasons given by the Administration for the unavailability of a cost estimate for the design and construction of the other portions of IB (i.e. Zones 2A, 2B and 2C) were unconvincing. Mr CHAN Chi-chuen asked whether IB would be commissioned in phases.

25. PSHA replied that since the site of Zones 2A to 2C of IB was located within the works area of the Hong Kong section of the XRL project, only site investigation could be conducted at the present stage. The detailed design of Zone 2A was expected to be substantially completed at the end of 2019. Even in the event that the works for the other zones of IB could not be implemented due to unforeseen reasons, Zones 3A and 3B could still operate independently. That said, it was the clear intention of the Administration to complete the construction works of the whole IB.

26. Mr Michael TIEN further enquired about the comparison between the aggregate sum of the approved project estimates for the first and second stages plus the project estimate for the third stage of the IB project and the rough cost estimate in 2014 for the implementation of Zones 3A and 3B, and whether the Administration was confident that the construction cost incurred for the whole IB project would not be far off from the estimate of \$23 billion. Dr KWOK Ka-ki was concerned whether the Administration had made public the construction cost of IB when it conducted the public consultation on the conceptual plan for WKCD development. Mr WU Chi-wai asked whether the Administration would seek further funding for the construction of IB in the future for reasons of engineering problems associated with ground conditions.

27. PSHA said that the cost of the first three stages of the IB project was in line with the 2014 estimate of \$6 billion required for the implementation of Zones 3A and 3B of IB. During the public consultation conducted from 2009 to 2011 by WKCD on the conceptual plan for WKCD development, the rough cost estimate was not made available to the public because the project cost of IB was not yet confirmed. PM(K)/CEDD supplemented that the Administration had grasped the ground conditions of Zone 3B and was confident that the project contingency was sufficient to meet the additional costs arising from unforeseen conditions.

Admin 28. Mr CHAN Chi-chuen requested the Administration to provide the latest cost estimate for the whole IB project.

29. Ms Tanya CHAN pointed out that the funding proposal in [PWSC\(2015-16\)30](#) already covered the costs for the construction of the foundation for an underground road in Zone 3A as well as the construction of the underground road. She enquired whether the works for the remaining section of the underground road in Zone 3A were incorporated in the current funding proposal because the works for that road had experienced cost overrun.

30. PM(K)/CEDD replied that as explained in [PWSC\(2015-16\)30](#), the scope of works at the time only covered the construction of an underground road of about 140 metres in Zone 3A of IB and the general enabling works for the remaining section of the underground road of about 90 metres.

31. Given that MTRCL had handed over to WKCD the site located within an area in WKCD which was occupied by the Hong Kong section of the XRL project, Mr CHAN Han-pan enquired whether the construction of the drainage box culvert within the essential basement structure for Zone 3B of IB had been completed and handed over to WKCD as well.

PM(K)/CEDD said that the scope of the proposed works covered the construction of the drainage box culvert which was used mainly to collect rainwater from the upstream of Austin Road West for discharge into the sea.

32. Mr WU Chi-wai enquired about the construction cost of the topside developments (e.g. Xiqu Centre, M+) of IB. D(PC)/WKCDA replied that the cost estimate for Xiqu Centre was about \$2.7 billion. The M+ main works contract comprised the construction of M+ Building, Conservation and Storage Facility and the adjacent Retail/Dining/Entertainment ("RDE") Facilities and Other Arts and Cultural Facilities ("OACF") building, the Interfacing Car Park and the Sewage Pumping Station, at an estimated cost of \$5.9 billion. In 2017, WKCDA installed an M+ temporary pavilion in WKCD at a construction cost of about \$13 million.

33. Ms Tanya CHAN enquired about the details of the 19-hectare park site in WKCD recommended by Foster + Partners. PSHA replied that the 19-hectare park site included the Art Park of about 11 hectares and the waterfront promenade of about 7 hectares.

34. Mr CHAN Chi-chuen enquired how the Administration came up with the calculation that the annual recurrent expenditure arising from the proposed works was \$21.6 million. PM(K)/CEDD replied that the annual recurrent expenditure arising from the proposed works included \$8.6 million for power supply for the underground road, and about \$13 million for maintenance of associated facilities of the underground road, which included principally the illumination, ventilation and drainage systems.

Financial situation of the West Kowloon Cultural District Authority

35. Mr Jeremy TAM was concerned about the financial situation of WKCDA. Dr KWOK Ka-ki enquired whether the Administration would consider offering the hotel/office/residential ("HOR") sites at WKCD for sale so that the proceeds from land sales could be used to meet the construction cost of the Batch 3 arts and cultural facilities and the remainder of such proceeds be returned to the Government's Treasury.

36. PSHA said that since 2013, WKCDA had on a number of occasions reported to the Joint Subcommittee on the financial challenges facing it. It had also stated that the portion of the one-off upfront endowment for the design and construction of various facilities (i.e. \$15.7 billion) plus the investment income would only be sufficient to cover the construction costs of the Batch 1 and most of Batch 2 facilities, while the implementation programme of the Batch 3 facilities would be subject to review. The Government had not made an estimation of the land sales revenue.

WKCD estimated that a capital funding of about \$11.7 billion in 2016 prices would be required for completing the Batch 3 core arts and cultural facilities, the two remaining black box theatres in Batch 2 as well as the remaining OACF, RDE facilities and public open spaces (other than the Musical Theatre and the Exhibition Centre which were to be funded by private sector investment).

Admin 37. Dr Fernando CHEUNG requested the Administration to provide the latest cost estimate for the design and construction of WKCD. The Administration undertook to provide the information requested by Dr CHEUNG after the meeting.

Enhanced financial arrangement for the West Kowloon Cultural District

38. Dr Helena WONG said that the Administration and WKCD should make public the details of the development of HOR sites by WKCD in cooperation with private developers under a Build-Operate-Transfer ("BOT") model, including the income to be shared by the Administration. PSHA replied that under the enhanced financial arrangement for WKCD announced in December 2016, the Government intended to grant the development right of the entire HOR portion of WKCD to WKCD at nominal premium, upon WKCD's undertaking that it would not offer the land for sale. WKCD would retain ownership of the HOR sites and would cooperate with private developers through open tenders to develop the sites concerned under the BOT model to produce stable recurrent rental income. There were no issues of land sale and land premium under this arrangement. The construction cost of the HOR developments would be borne fully by the private developers. The private developers were required to make upfront payments to the Government after they acquired the building and operating rights of the developments through tenders. Upon expiry of the term of the BOT agreements, they must also hand over the control of the premises to WKCD, by which time the Government and WKCD would share the profits generated by the latter from the developments. The Government would enter into a Project Agreement with WKCD on the enhanced financial arrangement. It was expected that the Joint Subcommittee would be briefed in late 2017.

39. Mr Nathan LAW requested the Administration to provide an estimate of the revenue to be generated by WKCD from the HOR developments. Ms Tanya CHAN said that under the enhanced financial arrangement, the Administration would grant to WKCD the development right of the HOR projects at WKCD with an approximate total value between \$80 billion and \$100 billion. She considered that the Administration had committed an unduly large amount of resources for WKCD development, which was unfair.

40. PSHA said that WKCD would, through open tenders, cooperate with private developers to develop the HOR sites at WKCD under the BOT model, under which the building and operating costs would be borne by the private developers. The Administration and WKCD would explore how best to make available the information requested by members. However, disclosure of any commercially-sensitive information at this stage might amount to divulging important information to potential tenderers.

41. Mr CHAN Chun-ying enquired whether the Administration would recover the construction cost of IB from WKCD. Mr CHU Hoi-dick said that the Administration might consider advancing the funds needed for the construction of IB. After WKCD delivered the HOR developments at WKCD in cooperation with private developers under the BOT model and obtained its share of rental income, it should hand over the relevant income to the Government to meet the construction cost of the whole IB (i.e. \$23 billion).

42. Mr LEUNG Kwok-hung said that in the event that the Batch 3 facilities could not be taken forward due to financial difficulties on the part of WKCD, the construction of IB by the Administration would become meaningless. PSHA said that under the enhanced financial arrangement, WKCD would be financially capable to develop the Batch 3 arts and cultural facilities.

43. The Chairman advised that members might follow up on the financial arrangement of WKCD at the meetings of relevant committees.

Entrustment of the proposed works to the West Kowloon Cultural District Authority

44. Mr Alvin YEUNG pointed out that the former Chief Secretary for Administration, who was also the Chairman of the Board of WKCD, had said in 2013 that the Government would be responsible for construction of IB of WKCD. He enquired about the reasons for entrusting the proposed works to WKCD under the current proposal.

45. PSHA replied that in view of the need for an exceptionally high degree of integration between various facilities in IB and the arts and cultural facilities above ground, the Government proposed to entrust to WKCD the proposed works to be carried out concurrently with the implementation of the Lyric Theatre Complex ("LTC") and other facilities in Zone 3B of IB. The Civil Engineering and Development Department would be responsible for overseeing the progress of the proposed works. There might be engineering

interface problems if WKCDA constructed LTC and some facilities in Zone 3B of IB, while the Government separately undertook the construction of the proposed works in IB which were located within the same sites.

46. Ms Tanya CHAN enquired about the time when the Administration decided to entrust the proposed works to WKCDA, and the justifications for the proposal to reimburse WKCDA for in-house management cost of \$60.3 million. Mr CHAN Chi-chuen asked whether the Administration was required to pay the management cost for IB to WKCDA annually in future.

47. PSHA and PM(K)/CEDD replied that WKCDA's in-house management cost covered the services stipulated in the entrustment agreement, which normally included but were not limited to procurement of construction contracts for the entrusted works, procurement of consultancy services for design, contract administration and site supervision (including employment and management of resident site staff), management and supervision of contractors and consultants, and other services (e.g. reporting to the Government on the cost and programme of the entrusted works). WKCDA was not reimbursed for in-house management cost for the first and second stages of the IB project entrusted to it earlier. As the IB project proceeded to the third stage, the Government considered it reasonable to reimburse WKCDA for its actual in-house management cost in the third stage of the IB project. The management cost, which was capped at \$60.3 million (in September 2016 prices), being about 2% of the total estimated cost of the project, was mainly based on the estimated resources to be deployed by WKCDA.

48. Dr YIU Chung-yim commented that the consultants' fees for the proposed works and WKCDA's in-house management cost were far higher than the management cost for other public works projects. He enquired: (a) about the management framework of the proposed works, including the party authorized to approve variation orders; (b) given the overlapping roles of the engineering consultant and WKCDA in supervision of the proposed works, whether the Administration could consider cutting out the consultants' fees of about \$30 million (i.e. for contract administration and management of resident site staff); and (c) how the Administration computed the total estimate of the management cost for the proposed works.

49. PM(K)/CEDD said that the Government would monitor the progress and cost control of the proposed works. Under the entrustment agreement, WKCDA's responsibilities included, among others, examining the tender documents prepared by the engineering consultant, evaluating the tenders submitted by contractors, entering into building contracts with contractors, and managing and supervising contractors and consultants. The in-house

management cost payable to WKCDA would be subject to a cap stipulated under the entrustment agreement and reimbursed on an actual cost basis. WKCDA was required to seek Civil Engineering and Development Department's approval for major works variations. PSHA supplemented that all public works expenditures consisted of consultants' fees for contract administration, and the Government would only reimburse WKCDA for the actual costs it incurred in the management, supervision and construction of the entrusted works.

50. Dr YIU Chung-yim pointed out that the Administration had indicated that it did not propose any in-house management cost to be payable to WKCDA in relation to these works. He asked why the Administration changed its stance. PSHA and PM/HAB explained that since the works of the first and second stages of the IB project entrusted to WKCDA earlier were smaller in scale and could be carried out concurrently with WKCDA's implementation of M+ and LTC without the need of additional manpower deployment by WKCDA, WKCDA was not reimbursed for the in-house management cost in relation to the IB project at that time. However, given the higher complexity and higher cost of the works being proposed, the Government agreed to reimburse WKCDA for its actual in-house management cost.

51. Dr YIU Chung-yim pointed out that WKCDA had once adopted a one-off special arrangement to take up the costs of the first stage of design and advance works of IB. Afterwards, the Administration obtained FC's approval to reimburse the above costs to WKCDA. Given that WKCDA not only charged \$29.7 million for consultants' fees for the design of Zone 3B of IB, but also charged consultants' fees and in-house management cost for the works under the current funding proposal, he considered that a conflict of interests had arisen in WKCDA's procurement process.

52. PSHA explained that the Administration had reported to the Joint Subcommittee on every entrusted works item, which would be proceeded with only upon members' endorsement. WKCDA had engaged the engineering consultant through a tendering process in compliance with WKCDA's procurement guidelines. D(PC)/WKCDA supplemented that WKCDA appointed a consultant to carry out the design of Zone 3B of IB and another consultant to supervise the construction works by contractors. PM(K)/CEDD said that in seeking FC's funding approval for the first and second stages of the IB project, the Administration had made clear its proposal to entrust to WKCDA the design, site investigation and construction of the project. WKCDA also planned to appoint a consultant to take up the supervision of the design and site investigation/construction works, although

the Government did not reimburse WKCD for in-house management cost in respect of these works.

53. In response to further enquiries from Dr YIU Chung-yim, PM(K)/CEDD said that the engineering consultant was responsible for drafting the tender and WKCD was responsible for examining the applicability of the terms therein.

Tendering arrangement

54. Dr YIU Chung-yim enquired: (a) about the time when the Administration conducted the tendering exercise for 763CL, the tender closing time and the deadline for awarding the contracts as set out in the tender; (b) whether the tender documents were based on the Government of Hong Kong General Conditions of Contract, the New Engineering Contract ("NEC") or the contract prepared by WKCD; and (c) whether fixed price contracts or target price contracts were used in the tendering exercise, and whether the tender documents contained Bills of Materials.

Admin/
WKCD

55. In response, PSHA said that the tendering exercise for the proposed works had been conducted, with the tender closing on 30 June 2017 and a tender validity period of 12 months. Contracts would be awarded only after FC approved the funding for the proposed works. D(PC)/WKCD supplemented that the relevant tender documents were prepared based on WKCD's standard form of contract, and the tender was invited under the fixed price contract approach. At the request of Dr YIU Chung-yim, the Administration/WKCD undertook to provide the tender document template in respect of the tendered works under 763CL after the meeting.

56. Given that WKCD was entrusted by the Administration to conduct tendering for the proposed works, Dr YIU Chung-yim further enquired whether the cost involved in conducting the tendering was covered by the entrustment agreement. In response, PM(K)/CEDD said that the funding provision for the first stage of design and advance works of IB covered the engineering consultants' fees involved in conducting tendering for the proposed works. The consultants' fees were paid to the engineering consultant appointed by WKCD under the entrustment agreement, and the Government was not required to reimburse WKCD for its related in-house management cost.

57. Mr WU Chi-wai enquired: (a) whether the fixed price contract was adopted in the tendering exercise because the Administration estimated that WKCD would unlikely need to apply for variation orders for the proposed works; and (b) whether the design of the topside developments of IB had

been completed and, if not, whether the additional cost arising from any future alterations to the works of IB necessitated by the design would be borne by the Administration or WKCDA.

58. PSHA said that the proposed works included mainly the construction of Zone 3B of IB to tie in with the development timetable of Zone 3B's topside developments (e.g. LTC). As WKCDA had completed the design of LTC and was set to carry out tendering for the construction works, it was expected that the related works would unlikely necessitate alterations to IB. PM(K)/CEDD supplemented that the IB project was general enabling works. If WKCDA applied for works variations on the grounds of unforeseen conditions during construction, the Government would examine the justifications given by WKCDA and the cost involved before deciding whether or not to grant approval.

Underground road

59. Dr Fernando CHEUNG and Mr CHAN Chi-chuen enquired how the underground road in IB was connected to the various zones of IB. Ms Tanya CHAN enquired about the width of the underground road. Mr LEUNG Kwok-hung and Mr CHAN Chi-chuen opined that the information contained in the site plans of IB provided by the Administration was insufficient. Mr CHAN Chi-chuen enquired about the details of the plant rooms and other ancillary facilities which were shown in green on page 3 of the site plans at Enclosure 1 to [PWSC\(2017-18\)12](#).

60. PM/HAB said that on page 1 of the site plans at Enclosure 1 to [PWSC\(2017-18\)12](#), green lines were drawn to show the initial design of the underground road. There was a main vehicular ingress/egress for the underground road in Zone 3A, and another ingress/egress in Zone 3B, of IB. PM(K)/CEDD supplemented that the respective widths of the underground road, the pick-up/drop-off area and the footpaths were about 10.3 metres, 3 metres and 2.5 metres. Other proposed ancillary facilities included plant rooms, ventilation openings, etc., in support of the operation of the underground road. At the request of Mr CHAN Chi-chuen and Ms Tanya CHAN, the Administration undertook to provide: (a) the site plans of the first (mezzanine floor) and second levels of Zone 3B of IB; and (b) a graphic illustration of how the underground road was connected to the various zones (i.e. Zones 2A, 2B, 3A and 3B) of IB and the car park.

Admin

61. Ms Claudia MO opined that the information provided by the Administration in [PWSC\(2015-16\)30](#) on the total length of the underground road in Zone 3A of IB was unclear. She enquired why the Administration had put forward two separate funding proposals at different times for the

construction of the underground road. PSHA and PM(K)/CEDD replied that to tie in with the construction timetable of M+, the Government had to work simultaneously by commencing the construction works of the first section of the underground road in Zone 3A of IB in 2015. The remaining section of the underground road in Zone 3A functioned mainly as a connecting road to Zone 3B and would be put into operation only after the completion of Zone 3B and the underground road thereat. Therefore, the remaining section of the underground road was not incorporated in the earlier funding application for the first and second stages of the project.

62. Mr CHAN Han-pan enquired where the north-facing exit of the underground road in Zone 3A of IB led to. PM(K)/CEDD said that the said exit led to the car park in IB of WKCD.

63. Dr Helena WONG requested the Administration to provide (a) an explanation on the locations of ventilation system and the intake points in IB; (b) the reasons why the installation of air purification system was not necessary; and (c) relevant information on the air quality assessment and (d) the environmental impact assessment ("EIA") report.

64. PM(K)/CEDD said that an automatic air quality monitoring system would be installed at the underground road, which comprised carbon monoxide/nitrogen dioxide sensors for adjusting the operation of the draught installations. Supply air grilles would also be installed at the pick-up/drop-off area to bring in fresh air. Conceptually speaking, however, from the overall planning and transport operation perspectives, visitors arriving at IB were supposed to be dropped off at the pick-up/drop-off area on the roadside and then enter the lobby direct to take a lift to the pedestrian decks above ground. Therefore, no one was expected to stay on the underground road for a long time under normal circumstances. According to the EIA report, installation of air purification system was not necessary for the underground road. At the request of Dr Helena WONG, the Administration undertook to provide the information in writing after the meeting.

Admin

65. Dr YIU Chung-yim requested the Administration and WKCDA to provide the consultancy reports and supplementary information related to [LC Paper No. CB\(1\)1112/16-17\(01\)](#), to further explain how the designs of IB of WKCD could comply with the requirements of the Code of Practice for Fire Safety in Buildings (for instance, the fire safety approach to be adopted (prescriptive code or fire engineering approach), the type of fire-extinguishing system to be used, and the layout plan of the emergency vehicular access), and to provide the consultancy study report concerning evacuation of people in IB.

Admin/
WKCDA

[At 11:00 am, the Chairman announced that the meeting be suspended for five minutes for members to take a short break. The meeting resumed at 11:07 am.]

Vehicle parking facilities and transport system

66. Mr YIU Si-wing expressed support for the proposed works. He enquired: (a) given that the Hong Kong Palace Museum would be developed in WKCD, whether the Administration had assessed the effects of the additional pedestrian and vehicular flows on the car parks inside and near IB and WKCD; (b) whether the number of parking spaces for coaches in WKCD was sufficient to cope with visitors' demand after the commissioning of the Hong Kong Palace Museum; (c) whether coaches commuting to WKCD would cast an impact on the transport network of Kowloon West and cause traffic congestion in the area; and (d) whether funding approval would be sought from FC in future for the newly-planned transport infrastructure in the vicinity of WKCD. Mr Holden CHOW was concerned about the arrangement of parking spaces in WKCD.

67. PSHA said that the Hong Kong Palace Museum would be developed on the site previously designated for the Mega Performance Venue/Exhibition Centre. The visitor number of the Hong Kong Palace Museum was expected to be similar to that of the Mega Performance Venue (i.e. about 15 000 persons per day), and the impact on the traffic in the area would be insignificant. That said, WKCD would review the arrangement of transport management within WKCD, including the planned provision of about 40 parking spaces for coaches to meet long-term demand. Moreover, the Administration planned to build a new at-grade road along the outside perimeter of the Western Harbour Crossing portal, which would be connected with the Hong Kong Palace Museum and the Exhibition Centre. Since the aforesaid works were PIW, funding approval would be sought separately for these works items.

68. PSHA added that about 2 200 parking spaces would be provided in WKCD. A temporary underground car park providing about 209 parking spaces at a location in the park adjacent to M+ was scheduled for completion in 2018. Together with the parking facilities at M+ and Zone 3B of IB, there would be a total of about 600 parking spaces. Most of the remaining parking spaces in WKCD were located in Zones 2A and 2B of IB.

69. Mr LEUNG Kwok-hung was concerned if the parking spaces in IB would be used for profit-making purposes. He enquired: (a) whether a limit would be imposed on the number of vehicles entering IB so as to reduce the

demand for visitors' parking spaces, and (b) about the proportion of loading/unloading spaces for goods vehicles, parking spaces for visitors and those for persons working at WKCD to be provided in IB.

70. PSHA said that it was necessary to provide vehicular access to WKCD because WKCD was a performance venue and art groups would need to load/unload goods in the area. The HOR developments would also need to have vehicular access for provision of transport service.

71. Ms Tanya CHAN enquired about the latest development of the environmental-friendly transport system of WKCD. PSHA said that WKCD was conducting tests on the driverless transport system, which had a carrying capacity of about eight passengers per car and would connect Xiqu Centre in the east and the Art Park and the Hong Kong Palace Museum in the west.

Protection works for the Airport Express Tunnels

72. Mr CHAN Chun-ying enquired: (a) whether MTRCL was involved in the consultation related to the protection works for the Airport Express Tunnels ("AET") under the proposed works and, if so, whether the Administration needed to pay consultants' fees to MTRCL; and (b) the justifications for carrying out the AET protection works, and whether there were alternative options that could bring down the cost of works of \$238.3 million.

73. PSHA said that the protection works were necessary because AET straddled across Zones 3A and 3B of IB. PM(K)/CEDD supplemented that the protection works for the existing AET mainly covered the construction of structural elements spanning over the tunnels to avoid imposition of extra loads from IB and topside developments on the tunnels. The Administration had consulted MTRCL on the works and MTRCL did not charge any consultant's fee for it.

74. Mr CHAN Chun-ying requested the Administration to elaborate on how it could be ensured that there would be no impact on the tunnels when the AET protection works were carried out in Zone 3B of IB. Mr CHAN Han-pan enquired: (a) given that Zone 3B of IB was located within the works area of the Hong Kong section of the XRL project, whether excavation was required for the relevant foundation works; and (b) whether reference was made to the data from ground investigations conducted for the Hong Kong section of the XRL project.

75. PM(K)/CEDD said that excavation was required for the construction of Zone 3B of IB. Temporary supports, which were designed in compliance with safety standards, would be erected by engineering personnel during excavation to mitigate the risks of ground settlement. During construction, the engineering personnel would also closely monitor the situation of ground settlement and work out contingency measures to ensure that the works would not cause adverse impacts on AET. The design of the excavation works in Zone 3B had made full reference to the site investigation data collected from that area and the nearby M+. Moreover, the ground information obtained from the foundation works completed in Zone 3B could also enable better understanding of the ground conditions of the area.

76. Mr Holden CHOW enquired whether the Administration had grasped the distribution of drainage box culverts in Zone 3B of IB and the information about the existing AET, lest additional cost might be incurred for works variations required during construction due to inadequate information available. PM(K)/CEDD said that the Administration had grasped the information about the culverts and AET.

77. Mr MA Fung-kwok enquired: (a) if ground settlement occurred as a result of the AET protection works, whether the Administration or the contractor would bear the responsibility and the additional expenditure incurred; (b) how MTRCL would deal with ground settlement problems; (c) whether the project estimate for the proposed works covered the possible expense that might arise from ground settlement; and (d) how the Administration would handle the situation if the additional expenditure incurred exceeded the financial commitment made by the contractor in the tender.

78. PM(K)/CEDD said that an assessment of ground settlement risks had been conducted by a team of engineering consultants for the proposed works and the risks involved were set out in the tender document. The contractor was required to closely monitor the situation of ground settlement during construction. Based on the experience gained earlier from the foundation works of Zones 3A and 3B of IB, it was believed that the ground settlement risks could be effectively managed.

79. Dr Fernando CHEUNG opined that the Administration should consider reducing the scope of Zone 3B of IB to avoid overlapping with that of AET, thereby lowering the construction cost of Zone 3B. In response, PM(K)/CEDD said that the design of IB must align with WKCD DP. PSHA supplemented that WKCD DP, which was approved by the Chief Executive in Council in January 2013, could not be altered haphazardly. The AET

protection works cost about \$200 million, which constituted a small percentage of the construction cost of the third stage of the IB project.

Motion to adjourn discussion on PWSC(2017-18)12

80. At 11:54 am, when speaking on the item, Mr Nathan LAW moved a motion pursuant to paragraph 33 of the Public Works Subcommittee ("PWSC") Procedure to adjourn the discussion on PWSC(2017-18)12.

81. The Chairman said that the Subcommittee would proceed forthwith to deal with Mr Nathan LAW's motion. Each member could speak once on the motion, and the speaking time should not be more than three minutes.

82. Mr Nathan LAW said that the Administration should provide a detailed account of the financial situation of WKCD, including the revenue expected to be generated by WKCD from the HOR developments, so that members would be able to judge whether the proposed works should be funded by the Government or WKCD.

83. Dr Kwok Ka-ki, Mr CHU Hoi-dick, Mr LEUNG Kwok-hung, Ms Tanya CHAN, Mr CHAN Chi-chuen, Dr Fernando CHEUNG, Dr YIU Chung-yim, Mr Alvin YEUNG, Mr Jeremy TAM and Mr SHIU Ka-chun spoke in support of the motion proposed by Mr Nathan LAW. Mr KWONG Chun-yu commented that the \$21.6 billion one-off upfront endowment for WKCD, which was approved by FC in 2008, covered the cost for the provision of public car parking facilities. He queried why the Administration now proposed to fully fund the construction cost of the parking spaces in IB. Mr CHAN Han-pan spoke against the motion.

84. In response to the motion, PSHA said that of the \$21.6 billion one-off upfront endowment, the budget for the planning, design and construction of facilities was \$15.7 billion. The total committed contracts on capital projects (including Xiqu Centre, M+, the Art Park and LTC) amounted to more than \$10 billion. WKCD lacked funding for the construction of IB. Moreover, the underground road in IB, which was a government facility, was not covered by the one-off upfront endowment granted to WKCD.

85. The Chairman put to vote the question that discussion on PWSC(2017-18)12 be adjourned. At the request of members, the Chairman ordered a division. Twelve members voted for, 20 members voted against the motion and five members abstained. The votes of individual members were as follows:

For:

Mr Charles Peter MOK (Deputy Chairman)	Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen	Dr Fernando CHEUNG
Mr Alvin YEUNG	Mr CHU Hoi-dick
Mr SHIU Ka-chun	Ms Tanya CHAN
Mr Jeremy TAM	Mr Nathan LAW
Dr YIU Chung-yim	Dr LAU Siu-lai
(12 members)	

Against:

Mr Tommy CHEUNG	Mr Jeffrey LAM
Ms Starry LEE	Mr CHAN Hak-kan
Dr Priscilla LEUNG	Mr WONG Kwok-kin
Mr Paul TSE	Mr Frankie YICK
Mr YIU Si-wing	Mr MA Fung-kwok
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Ms Alice MAK	Dr Elizabeth QUAT
Dr CHIANG Lai-wan	Mr HO Kai-ming
Mr Wilson OR	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr Kenneth LAU
(20 members)	

Abstain:

Dr Helena WONG	Mr Andrew WAN
Mr LAM Cheuk-ting	Mr HUI Chi-fung
Mr KWONG Chun-yu	
(5 members)	

86. The Chairman declared that the motion was negatived. The Subcommittee resumed discussion on PWSC(2017-18)12.

87. At 12:42 pm, the Chairman said that members had spoken on this funding proposal (i.e. PWSC(2017-18)12) for a total of 46 times at the meeting. The Chairman read out the names of members who were waiting for their turns to speak: Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr LEUNG Kwok-hung. The Chairman advised that should any members who had not raised any questions on the item requested to speak, he would allow such members to speak for four minutes (including the reply of the Government's representative(s)). He urged members not to repeat questions that had already been asked.

88. At 12:46 pm, the Chairman advised that he had received four motions proposed under paragraph 32A of the PWSC Procedure by Mr CHAN Chi-chuen. He reminded members who wished to propose

motions under paragraph 32A of the PWSC Procedure ("Rule 32A motions") to forward the proposed motions to him before 4:00 pm for his timely perusal.

[At 1:00 pm, the Chairman announced the end of Session One of the meeting. Session Two was scheduled to start at 5:00 pm]

Pedestrian linkage system and transport links of the integrated basement

89. Mr CHAN Chun-ying enquired about the latest progress of the pedestrian linkage system connecting MTR Austin Station/China Hong Kong City and WKCD. PSHA said that the Administration was working with WKCD to review the construction works of Artist Square Bridge, and had tentatively planned to submit a funding proposal for the construction of a pedestrian linkage system between MTR Austin Station and Xiqu Centre in 2017-2018. Moreover, to tie in with the development progress of WKCD, the Government would construct a footbridge connecting WKCD, the Kowloon Park and the China Ferry Terminal.

Admin

90. At the request of Mr CHU Hoi-dick, the Administration undertook to provide the following information after the meeting: (a) the full report of the Traffic Impact Assessment for WKCD; (b) the traffic flow map of IB (covering the relevant scope outside WKCD and locations of all parking spaces throughout WKCD), together with data; and (c) the updated proposal on the "automated people mover system" (including but not limited to its mode of operation, site of operation and alignment, roles of the Government and WKCD, passenger capacity, fare setting, internal rate of return, etc.), and the train models to be put in trial run.

91. At 5:02 pm and 5:09 pm, the Chairman advised that he would "draw a line" to end the "question time" after members who were waiting for their turn to speak had spoken. After that, the Subcommittee would decide whether to proceed with the Rule 32A motions proposed by members. The Chairman said that should any members who had not raised any questions on the item requested to speak after he had "drawn a line", he would allow such members to speak for four minutes (including the reply of the Government's representative(s)) and exercise flexibility on members' speaking time.

Motions proposed under paragraph 32A of the Public Works Subcommittee Procedure

92. At 5:38 pm, the Chairman said that he had received a total of 11 Rule 32A motions proposed by members. Among them, the motions

numbered 001 to 004 were proposed by Mr CHAN Chi-chuen, the motion numbered 005 by Dr YIU Chung-yim, and the motions numbered 006 to 011 by Mr CHU Hoi-dick. Among the aforementioned 11 proposed motions, the motions numbered 007, 008, 010 and 011 were withdrawn by Mr CHU Hoi-dick. The Chairman considered that the remaining seven proposed motions were directly related to the agenda item.

93. The Chairman put to vote, one by one, the questions that the proposed motions numbered [001 to 004](#), [005](#), [006](#) and [009](#) (Chinese versions only) be proceeded forthwith. At the request of members, the Chairman ordered a division. All of the seven questions were voted down.

Voting on PWSC(2017-18)12

94. There being no further Rule 32A motions or questions from members on the item, the Chairman put PWSC(2017-18)12 to vote. At the request of members, the Chairman ordered a division. Twenty-five members voted for, 13 members voted against the proposal and five members abstained. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG
Mr CHAN Hak-kan
Mr WONG Kwok-kin
Mr Michael TIEN
Mr Frankie YICK
Mr MA Fung-kwok
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr CHIANG Lai-wan
Mr HO Kai-ming
Mr Wilson OR
Mr CHEUNG Kwok-kwan
Mr Kenneth LAU
(25 members)

Mr Jeffrey LAM
Dr Priscilla LEUNG
Mr Paul TSE
Mr Steven HO
Mr YIU Si-wing
Mr CHAN Han-pan
Ms Alice MAK
Dr Elizabeth QUAT
Dr Junius HO
Mr Holden CHOW
Mr CHAN Chun-ying
Mr LAU Kwok-fan

Against:

Mr Charles Peter MOK (Deputy Chairman)
Ms Claudia MO
Dr Fernando CHEUNG
Mr CHU Hoi-dick
Ms Tanya CHAN
Mr Nathan LAW
Dr LAU Siu-lai
(13 members)

Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen
Mr Alvin YEUNG
Mr SHIU Ka-chun
Mr Jeremy TAM
Dr YIU Chung-yim

Abstain:

Mr WU Chi-wai
Mr Andrew WAN
Mr HUI Chi-fung
(5 members)

Dr Helena WONG
Mr LAM Cheuk-ting

95. The Chairman declared that the item was endorsed by the Subcommittee. Ms Tanya CHAN requested that this item, i.e. PWSC(2017-18)12, be voted on separately at the relevant FC meeting.

Head 704 – Drainage

PWSC(2017-18)6	380DS	Construction of dry weather flow interceptor at Cherry Street box culvert
	389DS	Upgrading of West Kowloon and Tsuen Wan sewerage
	393DS	Rehabilitation of trunk sewers in Kowloon, Sha Tin and Sai Kung
	394DS	Upgrading of Kwun Tong preliminary treatment works
	413DS	Enhancement works for Kwun Tong sewage pumping station

96. The Chairman advised that the proposal, i.e. PWSC(2017-18)6, sought to upgrade 380DS, 393DS, 394DS, 413DS and part of 389DS to Category A at a total estimated cost of \$3,024.8 million in MOD prices. The Administration had consulted the Panel on Environmental Affairs ("EA Panel") on the proposed works on 27 February and 24 April 2017, and members raised no objection to the submission of the funding proposal to the Subcommittee for consideration. A gist of EA Panel's discussion had been tabled at the meeting.

97. Dr Helena WONG said that members belonging to the Democratic Party supported the aforesaid proposed works. She enquired: (a) whether the Drainage Services Department ("DSD") had, jointly with the Water Supplies Department ("WSD"), developed rainwater collection and reuse system to collect rainwater via the stormwater drainage system for non-potable purposes after filtration; and (b) whether collection of rainwater for reuse could be achieved through upgrading of the existing facilities at Cherry Street box culvert.

98. Director of Drainage Services replied that the Administration had installed rainwater collection and reuse facilities for collecting rainwater for

non-potable purposes in areas where the rainwater contained less pollutants. DSD had provided rainwater collection and reuse facilities under two projects, namely the underground stormwater storage tank in Happy Valley and Lai Chi Kok drainage tunnel. Due to the unstable quantity of rainwater that could be collected by box culverts in the urban area and the excessively high presence of pollutants in the downstream section of drainage channels in general, it was not cost-effective to provide rainwater collection and reuse system at the drainage channel concerned.

99. Mr CHAN Han-pan considered that the construction of four dry weather flow interceptors in Tsuen Wan to be taken forward under 389DS was insufficient to eliminate the odour problem at the waterfront of Tsuen Wan. That said, he appealed to other members to support the funding proposal to allow for the expeditious commencement of the works.

100. Dr Priscilla LEUNG supported the funding proposal. In addition to building dry weather flow interceptors, she urged the Administration to take other measures (e.g. disposing of sewerage outlets that were wrongly connected to the stormwater drainage system and using bioremediation methods) so as to tackle the emission of odour from the stormwater drainage system and the harbour pollution at source.

101. Members raised no further questions on the item. The Chairman put the item to vote.

102. The item was put to vote and endorsed. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. No member made such a request.

Head 703 – Buildings

PWSC(2016-17)46 123KA Conversion of the former French Mission Building for accommodation use by law-related organizations and related purposes

103. The Chairman advised that the proposal, i.e. PWSC(2016-17)46, sought to upgrade 123KA to Category A at an estimated cost of \$234.2 million in MOD prices for the conversion of the former French Mission Building for accommodation use by law-related organizations and related purposes. The Administration had consulted the Panel on Administration of Justice and Legal Services ("AJLS Panel") on the proposed works on 27 February 2017, and members supported the

submission of the funding proposal to the Subcommittee for consideration. A gist of AJLS Panel's discussion had been tabled at the meeting.

104. Members raised no questions on the item. The Chairman put the item to vote.

105. The item was put to vote and endorsed. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. No member made such a request.

Head 709 – Waterworks

PWSC(2017-18)7	356WF	Upgrading of Tung Chung fresh water supply system
	363WF	Upgrading of disinfection facilities in water treatment works
	357WF	Design and construction for first stage of desalination plant at Tseung Kwan O

106. The Chairman advised that the proposal, i.e. PWSC(2017-18)7, sought to upgrade 356WF (upgrading of Tung Chung fresh water supply system), 363WF (upgrading of disinfection facilities in water treatment works) and part of 357WF (design and construction for first stage of desalination plant at Tseung Kwan O) to Category A at a total estimated cost of \$1,896.3 million in MOD prices. The Administration had consulted the Panel on Development ("DEV Panel") on the proposed works on 24 January and 28 March 2017. A gist of DEV Panel's discussion had been tabled at the meeting.

107. Noting that the Administration had invited tenders for the aforesaid three projects, Mr LEUNG Kwok-hung enquired whether tender evaluation was completed. In response, Assistant Director of Water Supplies (New Works) ("ADWS(NW)") said that tender evaluation was partly completed, but tenders would only be awarded after funding approval was obtained from FC.

Proposed upgrading of Tung Chung fresh water supply system

108. Mr CHU Hoi-dick noted that the cost estimate for 356WF included the consultants' fees for advisory services for NEC administration, which amounted to about \$3.5 million. He enquired whether, along with the Administration's plan for wider adoption of NEC form in public works projects, it would no longer be necessary for the Administration to pay consultants' fees for advisory services for other public works projects

implemented under the NEC model in future. Replying in the affirmative, Deputy Director of Water Supplies ("DDWS") said that there would no longer be a need to engage the consultancy service concerned when WSD staff were familiar with NEC administration.

109. Mr CHAN Han-pan enquired whether Tung Chung District still relied on one major main for fresh water supply; if so, whether the whole Tung Chung District would be cut off from water supply in case such water main burst.

110. DDWS said that in 2016, fresh water supply in Tung Chung District was once suspended due to problems with pipe fittings in one of the major mains. Subsequently, WSD had taken improvement measures to prevent reoccurrence of similar incidents. Chief Engineer (Design), Water Supplies Department, supplemented that at present, treated drinking water from water treatment plants was first channeled to the Tung Chung fresh water service reservoir, and then supplied to households in Tung Chung District via two fresh water pipes. Even if problems arose in the water pipe connecting the water treatment plants and the Tung Chung fresh water service reservoir, the service reservoir could still supply fresh water to households in Tung Chung via the aforementioned two fresh water pipes.

111. Mr Holden CHOW enquired whether the Administration would open up the space on the rooftop of the proposed service reservoir under 356WF for use by the public for recreational activities.

112. DDWS replied that according to established policy, WSD would consult the Leisure and Cultural Services Department on the appropriateness of using the rooftop of the proposed service reservoir for recreational purposes. WSD had also uploaded the information of various service reservoirs on its website. Private organizations could, on the fulfilment of the required conditions, apply to use the rooftops of service reservoirs.

Proposed desalination plant at Tseung Kwan O

113. Mr CHU Hoi-dick and Dr Fernando CHEUNG requested the Administration to provide the works details of the first and second stages of the proposed Tseung Kwan O desalination plant, including the project timetable, cost estimates, estimated water production capacity, and the percentage of the fresh water output against the total water consumption in Hong Kong. Mr LEUNG Kwok-hung enquired about the location of the site for constructing the second stage of the desalination plant.

114. In response, ADWS(NW) said that the first stage of the proposed Tseung Kwan O desalination plant would have a water production capacity of 135 000 cubic metres per day, accounting for 5% of the total fresh water consumption in Hong Kong. The percentage would become 10% if the second stage of the desalination plant was developed. Construction of the first stage of the desalination plant, at an estimated cost of \$9 billion, was expected to be completed around the end of 2021. The Administration had reserved a 10-hectare site in Tseung Kwan O Area 137 for development of the first and second stages of the desalination plant. DDWS added that the Administration would review on a continuous basis the future demand for fresh water in Hong Kong to decide the timing for commencing the works for the second stage of the desalination plant.

115. Mr LEUNG Kwok-hung enquired whether the scope of works under the funding proposal being discussed (i.e. upgrading part of 357WF to Category A) included the laying of mains capable of delivering the fresh water produced in the first and second stages of the proposed desalination plant and the construction of communal facilities (such as pump house) for the first and second stages of the project.

116. ADWS(NW) confirmed that the funding proposal included the laying of mains capable of delivering the fresh water produced in the first and second stages of the proposed desalination plant. The Administration would seek funding approval in due course for the construction of the first stage, as well as provision of communal facilities for the first and second stages, of the plant.

Water resources management

117. Dr Helena WONG said that even though the Administration had completed replacing and rehabilitating aged water mains on a territory-wide basis under the Replacement and Rehabilitation ("R&R") Programme, the current leakage rate of water mains still stood high at 15%, which had yet to include the leakage rates of consumers' inside service system. She enquired whether the Administration would replace and rehabilitate the water mains not covered by the R&R Programme and encourage consumers to improve maintenance of their inside service system, so as to reduce water leakage. Mr LEUNG Kwok-hung shared the view that the situation of water main leakage was unacceptable. He suggested that the Administration should provide information on the causes of water main leaks and the leakage rates in Tung Chung District.

118. DDWS explained that water main leaks in Hong Kong were caused by high water pressure and aging of water pipes. With the completion of the

R&R Programme, the Administration was establishing the Water Intelligent Network ("WIN") to tackle the problem of fresh water leakage. Under WIN, the water distribution network would be divided into discrete District Metering Areas ("DMAs") and Pressure Management Areas ("PMAs") with monitoring and sensing equipment installed in each DMA and PMA network for collecting data of the water distribution network. The Administration planned to acquire a set of computerized WIN management system, which would be used to analyze data collected from various DMAs for continuous monitoring of the leakage situation throughout the network and whereby develop the most cost-effective and targeted measures, such as replacing and rehabilitating water mains in poorer conditions and reducing water pressure in water pipes. As for Tung Chung District, the leakage rate of water mains was relatively low because the mains in the district were relatively new.

119. Mr LEUNG Kwok-hung enquired about the progress of implementing WIN. In response, DDWS said that there would be about 2 000 DMAs and PMAs throughout the territory, of which about 1 000 had been established at present. It was also expected that the computerized WIN management system would be acquired within two to three years.

120. Dr Fernando CHEUNG enquired whether the Administration would develop reclaimed water as a new water source and, if so, the estimated annual output capacity of reclaimed water. DDWS said that the Administration planned to upgrade the sewage treatment standard of Shek Wu Hui Sewage Treatment Works ("SWHSTW") to tertiary level. Treated sewage effluent at SWHSTW would be further processed to produce reclaimed water for toilet flushing in the northeastern part of the New Territories. After SWHSTW came into full operation, it was expected that about 20 million cubic metres of fresh water that would otherwise be used for toilet flushing could be saved annually.

121. Dr Fernando CHEUNG requested the Administration to provide supplementary information to explain whether it had any plan to install flow controllers onto the water taps for all public rental housing units; if so, the timetable and cost, and the amount of water anticipated to be saved under the plan; if not, the reasons for that. The Administration undertook to provide the information requested by Dr CHEUNG after the meeting.

(Post meeting note: The supplementary information provided by the Administration was circulated to members vide [LC Paper No. PWSC244/16-17\(01\)](#) on 10 July 2017.)

122. Members raised no further questions on the item. The Chairman put the item to vote.

123. The item was put to vote and endorsed. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. No member made such a request.

Head 703 – Buildings**PWSC(2016-17)47 794CL The demolition of existing superstructures at Caroline Hill Road site, Causeway Bay**

124. The Chairman advised that the proposal, i.e. PWSC(2016-17)47, sought to upgrade 794CL to Category A at an estimated cost of \$53 million in MOD prices for the demolition of existing superstructures at the site situated at the junction of Caroline Hill Road and Leighton Road in Causeway Bay. The Administration had consulted the DEV Panel on the proposed works on 28 February 2017. A gist of the DEV Panel's discussion had been tabled at the meeting.

Future use of the project site

125. Mr CHU Hoi-dick took the view that the Administration should not go against the wish of local residents to demolish the existing structures at the project site so as to clear the land for commercial use. He enquired: (a) whether the Administration had considered retaining the existing structures and refurbishing them for reuse; if so, the cost of the refurbishment works; and (b) how local residents could participate directly in deciding the way forward for the future development of the site. Mr Nathan LAW shared the view that apart from consulting the District Council ("DC") and submitting rezoning applications to TPB in accordance with the established mechanisms, the Administration should consult the residents directly in deciding the way forward for the future development of the site.

126. Principal Assistant Secretary for Development (Works) 4 ("PAS/DEV(W)4") said that the Administration planned to rezone the aforesaid site to commercial and Government, Institution or Community ("G/IC") uses pursuant to the recommendations in the 2016 Policy Address. The Administration considered that it would be most cost-effective to proceed with the proposed demolition works in parallel with the rezoning procedures for the aforesaid site. District Planning Officer (Hong Kong) (Acting) supplemented that if the Administration decided to rezone the aforesaid site, the proposal would require gazettal and the public might give their views during the gazettal period. TPB would consider a number of factors, including public views, before deciding on the rezoning proposal. The

Administration had not made estimations on the cost of refurbishing the existing structures at the aforesaid site.

127. Mr Nathan LAW enquired about the area of the project site which would be allocated for development of G/IC facilities in future. PAS/DEV(W)4 replied that no decision had yet been made on this. While the demolition works were underway, the Administration would make the best use of the time to consult Wan Chai DC on the future use of the site and submit the rezoning application to TPB.

128. Mr Nathan LAW opined that the Administration should not commence the demolition works before deciding on the area of the aforesaid site which would be allocated for development of G/IC facilities.

Motion to adjourn discussion on PWSC(2016-17)47

[At 6:54 pm, the Chairman asked members if they agreed to extend the meeting for 15 minutes. Members present agreed to the extension. The Chairman directed that the meeting be extended by 15 minutes to 7:15 pm.]

129. At 6:59 pm, when speaking on the item, Mr CHU Hoi-dick moved a motion pursuant to paragraph 33 of the PWSC Procedure to adjourn the discussion on PWSC(2016-17)47.

130. The Chairman said that the Subcommittee would proceed forthwith to deal with the motion proposed by Mr CHU Hoi-dick. Each member could speak once on the motion, and the speaking time should not be more than three minutes.

131. Mr CHU Hoi-dick said that the motion to adjourn discussion on the paper was proposed to enable the Subcommittee to consider other less controversial funding proposals in the remaining meeting time. Mr CHAN Han-pan and Mr LAU Kwok-fan spoke against the motion.

132. The Chairman put to vote the question that discussion on PWSC(2016-17)47 be adjourned. The Chairman invited members to vote for or against the motion by a show of hands. Four members voted for and five members voted against the motion by a show of hands. The Chairman declared that the motion was negatived. The Subcommittee resumed discussion on PWSC(2016-17)47.

Asbestos abatement works

133. Dr Fernando CHEUNG noted that according to the Asbestos Investigation Report ("AIR"), some asbestos containing materials ("ACMs") were identified inside the existing structures at the project site. Given the considerable size of these structures, Dr CHEUNG was concerned how the Administration would locate and remove the ACMs to prevent the entry of asbestos dust into the air during the demolition of the structures. He also asked whether the nearby residents would be notified while the asbestos abatement works were in progress.

134. In response, Deputy Director of Architectural Services said that the AIR submitted by the consultant indicated that some ACMs were present inside the existing structures at the project site. The Administration would engage registered asbestos contractors to carry out the asbestos abatement works. These contractors must follow the due procedures to notify the Environmental Protection Department before the commencement of the works, remove the asbestos in an enclosed environment according to the Asbestos Abatement Plan and statutory requirements, and monitor the air quality to ensure its compliance with the required standards. Project Director (1), Architectural Services Department, supplemented that the AIR indicated that the ACMs included vinyl floor adhesives, corrugated cement boards, insulating materials in switch boxes, etc.. The contractors must handle these materials in an enclosed environment and dispose of the ACMs according to the procedures for disposal of chemical wastes.

Environmental and traffic implications of the proposed demolition works

135. Dr LAU Siu-lai requested the Administration to provide the following supplementary information: (a) the full report of the Traffic Impact Assessment regarding the demolition works and the future development of the Caroline Hill Road site; (b) the full report of the preliminary environmental review for the demolition works, (c) the full AIR prepared by the registered asbestos consultant appointed by the Administration for the demolition works; and (d) the full report of the tree survey for the demolition works. The Administration undertook to provide the supplementary information after the meeting.

Admin

136. The Chairman said that this was the last meeting of the Subcommittee in the 2016-2017 legislative session. Although some members were still waiting for their turn to ask questions, he could not allow them to do so because time was up for the meeting. He said that the Subcommittee was unable to complete the consideration of this proposal within the current legislative session.

137. The meeting ended at 7:15 pm.

Council Business Division 1
Legislative Council Secretariat
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