

立法會
Legislative Council

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seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 23rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 27 April 2018, at 3:15 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
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 Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon HUI Chi-fung

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Rebecca Pun Ting-ting, JP	Deputy Secretary for Transport and Housing (Transport)1
Ms Judy CHUNG Sui-kei	Principal Assistant Secretary for Transport and Housing (Transport)5
Mr Daniel Chung Kum-wah, JP	Director of Highways
Mr Kelvin LO Kwok-wah, JP	Project Manager (Major Works), Highways Department
Mr Joseph CHAN Ho-lim, JP	Under Secretary for Financial Services and the Treasury
Ms Pecvin YONG Pui-wan	Acting Deputy Secretary for Financial Services and the Treasury (Treasury)2
Mr WONG Kuen-fai, JP	Commissioner of Inland Revenue
Mrs Sylvia LAM YU Ka-wai, JP	Director of Architectural Services
Mr Frank WONG Tak-choi	Project Director 1, Architectural Services Department
Ms Athena FUNG Chi-shan	Senior Project Manager 122, Architectural Services Department
Mr CHAN Jick-chi, JP	Under Secretary for Home Affairs
Mrs Sorais LEE KWAN Siu-kuen, JP	Project Manager, Home Affairs Bureau
Ms Alice PANG, JP	Project Manager, South Development Office, Civil Engineering and Development Department
Mr Ringo MOK Wing-cheong	Deputy Project Manager, South Development Office, Civil Engineering and Development Department

Dr Raymond SO Wai-man, BBS, JP	Under Secretary for Transport and Housing
Mr Kenneth LEUNG Tak-yan	Chief Civil Engineer (Public Works Programme), Transport and Housing Bureau
Mr Edward TSE Cheong-wo	Project Director 3, Architectural Services Department
Ms Eugenia CHUNG Nga-chi, JP	Assistant Director of Home Affairs (2)
Mr CHONG Wing-wun, JP	District Officer (North), Home Affairs Department
Mr TAN Tick-yee	Assistant Director of Social Welfare (Elderly)
Mr CHIU Pbut-kay	Chief Architect 4, Housing Department
Mr Edward YAU Tang-wah, GBS, JP	Secretary for Commerce and Economic Development
Ms Cora HO Lai-sheung	Deputy Secretary for Commerce and Economic Development (Belt and Road) (Special Duties)
Miss Helen KWAN Hiu-yeung	Senior Administrative Office (Belt and Road Office) 2, Commerce and Economic Development Bureau

Other person attending:

Mr NG Ying-chuen	Head, Technical Services, West Kowloon Cultural District Authority
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Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Ada LAU	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)6

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

Item 1 — FCR(2017-18)67
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 5 FEBRUARY 2018

EC(2017-18)15
HEAD 60 — HIGHWAYS DEPARTMENT
Subhead 000 — Operational expenses

2. The Finance Committee ("FC") continued with the deliberation of item FCR(2017-18)67. The Chairman advised that this item sought FC's approval of the recommendation made by the Establishment Subcommittee ("ESC") at its meeting on 5 February 2018, i.e. the recommendation set out in the paper EC(2017-18)15 concerning the retention of three supernumerary posts and the extension of the redeployment of one permanent post in the Highways Department ("HyD") to provide staffing support at the directorate level to continue taking forward the Tuen Mun-Chek Lap Kok Link ("TM-CLKL") project and the Tuen Mun Western Bypass project and to complete the remaining works of the Hong Kong-Zhuhai-Macao Bridge ("HZMB") Hong Kong Section (i.e. Hong Kong Link Road ("HKLR") and Hong Kong Boundary Crossing Facilities ("HKBCF")). The item had been discussed by ESC for two hours and 37 minutes, and by FC for one hour and 15 minutes. The Administration had provided a supplementary information paper to FC.

Financing arrangement for HZMB

3. As the post of Principal Government Engineer proposed for retention would be responsible, among other things, for matters relating to the repayment of loans for the HZMB project, Mr CHU Hoi-dick enquired about the financing arrangement thereof. He also asked whether the proposal relating to the HZMB project submitted by the Administration to FC in May 2009 sought funding approval of FC; whether the Hong Kong Special Administrative Region ("HKSAR") Government would act as the loan guarantor; and whether FC's approval would be required for the HKSAR Government to obtain bank loans in the event of cost overrun of the project. Dr CHENG Chung-tai also expressed concerns about future funding needs arising from the operation of the HZMB project.

4. Deputy Secretary for Transport and Housing (Transport)1 ("DS(T)1") confirmed that FC's approval was sought in May 2009 for the HKSAR Government to contribute RMB 6.75 billion to the HZMB Main Bridge project. The Administration also reported to the FC at the time about the agreement of the three governments to contribute a total of RMB 15.73 billion (i.e. about 42%) to the project (i.e. RMB 7 billion from the Mainland, RMB 6.75 billion from HKSAR, and RMB 1.98 billion from Macao SAR), with the remaining funds (i.e. about 58%) to be financed by bank loans. DS(T)1 added that in the event of cost overrun, the three governments had agreed to meet the cost partly by capital injection and partly through bank loans; and the Administration would duly seek FC's approval for additional funding. As regards issues relating to bank loans, DS(T)1 advised that these were handled by the HZMB Authority which was a legal entity set up under the Mainland laws. Hence, the HKSAR Government would not act as the guarantor for such loans.

5. Mr CHU Hoi-dick expressed concern over the arrangements for the bank loans, especially when such loans were taken out by the three governments and the possibility of operating loss of HZMB. DS(T)1 assured members that the three governments would monitor the situation closely. The three governments had also requested the HZMB Authority to adopt income generation and cost-saving measures in order to maintain a sound financial status.

6. At the request of Mr CHU Hoi-dick, Permanent Secretary for Financial Services and the Treasury (Treasury) undertook to provide information on whether FC's approval was required for the HKSAR Government to take out relevant additional bank loans in the event of overrun in the construction cost of the HZMB project.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC276/17-18(01) (Chinese version only) on 6 June 2018.]

Maintenance costs

7. While noting that the income from the HZMB Main Bridge would be for meeting the expenses of daily operation and maintenance of the Bridge, Mr AU Nok-hin asked if such income could also finance partly the annual maintenance costs for the Hong Kong Section and the related manpower resources, estimated to be at \$267 million and \$20 million respectively. He wanted to know if the HKSAR Government had made such a request to the HZMB Authority, as he considered that the Main

Bridge would be rendered meaningless without the Hong Kong Section. Dr CHENG Chung-tai also noted that the annual maintenance costs, after discounting that for the artificial island, would be well over \$100 million. He asked if significant changes in the maintenance costs and related basic expenses were envisaged for the coming years. As the commissioning of HZMB was scheduled for September/October 2018, Mr CHAN Chi-chuen enquired if the maintenance costs for about six months in the remainder of 2018 would be significantly different in proportion to that of a 12-month period. He also asked if the contract awarded in February 2018 of \$380 million for a period of 36 months for the management, operation and maintenance of HKBCF included maintenance of HKLR and if so, the reason for the maintenance costs of HKBCF and HKLR to be estimated at \$269 million in 2018.

8. In response, DS(T)1 and Director of Highways ("D of Hy") advised that:

- (a) the HKSAR Government would be responsible for the maintenance costs for the HZMB Hong Kong Section comprising HKBCF and HKLR; such costs were separate from those of the HZMB Main Bridge. The income from the HZMB Main Bridge would be used for meeting daily operational and management expenses of the Main Bridge;
- (b) the maintenance costs of \$143.9 million for HKLR would be slightly higher than those of general road projects on account of its length of 12 km. The major expenses would be in regular inspection of the roads composed of viaducts, tunnels and at-grade roads involving the use of special devices and manpower, as well as for normal wear-and-tear maintenance. The maintenance costs were expected to be stable during the initial years; and
- (c) the estimate of the maintenance costs was based on a 12-month projection and the actual expenses would be available upon the commissioning of HZMB.

Traffic impact

9. Mr AU Nok-hin expressed concern with the traffic impact which HZMB would create upon commissioning, not only on Lantau Link but also on the vicinity of the Airport Island and Tung Chung. He enquired if the Administration had conducted any study on the traffic flow on the HZMB Main Bridge, the Airport Island and Tung Chung during the period

after the commissioning of HZMB and before the commissioning of the Southern Connection of TM-CLKL. He requested the Administration to provide a full report on traffic impact assessment.

10. DS(T)1 said that although the Northern Connection of TM-CLKL would only be completed two years after the commissioning of HZMB, the traffic forecast projected that the traffic conditions of the Lantau Link during the morning peak hours in 2021 would be acceptable. For the interim period before the commissioning of the Southern Connection, traffic from HZMB could make use of the existing and newly built road networks on the Airport Island for going to Tung Chung and the urban area. She stressed that the Administration would take appropriate and practicable measures to relieve traffic, and confirmed that cross-boundary coach services had been taken into account when conducting the traffic forecast.

11. Citing previous incidences of traffic jam, Mr LEUNG Yiu-chung expressed worries about the adverse traffic impact of the project, both during the construction stage and after commissioning, on local residents in Tung Chung and Ma Wan and even on the airport operation. He wanted to ascertain if the posts sought for retention and extension would be of help in this respect.

12. D of Hy explained that the Transport Department was responsible for undertaking traffic measures. The Highways Department ("HyD") would assess the traffic impact which the works would create, and liaise with the Transport Department on contingency traffic measures and necessary improvements. DS(T)1 assured members that the Administration would take appropriate measures to relieve traffic, and would report to the Panel on Transport at its next meeting on the related traffic arrangements after the commissioning of HZMB. The posts being sought would expedite works on TM-CLKL which would connect the Northwest New Territories and Lantau Island, thereby relieving the traffic conditions on the Lantau Link.

13. In response to Ms Claudia MO for updated projections on the passenger and traffic flows, DS(T)1 said that such projections might not be meaningful given that the HZMB would be commissioned soon.

Safety concerns

14. Mr CHAN Chi-chuen referred to the statement made by the consultancy firm Tunnel Engineering Consultants from the Netherlands on 26 April 2018, issued to members vide FC 245/17-18(01) on the same date,

and considered its assurance on the stability and safety of the artificial island of the HZMB Main Bridge acceptable. Dr KWOK Ka-ki, however, remained apprehensive and considered it necessary for the Administration to allay the worries of the general public on the safety and maintenance of the artificial island, in particular whether the dolosse and the seawall would be able to withstand severe weather and sea conditions in the long run. He stressed the importance for the engagement of and assurance from HyD on the maintenance aspect, and asked if the posts in question would be so involved and whether surveying reports were available. He also sought clarification on whether any of the said posts were assuming the post of Deputy Director of the HZMB Authority.

15. In reply, DS(T)1 said that as stated in the supplementary information provided to FC, HZMB was a mega-scale project to which the Mainland authorities had attached much importance. To ensure the highest quality of the project, the Mainland authorities had engaged quantity management consultants and overseas experts, and put in place a design consulting coordination mechanism to ensure that the design and works of the project would comply with the safety and quality requirements. Under the territoriality principle, monitoring of the Main Bridge project was undertaken not by the HKSAR Government but by the HZMB Authority established by the three governments. DS(T)1 advised that a Senior Engineer of HyD was seconded to the HZMB Authority as a Deputy Director.

16. Dr KWOK Ka-ki questioned if the rank of Senior Engineer was of a sufficiently high level for dealing with counterparts from the other governments. D of Hy affirmed that the Senior Engineer possessed rich experience and the secondment was at the appropriate level. The Senior Engineer stationed full-time in Zhuhai would report on the works of the Main Bridge regularly to HyD, which could further follow-up with the HZMB Authority if necessary.

17. Ms Claudia MO asked if any of the posts sought for retention and extension were involved in the work of the HZMB Authority. In reply, DS(T)1 said that the Principal Government Engineer concerned had to attend inter-governmental meetings and monitor the work of the HZMB Authority. D of Hy added that such duties used to be undertaken by an officer of the same rank. As the post concerned had lapsed on 31 December 2017, such duties had since been shared out among non-directorate and directorate staff of HyD including himself. In response to Ms MO on the need for the post after the period sought of December 2020, D of Hy said that the Administration would review the

need for further retaining this and other subject posts in 2019 and 2020 respectively.

Voting on FCR(2017-18)67

18. There being no further questions from members, the Chairman put item FCR(2017-18)67 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 29 members voted in favour of and 18 members voted against the item. The item was approved. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr WONG Ting-kwong
Mr CHAN Hak-kan	Mr WONG Kwok-kin
Mr Steven HO Chun-yin	Mr Frankie YICK Chi-ming
Mr MA Fung-kwok	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung	Mr Christopher CHEUNG Wah-fung
Dr Elizabeth QUAT	Mr Martin LIAO Cheung-kong
Mr POON Siu-ping	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr HO Kai-ming	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Dr Pierre CHAN	Mr CHAN Chun-ying
Mr LUK Chung-hung	Mr LAU Kwok-fan
Mr Kenneth LAU Ip-keung	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	
(29 members)	

Against:

Ms Claudia MO	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr Kenneth LEUNG
Dr KWOK Ka-ki	Mr Dennis KWOK Wing-hang
Dr Helena WONG Pik-wan	Mr IP Kin-yuen
Mr Alvin YEUNG	Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick	Mr LAM Cheuk-ting
Mr SHIU Ka-chun	Ms Tanya CHAN
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr Gary FAN Kwok-wai	Mr AU Nok-hin
(18 members)	

**Item 2 — FCR(2018-19)1
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 26 MARCH 2018**

EC(2017-18)18

**HEAD 140 — GOVERNMENT SECRETARIAT :
FOOD AND HEALTH BUREAU (HEALTH
BRANCH)**

Subhead 000 — Operational expenses

19. The Chairman advised that this item sought the approval of FC for the recommendation of ESC made at its meeting on 26 March 2018, i.e. the recommendation in EC(2017-18)18 on the establishment changes arising from the reorganization of the Health Branch of the Food and Health Bureau. No member requested separate voting for the recommendation at the FC meeting.

20. There being no questions from members, the Chairman put item FCR(2018-19)1 to vote. The Chairman declared that he thought the majority of the members present and voting were in favour of the item. The item was approved.

**Item 3 — FCR(2018-19)2
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 19 MARCH 2018**

PWSC(2017-18)29

HEAD 703 — BUILDINGS

Government Offices — Intra-government services

**122KA — Inland Revenue Tower in Kai Tak
Development**

21. The Chairman advised that this item sought the approval of FC for the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting on 19 March 2018, i.e. the recommendation in PWSC(2017-18)29 regarding the upgrading of 122KA to Category A at an estimated cost of \$3,600 million in money-of-the-day ("MOD") prices for the construction of the Inland Revenue Tower ("IR Tower") in Kai Tak Development ("KTD"). The item had been discussed by PWSC for two hours and 44 minutes, and the Administration had provided a series of supplementary information papers. The Chairman declared that he was an

independent non-executive director of The Bank of East Asia.

Relocation of government offices

22. Mr AU Nok-hin said that KTD would be developed into another high-value business district. He doubted if the relocation of the Inland Revenue Department ("IRD") from the Wan Chai Government Offices Compound ("WCGOC") to KTD, as well as the construction of the Trade and Industry Tower ("TI Tower") in KTD, would accord with the Administration's stated policy of reprovisioning government-owned properties with no location requirements out of core business districts. Quoting also the motion carried in the Legislative Council ("LegCo") in June 2011 which urged the Administration to study relocating government offices from prime urban land lots to various non-core districts in order to create more local employment opportunities, Mr AU asked if consideration had been given to relocating IRD to a remote area such as in the New Territories to promote local employment and relieve pressure on traffic in the urban area and the New Territories.

23. Dr Fernando CHEUNG echoed Mr AU's views. He stressed the need for the Administration to give due economic and financial considerations to the selection of sites for relocation projects, and quoted overseas experience in relocating government offices to more remote areas to increase pedestrian flow, foster district economic development and create more local district employment opportunities. He asked if the Administration had conducted any study on IRD's relocation to other areas such as Tin Shui Wai for comparison purpose.

24. Under Secretary for Financial Services and the Treasury ("USFST") said that the Administration had been taking forward the initiative of transforming Kowloon East, which comprised KTD Area, Kwun Tong Business Area and Kowloon Bay Business Area, into a new core business district; this included the improvement of transport facilities which would bring convenience to people working in the area. As many visitors were expected, the IR Tower had to be in a convenient and easily accessible location in order for the 3 000 staff of IRD to continue to provide convenient services to taxpayers. The Administration's plan to relocate the government departments currently housed at WCGOC to nine new replacement building projects had been made after thorough consideration, taking into account the needs of the different departments concerned as well as those of their clients. The Tseung Kwan O Government Offices, for example, were located outside the core business districts.

25. Mr CHU Hoi-dick reckoned that the reprovisioning of the Immigration Department to the Tseung Kwan O Government Offices, and the establishment of the Heritage Conservation and Resource Centre in Tin Shui Wai, might be the only exceptions which accorded with the Administration's policy of relocating government offices to sub-urban areas. He expressed concern on whether the Administration had plans to construct government buildings in New Territories West, as this would promote local employment opportunities. USFST said that the Administration would actively consider relocating government offices to the New Territories as appropriate in future. At Mr CHU's request, the Administration undertook to provide information on the number of existing joint-user government office buildings in New Territories West after the meeting.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC315/17-18(01) on 19 July 2018.]

Community services in the Kai Tak Development

26. Dr KWOK Ka-ki said that housing was an acute problem in Hong Kong. He asked if the Administration had considered the use of the IR Tower site for public housing or subsidized housing instead. He emphasized the need for community facilities in Kowloon East and KTD, and further enquired if the inclusion of community services in the project, such as day-care centres, community health centres and elderly services centres, had been considered and whether the relevant bureaux and government departments had been consulted during the planning stage.

27. USFST said that the existing land of the IR Tower site in KTD was zoned for Government, Institution or Community ("GIC") uses, and different uses had been assigned for the lots within KTD. The IR Tower had optimized the use of the site. The plot ratio of the IR Tower had already reached the maximum permitted level, and it was just enough to meet the operational needs of IRD. Director of Architectural Services ("DArchS") supplemented that the Planning Department had considered the need for developing GIC facilities, the development plan in KTD as well as requests from relevant government departments. To cater for the needs of the community, the Administration had included in the development at the adjacent 1F1 site residential care homes and day care centres for the elderly, a community hall in the TI Tower nearby as well as social welfare facilities in other suitable sites for sale in KTD.

28. Dr Helena WONG also stressed the need to optimize land utilization and the provision of sufficient community services for residents. At Dr WONG's request, DArchS undertook to provide supplementary information about social welfare facilities on GIC sites in and near KTD.

[*Post-meeting note*: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC315/17-18(01) on 19 July 2018.]

Redevelopment plan of offices in the Wan Chai Government Offices Compound

29. Ms Claudia MO said that it was wasteful to demolish the three government buildings in WCGOC, which were constructed only some 20 years ago. Given that convention, exhibition and hotel facilities and offices were already available in Wan Chai, she questioned the Administration's plan to redevelop the WCGOC site for similar usage. She also expressed concern on the significant volume of construction waste which the project would generate, as this would run contrary to environmentally-friendly principles.

30. USFST said that the Chief Executive had announced in the 2017 Policy Address the development of the WCGOC site into convention and exhibition venue, hotel facilities and Grade A office space. As regards construction waste, DArchS said that of the construction waste thus generated, the Administration would reuse about 30.2% of inert construction waste on site, deliver about 60.5% of inert construction waste to public fill reception facilities for subsequent reuse, and dispose of the remaining 9.3% of non-inert construction waste at landfills.

31. Mr AU Nok-hin enquired whether the three government buildings in WCGOC could be preserved and converted to other uses in place of demolition. USFST advised that the Administration had not yet finalized the mode of development of the WCGOC site. The Administration had taken note of members' views, and would seek funding approval of FC if the Administration were to be responsible for the demolition of the subject buildings. As regards Mr AU's concern on the target completion date of the reprovisioning of government offices to the nine government buildings, USFST said that the target was to complete all nine replacement building projects, including the IR Tower, by the year 2026. He assured members that there would not be any adverse impact on IRD's services with its removal from the existing to the new premises.

32. Ms Tanya CHAN said that members belonging to the Civic Party were concerned about the development of the WCGOC site; they were worried that its development as convention and exhibition facilities and hotel and commercial use would adversely affect traffic in the area. She understood that land had been reserved at the AsiaWorld-Expo at the Chek Lap Kok Airport for another phase of development, and considered that such land should be accorded higher priority for convention and exhibition purposes. USFST said that he had taken note of Ms CHAN's views as regards traffic impact and would convey her concern to the relevant government departments. At Ms CHAN's request, the Administration undertook to provide information on whether the existing Revenue Tower site had to be rezoned for developing convention and exhibition facilities, hotel and commercial uses.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC315/17-18(01) on 19 July 2018.]

33. Permanent Secretary for Financial Services and the Treasury (Treasury) drew members' attention to the fact that the IR Tower would be a specialist/departmental building instead of a joint-user building. The prime consideration was to cater for the operational needs of IRD. Taking into account IRD's existing and known future needs, the IR Tower would be built up to the permitted height and net operational floor area limits. She assured members that the Administration had optimized site utilization, understood members' concern for meeting overall community service needs, and would provide the requisite supplementary information.

34. The Chairman also reminded members that the item had been considered by PWSC at its meeting on 19 March 2018 pursuant to which Mr Jeremy TAM and Dr KWOK Ka-ki had withdrawn their earlier requests for the item to be voted on separately at the FC meeting. Discussion of the item had been arranged at the FC meeting in response to the request of Mr AU Nok-hin who was sworn in as a LegCo Member on 21 March 2018 and did not have the opportunity to join past discussions. As there were a total of eight items on the agenda for the FC meeting involving some controversial ones, the Chairman urged members to be more focused in the discussion and refrain from repeating issues previously discussed.

Design and facilities of the new Inland Revenue Tower

Estimate on service needs

35. Mr AU Nok-hin referred on the one hand to the estimate by the Administration of an anticipated 2 000 to 3 000 members of the public visiting IRD in the IR Tower each day, in addition to about 3 000 IRD staff, and on the other hand to the statement made by the Commissioner of Inland Revenue ("CIR") at a meeting of the Wong Tai Sin District Council about taxpayers being able to use e-services for paying tax thereby reducing the number of visitors to IRD for paying tax in person. He asked if the Administration had considered the impact of the change in the mode of tax payment from the planning aspect, and whether the estimate on the number of visitors to IRD was accurate.

36. CIR said that IRD promoted the payment of tax through a variety of means including e-channel, post offices, convenience stores, automatic teller machines and e-banking. Nonetheless, some taxpayers would still visit the department in person for the purposes of making personal enquiries, adjudication of stamp duty, application for business registration, etc. IRD estimated that about 2 000 to 3 000 visitors would visit the department each day, and it would be necessary to maintain efficient counter service for such large number of visitors to the IR Tower.

Provision of parking spaces

37. Dr Helena WONG expressed support for the funding proposal but remained concerned about the number of parking spaces in the IR Tower. Notwithstanding the Administration's decision to increase the number of parking spaces from 40 to 66 through the installation of double-decker parking systems in response to the suggestion of members of the Panel on Financial Affairs, such a number remained insufficient. She enquired about the allocation of these parking spaces and if some would be made available to the public.

38. USFST said that of the 66 parking spaces, four would be for government vehicles, one for a postal vehicle, 35 for vehicles of IRD's employees including those with disability, and 26 for vehicles of official visitors. There was no plan to open up parking facilities to the public. USFST added that public parking facilities would be available in the adjacent 1F2 site which was of a few minutes' walking distance to the south west of the IR Tower and where there would be 902 parking spaces. In addition, public parking facilities were available in San Po Kong.

39. Dr Helena WONG remained unconvinced. Given the scarcity of land, she urged the Administration to adopt the planning concept of multiple uses, and provide more parking spaces in new buildings at the design stage by the inclusion of say basement car parks. She did not find the Administration's explanation on the inhibiting cost of providing basement car parks at the IR Tower acceptable.

40. USFST explained that the basement of the IR Tower had been earmarked as plant rooms. The expansion of the basement for parking purposes would incur an additional cost of about \$340 million in MOD prices and prolong the construction time. By comparison, the Administration's proposal of installing double-decker parking systems was more cost-effective. He added that parking spaces in some existing government buildings were open to the public after office hours. The Administration would review the situation after the completion of the IR Tower and consider making similar arrangements if appropriate.

41. Mr Andrew WAN shared Dr Helena WONG's concerns and expressed disappointment at the Administration's response on the provision of parking spaces, which was similar to that with other projects such as the construction of the new Tuen Mun Hospital. He asked if there was room for further increasing the supply of parking spaces in the IR Tower, if financial and technical difficulties were envisaged, and if the Administration would undertake not to repeat the same unsatisfactory approach in future projects. While expressing support for the project, Dr CHIANG Lai-wan also expressed concerns about the shortage of parking spaces at the proposed IR Tower.

42. USFST pointed out that at present, parking facilities in WCGOC were not open to the public during office hours. Given that the functions of the new IR Tower and the number of staff would be similar to those in the existing IRD office in WCGOC, the Administration considered it appropriate to provide similar facilities in the new building. Providing a large number of additional parking spaces would create pressure on the operational and management aspects. He reiterated the additional construction cost of \$340 million and the consideration to be given to opening up parking facilities to the public after office hours.

43. In response to Mr AU Nok-hin on the accessibility of the IR Tower by public transport, USFST said that the Tower would only be a few minutes' walk from the MTR Kai Tak Station due to be completed in 2019. Furthermore, there were also many bus and minibus stops in Prince Edward Road East nearby.

Photovoltaic system

44. Mr CHU Hoi-dick followed up on his earlier concern relating to the installation of the photovoltaic system in the IR Tower as he considered the Administration's response on the issue (LC Paper No. PWSC167/17-18(01) dated 12 April 2018) unclear. He asked for elaboration on the scale of the system and the payback period. He added that the estimated cost of the system of about \$2.2 million was about three or four times higher than that undertaken by private contractors, and this would impact on the payback period.

45. DArchS said that the panels of photovoltaic system were renewable energy facilities. The actual energy generated by such a system would vary depending on the environment, weather, solar irradiance level and installation details. On account of these factors as well as the site situation (where the photovoltaic system to be installed on the rooftop of the IR Tower would be of a small scale because of site constraints), the payback period might be very long. The Administration was unable to provide exact information at this stage as the ultimate design and details of the system could only be provided by the designer of the contractor to be engaged after funding approval was secured. However, payback period was not a requisite consideration in the installation of renewable energy facilities. The Administration had decided to install the photovoltaic system in the IR Tower in support of the green building policy.

Other concerns

46. Dr KWOK Ka-ki reiterated his earlier concern regarding the provision of green facilities such as the installation of non-bottle type water dispensers for use by staff and the public. Mr Holden CHOW requested the Administration to note his view regarding the introduction of comprehensive family-friendly policies and measures including flexible working hours and work-at-home arrangement by staff. The Administration took note of the members' concerns.

Voting on FCR(2018-19)2

47. There being no further questions from members, the Chairman put item FCR(2018-19)2 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 41 members voted in favour of and 3 members voted against the item. The item was approved. The votes of individual members were as follows:

For:

Mr James TO Kun-sun	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr WONG Kwok-kin
Mr Steven HO Chun-yin	Mr Frankie YICK Chi-ming
Mr YIU Si-wing	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Mr Kenneth LEUNG
Ms Alice MAK Mei-kuen	Mr KWOK Wai-keung
Dr Helena WONG Pik-wan	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Dr Junius HO Kwan-yiu
Mr HO Kai-ming	Mr LAM Cheuk-ting
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Mr Wilson OR Chong-shing	Dr Pierre CHAN
Mr CHAN Chun-ying	Ms Tanya CHAN
Mr CHEUNG Kwok-kwan	Mr LUK Chung-hung
Mr LAU Kwok-fan	Mr Kenneth LAU Ip-keung
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr Gary FAN Kwok-wai	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	

(41 members)

Against:

Dr Fernando CHEUNG Chiu-hung Mr CHU Hoi-dick
Mr AU Nok-hin
(3 members)

48. The meeting was suspended at 5:20 pm and resumed at 5:25 pm.

Item 4 — FCR(2017-18)68

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 6 FEBRUARY 2018**

PWSC(2017-18)27

**HEAD 707 — NEW TOWNS AND URBAN AREA
DEVELOPMENT**

Civil Engineering — Land Development

**754CL — Infrastructure Works for West Kowloon
Cultural District, phase 1**

49. The Chairman advised that this item sought the approval of FC on the recommendation of PWSC made at its meeting on 6 February 2018, i.e., the recommendation in PWSC(2017-18)27 regarding the upgrading of part of 754CL as 7798CL, entitled "Infrastructure Works for West Kowloon Cultural District, phase 1 - second construction package", to Category A at an estimated cost of \$192 million in MOD prices; and the retention of the remainder of 754CL in Category B. The item had been discussed by PWSC for one hour, and the Administration had provided a supplementary information paper. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

Austin Road Pedestrian Linkage System

Ownership and related responsibilities

50. Dr Helena WONG said that members belonging to the Democratic Party supported the proposals including both the construction of the Austin Road Pedestrian Linkage System ("PLS") and the beautification works for the existing pedestrian subway across the junction of Austin Road West and Canton Road ("the existing subway"). Noting that the capital cost would be borne by the Government, she sought clarification on the ownership and responsibilities for the management, operation and maintenance of the proposed PLS.

51. Project Manager, South Development Office/Civil Engineering and Development Department ("PM(S)/CEDD") explained that the proposed PLS was located partly within the MTR Austin Station under the ownership of the Kowloon-Canton Railway Corporation ("KCRC") and partly within the Xiqu Centre under the ownership of the West Kowloon Cultural District Authority ("WKCD") and highly integrated with their facilities. As such, KCRC and WKCD would take up the responsibilities for the management, operation and maintenance of the respective portions of the proposed PLS as well as the associated costs; this arrangement would also make future management more cost-effective. PM(S)/CEDD also confirmed that the Government would not have to bear any such responsibilities.

52. Ms Tanya CHAN said that the two projects were beneficial to the community as PLS would provide a smooth underground link between the MTR Austin Station and Xiqu Centre while beautification works in the existing subway would enhance public facilities; she considered that such works should be carried out even without WKCD. Given that members belonging to the Civic Party were opposed to the funding approval in 2008 for the WKCD development, she was unable to support the proposal.

Nevertheless, she urged the Administration to exercise due care when taking the project forward and give due regard to members' views.

53. Under Secretary for Home Affairs ("USHA") concurred with Ms CHAN on the need for the Administration to allocate resources on the beautification of government subways as this would be of benefit to citizen's livelihood.

54. Mr AU Nok-hin sought elaboration on the arrangement of entrusting the construction of the proposed PLS to WKCDA. He referred to similar concerns raised by Mr Holden CHOW at the PWSC meeting on the possibility of WKCDA awarding the contract to the same contractor of Xiqu Centre, thus resulting in a higher-than-usual project cost on account of a lack of competition.

55. USHA explained that the proposed PLS would mainly be within the boundary of Xiqu Centre under the ownership of WKCDA, and its construction would require the cooperation of WKCDA and the MTR Corporation Limited ("MTRCL"). The most ideal, effective and feasible option would be to entrust the construction works to WKCDA, which would proceed with such works in conjunction with that of Xiqu Centre. He understood that WKCDA would invite tenders for the construction works of the proposed PLS in accordance with established procedures.

Construction schedule

56. Mr CHENG Wing-shun spoke in support of the project which he considered would ease both vehicular and pedestrian traffic in the area. Given that works on PLS was scheduled to commence in the 1st quarter of 2018 for completion in the 3rd quarter of 2020, while Xiqu Centre would be commissioned in end 2018, he was worried that the construction works might affect the operation of Xiqu Centre. He enquired about measures to reduce noise nuisance. Mr CHAN Chi-chuen raised similar concerns.

57. USHA said that the Administration had duly considered this concern when planning for the project. The Administration hoped to complete those construction works which would create noise and vibrating nuisances before the commissioning of Xiqu Centre as far as possible so as not to affect its operation. In response to Mr AU Nok-hin's further enquiry on whether the works of the proposed PLS had commenced, Head (Technical Services) of WKCDA confirmed that the works had not yet commenced and FC's funding approval would be timely.

Promotion of cultural ambience

58. Dr Helena WONG supported the proposed beautification works in the existing subway. As regards PLS, she enquired about arrangements for the income generated from advertising therein. She also sought clarification on whether the walls inside the PLS would only be made up of blank panels as shown in the plans in Enclosure 1 of the PWSC paper. She suggested that such spaces should be used for promoting arts and culture, Chinese opera and WKCD programmes instead of for commercial advertising. She suggested that the Administration should liaise early with WKCD at the planning stage on the inclusion of facilities such as publicity panels for posters and plasmas for videos to facilitate installation at the works stage.

59. USHA agreed with Dr WONG and affirmed that the Administration also aimed to come up with a subway design which would blend in well with the overall ambience of WKCD. Commercial advertising inside PLS would not be envisaged as it would be used solely by WKCD for the promotion of arts and culture; flexible installations such as porcelain cladding panels would be used to promote programmes and events of WKCD. As regards the promotion of cultural ambience on the existing subway, PM(S)/CEDD added that the Architectural Services Department ("ArchSD") was already working closely with WKCD on the installation of panels which would include arts elements and be easy to replace; other decorative materials could also be considered to enhance the appearance of PLS.

Beautification works for the existing pedestrian subway across the junction of Austin Road West and Canton Road

Construction works

60. Mr CHU Hoi-dick said that he did not object to the proposed PLS as there was such a need. However, he considered the beautification works in the existing subway unnecessary as there was not much difference in the plans attached to the PWSC paper which indicated the positions before and after the beautification works. Mr CHU then indicated support only for the proposals relating to the improvement to lighting and removal of the existing subway cover.

61. USHA said that the existing subway was built in 2001. With the passage of time of 17 years, its facilities had become outdated and could no longer cope with the changed demand of present-day circumstances. The

Yau Tsim Mong District Council which had been consulted by the Administration was in support of the proposal, and local residents were also keen about early beautification works. USHA added that the improved lighting in the subway would also enhance users' safety.

62. USHA emphasized that WKCD would be developed as the biggest cultural venue in Hong Kong and of a modernized and international standard. Significant resources had already been devoted to WKCD by the community as a whole. As many users to the subway were expected and in order to promote the overall cultural ambience of WKCD, there was a genuine need to enhance the appearance and conditions of the subway which led to Xiqu Centre.

63. In response to Mr CHAN Chi-chuen on the reason for the removal of the subway cover, USHA explained that the proposal had been made as the subway cover overlapped with the noise barrier covering the footpath of Austin Road West.

64. Dr Helena WONG expressed concern on the usage of the subway during works stage, and enquired if it would still be open for use by pedestrians during beautification works stage. USHA advised that pedestrians could continue to use the subway which would only be closed by sections and in phases during works stage. He added that the Administration had undertaken to the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project to maintain a width of at least 1.5m in the subway to minimize inconvenience to pedestrians.

Other concerns

65. In response to Ms Tanya CHAN on whether air-conditioning would be provided in the existing subway, USHA said that there would not be such a provision as with the same arrangements in other existing government subways. He had visited the existing subway on a number of occasions and found that ventilation therein was good. The ventilation system in the Austin Station was strong and could cope well even with high pedestrian flow.

66. Mr KWONG Chun-yu pointed out that there was a flooding black spot in Austin Road, and expressed concern with the possibility of flooding in the existing subway. Although the black spot was of some distance from the subway, the possibility of flooding in the subway which was located also in Austin Road could not be ruled out. He enquired if the drainage system was effective and if effective measures were in place to

combat possible flooding currently, during works stage and after works completion.

67. PM(S)/CEDD advised that the Administration was aware of such a concern and CEDD had been in liaison with HyD in respect of the condition of the existing subway. The beautification works were relatively minor and mainly involved works on the walls inside the existing subway through the installation of porcelain and aluminium panels for decoration purpose. The works would not affect the drainage system. PM(S)/CEDD assured members that ArchSD and HyD had been closely liaising regarding the proposed works and that flooding in the subway was not envisaged nor would this be caused by the beautification works. Her staff would be on site to supervise the works, and she would closely monitor the situation personally especially during rainy seasons. Mr KWONG Chun-yu requested the Administration to note his concern about possible flooding, in particular after the completion of beautification works.

Street performance

68. Ms Tanya CHAN hoped that advertisements in PLS would be for the purpose of promoting programmes in WKCD, and more local artists would be engaged in the beautification works in the existing subway. She also considered that WKCD should be in touch with the people and not be at the high-end. Ms CHAN suggested that WKCDA should nurture local culture and creativity by exercising flexibility in encouraging street performances, especially by local artists.

69. Mr CHAN Chi-chuen was likewise concerned with street entertainment. He estimated that the existing subway after beautification works would attract street performers for say monetary purpose, and asked how such situations would be handled.

70. While noting the members' concerns, USHA affirmed that the Administration aimed to use a variety of advertising materials in PLS which would be conducive to promoting the cultural ambience of WKCD. As for street performance, he pointed out that the width of the existing subway of 3.6m to 6.5m was not suitable for street performance as this might create safety concern with its high pedestrian flow. Nevertheless, the Administration recognized the need for the hardware (such as infrastructure and other facilities) and software (such as street performances and being sensitive to people's needs) in WKCD to complement each other, and would adopt a flexible attitude in encouraging and assisting street entertainment to a certain extent. USHA

supplemented that WKCDA also encouraged street performance within WCKD and would launch a scheme to facilitate application by street performers.

71. In response to Mr CHAN Chi-chuen on the management and law enforcement responsibilities in the existing subway, USHA said that HyD was responsible for its management. As regards law enforcement, different agents were involved in enforcing law in the subway from the aspects of say pedestrian safety and environmental cleanliness. He saw a need to strike a balance between safeguarding these concerns and allowing for street performance.

Financial implications

72. Ms Tanya CHAN enquired about the financial implications of the two subways. She referred to the PWSC paper and sought elaboration on:

- (a) the communal facilities stated in paragraph ("para.") 19(c);
- (b) the reimbursement of cost to MTRCL stated in para.19(h) and Enclosure 4; and
- (c) the in-house management cost payable to WKCDA stated in para. 19(i) and Enclosure 3.

73. PM(S)/CEDD explained that on (a), the system-wide facilities mainly included the electrical system, control and communication systems, etc. as detailed in the paper. On (b), an amount of \$2.7 million was estimated to be reimbursed to MTRCL for manpower and materials incurred by MTRCL for contract administration and site supervision of the system-wide works commensurate with scale of the proposed works. As MTRCL would invite tenders for the works, the actual costs incurred would depend on the successful bid price. As regards (c), the reimbursement to WKCDA for their actual in-house management cost incurred would be capped at about \$3 million.

74. Mr Holden CHOW referred to para. 20 of the PWSC paper and enquired about the details of the phased expenditure of the project between 2018 and 2024, in particular those after the completion of PLS in 2020. In response, PM(S)/CEDD said that the pattern of the phased expenditure conformed with that for construction works in general. The expenditure would be higher in the first two years when most works would be carried out. The relatively lower expenditure in the ensuing years would be allowed for necessary expenses during the maintenance period, settlement

of final account and contingencies. She assured members that the Administration would only settle outstanding payment upon satisfactory completion of the requisite works, and it might not be necessary to spend the entire sum earmarked for contingencies.

Progress of phase 1 of first construction package

75. Mr AU Nok-hin referred to the background information on the WKCD development stated in the PWSC paper, and enquired about the progress of phase 1 of the first construction package.

76. PM(S)/CEDD said that the current progress was satisfactory and anticipated that the works could be substantially completed in stages by the target date of end 2018 to tie in with the phased development of WKCD. PM(S)/CEDD supplemented the details of progress as follows:

- (a) works on the sewerage pump station had been completed and it had been handed over to the Drainage Services Department;
- (b) the lay-by near Xiqu Centre had been completed and was ready for use;
- (c) phase 1 of the water supply system for the Art Park had been completed and works had commenced actively on phase 2; and
- (d) the at-grade road had mostly been completed.

Voting on FCR(2017-18)68

77. There being no further questions from members, the Chairman put item FCR(2017-18)68 to vote. The Chairman declared that he thought the majority of the members present and voting were in favour of the item. The item was approved.

**Item 5 — FCR(2017-18)69
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 12 FEBRUARY 2018**

PWSC(2017-18)28

- Head 711 — HOUSING**
Social Welfare and — Community centres and halls
Community Building
202SC — Community hall-cum-social welfare
facilities at Queen's Hill, Fanling

78. The Chairman advised that this item sought the approval of FC for the recommendation of PWSC made at its meeting on 12 February 2018, i.e. the recommendation in PWSC(2017-18)28 regarding the upgrading of 202SC to Category A at an estimated cost of \$536.1 million in MOD prices. The item had been discussed by PWSC for about two hours, and the Administration had provided a supplementary information paper. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

Voting on FCR(2017-18)69

79. There being no questions from members, the Chairman put item FCR(2017-18)69 to vote. The Chairman declared that he thought the majority of the members present and voting were in favour of the item. The item was approved.

**Item 6 — FCR(2018-19)3
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 26 MARCH 2018**

EC(2017-18)19

- HEAD 152 — GOVERNMENT SECRETARIAT:
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU (COMMERCE,
INDUSTRY AND TOURISM BRANCH)**
Subhead 000 — Operational expenses

80. The Chairman said that this item sought the approval of FC for the recommendation of ESC made at its meeting on 26 March 2018, i.e., the recommendation in EC(2017-18)19 regarding the creation of the following posts in the Belt and Road Office ("BRO") under the Commerce and

Economic Development Bureau ("CEDB") with a view to taking forward the work on the Belt and Road Initiative ("B&RI") more effectively and on a sustained basis:

- (a) a new one-rank grade and one permanent post/non-civil service position of Commissioner for Belt and Road ("CBR") (D6);
- (b) one permanent post of Administrative officer Staff Grade B ("AOSGB") (D3); and
- (c) one supernumerary post of Administrative officer Staff Grade C ("AOSGC") (D2).

The item had been discussed by ESC for one hour and 17 minutes.

Belt and Road Office

Work targets

81. Noting the proposal to create three directorate posts for BRO, Ms Tanya CHAN asked for the work targets and whether the workload would justify the simultaneous creation of all three posts. She also sought elaboration on whether CBR would be engaged in work within or outside the HKSAR Government.

82. Secretary for Commerce and Economic Development ("SCED") said that of the three posts sought for creation, the posts of CBR and Deputy CBR were permanent posts, while the Assistant CBR post was a supernumerary post for five years. The headcount of three was a modest staffing complement for taking forward effectively the substantial volume of work associated with B&RI. In the current-term Government, CEDB had been tasked to lead and coordinate the work of the HKSAR Government on B&RI. He added that while similar staffing resources were provided for such duties in the last-term Government without post creation, the current-term Government would recommend the creation of these posts for dedicated directorate support to take forward the work on B&RI on a sustained basis.

83. As regards the work of CBR, SCED said that CBR would be engaged in work both within and outside the HKSAR Government. On the one hand, CBR would act as the focal point of liaison, and collaborate with the Mainland and overseas authorities as well as countries and regions along the Belt and Road ("B&R") in exploring business opportunities for

Hong Kong. On the other hand, CBR would also have to provide strategic advice to SCED and formulate overall strategy and spearhead policy in taking forward Hong Kong's participation under B&RI. In addition, CBR would also have to work closely with government departments and Economic and Trade Offices ("ETO") overseas. Hence, CBR's work involved both Government-to-Government ("G2G") and Government-to-Business connections.

84. Ms Tanya CHAN said that members belonging to the Civic Party doubted the need for such a staffing complement, and would object to the proposal.

85. SCED said that since B&RI was promulgated in 2013, many professions in Hong Kong considered that this would bring business opportunities. Otherwise, they would not have joined the Administration's visits to B&R countries at their own expenses, with many such visits being led by their respective presidents and members. As B&RI had a wide remit and some professions had enquired how it could be turned into bite size, the Administration had to intensify its work, with an aim to bringing benefits of B&RI to different professions. This explained why the additional posts were required to continue with the work on B&RI in conjunction with ETOS.

Belt and Road Portal

86. Mr CHAN Chi-chuen expressed concern on the information sharing platform on B&RI. He held the view that the existing B&R Portal under the Trade Development Council ("TDC") reported only on good news, most of which were from the Taikungpao website and partly from Radio Television Hong Kong and the Hong Kong Economic Journal, and refrained from reporting on negative ones despite their being reported widely and internationally. Mr CHAN stressed the need for both reporting on opportunities and providing information on risks instead of making one-sided reports. He sought elaboration on how the Administration proposed to collaborate with TDC in enhancing its B&R Portal.

87. In response, SCED said that Hong Kong was well developed in media coverage, and no news was dependent on any single source or website. As a statutory body, TDC's objective was to promote trade and business opportunities, and accordingly its information materials were for the promotion of better business opportunities. While agreeing with Mr CHAN Chi-chuen on the need to have regard to both opportunities and risks at the same time, SCED said that B&RI involved many countries and

cross-border investment, and hence called for risk assessment needs. Risk assessment, including risk management and assessment on different types of risk involved in finance items, was both a knowledge and an opportunity for professions in the finance sector. For example, Hong Kong had the necessary expertise in offering insurance and risk management services for large-scale investment items which understandably would involve risks such as capital cost, regional risks and credit risks.

88. As regards enhancement of the B&R Portal, SCED said that this consisted of two parts. On the one hand, TDC's Portal contained a list of known B&R projects which was of significant interest to organizations and professions taking part in B&RI, as many countries and cities in the Mainland were also involved in B&R work. On the other hand, the Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative signed on 14 December 2017 also mentioned the exploration between Hong Kong and the Mainland in establishing a repository on B&R projects. The enhancement would help different professions engaged in B&RI to identify business opportunities, and to consider in a better position how the risks could be handled. To this end, BRO would liaise and collaborate with TDC in providing further information on B&RI.

89. Mr Holden CHOW indicated support for the staffing proposal. He suggested that CBR could identify examples of Hong Kong industries, such as in architecture, having been successfully established along the B&R, and publicize such examples as a form of encouragement.

90. SCED said that TDC's B&R Portal contained many such examples and were updated regularly; these included professions such as architect, lawyer and accountant, as well as organizations such as MTRCL. He added that apart from showcasing successful examples, experience in problem-solving was also important. As such, the Administration had been organizing the B&RI Summit annually and facilitated experience-sharing through workshops.

Relationship with overseas countries relating to Belt and Road

Southeast Asian Nations

91. Noting the large number of B&R countries, Mr Holden CHOW was of the view that instead of aiming for all 60-odd B&R countries, it might be more effective to establish an assessment mechanism and identify about

five to 10 places with better business opportunities for priority strategic development in trade relations between these places and Hong Kong.

92. SCED agreed that there would be difficulties in approaching a large number of B&R countries in one go. The Administration had indeed assessed the situation, and in November 2017 had signed a Free Trade Agreement and an Investment Promotion and Protection Agreement with the 10 member states of the Association of Southeast Asian Nations ("ASEAN"). He envisaged that more efforts would be spent on these 10 ASEAN member states at a G2G level, with visits to be made to these places by the Chief Executive, TDC and himself together with trade representatives, leaders of chambers of commerce, various professions, persons looking for unique business opportunities, as well as start-up industries.

93. While these 10 ASEAN member states were Hong Kong's major focus in 2017 and 2018, SCED said that the HKSAR Government had also kept an eye on other traditional markets such as the United Kingdom ("UK"). SCED and the UK Secretary of State for International Trade issued a Joint Statement in March 2018 which set out the areas for closer collaboration between Hong Kong and the UK. In addition to traditional areas relating to trade and investment, fintech and creative industries, B&RI was also included in the Joint Statement. This apart, the promulgation of the B&R concept could prompt more traditional markets, such as the member states of the European Union and North American countries such as Canada, to use more of professional services in Hong Kong when taking part in the B&RI development. Such situations would boost opportunities for professionals in Hong Kong.

94. Dr CHENG Chung-tai questioned how the posts sought for creation would achieve the aim of capacity building in the face of the current global economic situation. He said that B&RI was a strategy spearheaded by China which had tense relations with the United States ("US") in the face of the prevailing trade war as well as with the 27 EU member states. Furthermore, cross-border and infrastructure programmes required legal and arbitration knowledge and hence input by the Department of Justice. Given such complex political and economic situations, Dr CHENG doubted if BRO could carry out its tasks.

95. SCED explained that trade issues such as the imposition of tariffs by the US were not under the portfolio of BRO but that of several departments. These included the Trade and Industry Department which was responsible for multilateral and bilateral trade relations; the Washington ETO which was undertaking negotiations in conjunction with

the Ministry of Commerce of the People's Republic of China and the Office of the United States Trade Representative; and the Geneva ETO representing Hong Kong, China as a member of the World Trade Organization ("WTO") which had reiterated the concerns and position of Hong Kong on the tariff measures by the US Administration. He suggested that Dr CHENG could refer to the Administration's reply to the question raised by Mr Holden CHOW at the LegCo meeting on 25 April 2018 for details.

96. SCED added that the response of countries to B&RI, irrespective of whether they were developed or developing ones, was positive as evidenced by the increase in the number of B&R countries from 65 to over 80 currently. He stressed that a number of markets were important to Hong Kong. The 10 ASEAN member states, which considered that B&RI would create business opportunities, had replaced the US as Hong Kong's second largest trading partner. SCED said he had earlier visited the Philippines; as well as Indonesia, Cambodia and Vietnam together with TDC. Other countries had also acknowledged the business opportunities brought about by B&RI, as indicated by the Prime Minister of the UK and the President of France during their recent visits to China. Therefore, while Hong Kong had to safeguard its market when confronted by trade adversities, it also had to grasp business opportunities in collaboration with enterprises and professional bodies.

United Kingdom

97. Mr CHU Hoi-dick referred to the meeting between SCED and the UK Secretary of State for International Trade, and enquired about what exactly was discussed about B&RI. Mr CHU also enquired about the need for the subject posts, and remarked that the Administration had made a lot of lip service about B&RI. SCED explained that the said meeting was between himself and the UK Secretary of State for International Trade, Dr Liam FOX, during the latter's visit to Hong Kong in March 2018. In the Joint Statement issued on 21 March 2018 on closer collaboration on trade and economic matters between Hong Kong and the UK, subject areas such as innovation and technology, creative industries and B&RI, on the aspects of project procurement and management, financial services, agency co-operation and collaboration and education, were covered. This substantiated the fact that there was room for discussion between Hong Kong and the UK on B&RI. SCED said that Hong Kong and the UK had commenced a strategic dialogue on trade partnership in the past few months, with a view to strengthening bilateral trade relations after Brexit. Hence, both sides had visited each other. He stressed that two important policies, i.e. B&RI and the development of the Guangdong-Hong

Kong-Macao Greater Bay Area, would provide direction to fostering closer bilateral ties with the UK. SCED added that many international companies had established regional offices in Hong Kong, which could act as a bridge for extending their services to B&R countries and the 10 member states of ASEAN.

Benefits to developing countries

98. Dr Fernando CHEUNG said that B&RI involved complicated issues and pointed out two areas of concern:

- (a) while B&RI might be strategic for the political and economic development of China, its effect on B&R countries warranted cautions. Such places might be experiencing another round of globalization which previously was spearheaded by western countries. To a certain extent, such western countries had exploited the developing countries by taking away their resources at cheap costs, and making use of their cheap labour and cheap productivity cost for the supply of goods; and
- (b) apart from exploitation of overseas places and their citizens, B&RI might also cause damages to the environment and create corruption. Such risks were worrying, and it was doubtful if it would indeed be beneficial to the economies of Hong Kong and B&R countries.

Dr CHEUNG cast doubt on whether B&RI would create a win-win situation, and whether Hong Kong should join a cause which might be harmful to others.

99. While agreeing with Dr Fernando CHEUNG about globalisation, SCED took a different view on his other worries. He pointed out that B&RI called for the collaboration of many countries and organizations. The Initiative would involve many cross-border, cross-country and cross-profession infrastructure programmes, which would require consent and cooperation from the parties concerned. Neither did he see the problem of exploitation. On the contrary, since B&RI would create opportunities for investment, finance, architecture, etc., such professions from Hong Kong would provide services in accordance with the established practices and international standards, thereby introducing such practices and standards to the B&RI related countries and regions. These developments would match exactly Dr CHEUNG's expectations. The same would apply to his concern on the environment, since the relevant

professions from Hong Kong would adopt modern environmental and carbon-neutral techniques when participating in infrastructure programmes in these places. SCED stressed the importance of capacity building and international standards being introduced in these places with both sides' agreement, thereby assisting developing countries in varying degrees.

Opportunities for Hong Kong

100. Ir Dr LO Wai-kwok spoke in strong support of the staffing proposal. He said that trade promotion was the very reason why Hong Kong should support B&RI which was not about the development of a single country but an international multilateral collaboration initiative on a mega scale. Approximately 60% of the global population and 30% of the global economy would be involved; it would also help developing countries to sustain their development and at the same time protect the environment and raise their people's standard of living. This was a natural trend and its success could counter protectionism and separatism. Many countries not along the B&R were also interested in B&RI, and this explained why the number of participating countries had since risen to over 90. Ir Dr LO considered that B&RI provided big business opportunities to Hong Kong's professions in the trade, financial, business and even tourism sectors. He said that while TDC was providing assistance in trade and industry, he wanted to be enlightened on the assistance which the Administration could provide to companies in Hong Kong as regards infrastructure programmes, especially small companies which were unable to participate in national-scale projects which involved complex tender issues.

101. SCED said that B&RI had created another opportunity in the role which professionals in Hong Kong could play in the future. This involved two major groups of professions. One was on buildings and infrastructure related projects, such as railway, harbour, airport development, road and urban planning. Many professionals, such as architect and urban planner, or even MTRCL could collaborate in the management and development of say railway projects. The other group was related to financial investment. B&RI required financing, investment and risk management services, as well as commercial development and commercial services arising therefrom. SCED said that he had, at the commencement of the current-term Government, encouraged professions to collaborate with chambers of commerce in identifying development opportunities in B&RI. He had also urged these professions to regularly promote such development opportunities in Hong Kong. As a follow-up, he would meet with the major professions and discuss making use of the \$200 million Professional Services Advancement Support Scheme.

102. Mr Tony TSE agreed that B&R provided vast opportunities, but the question was how to grasp them. Unlike big enterprises which were rich in resources, small and medium enterprises needed help. This was why he was supportive of the Administration doing more, including the subject proposal for the setting up of a dedicated office for B&RI. He emphasized the need for the Administration to provide assistance in particular to small and medium enterprises and certain professions. Mr TSE said that he had made visits to Southeast Asian cities to promote professional services of his sector, but the effect was not significant without the participation of the HKSAR Government. As such, it was important for the HKSAR Government to take the lead and adopt the G2G approach in B&RI. He added that B&RI would also create job opportunities for youth. He was of the view that BRO should provide more information for youth, in particular information on markets which were of interest to Hong Kong and could develop the potentials of youth. He enquired how BRO could help youth in this respect.

103. SCED agreed with Mr TSE on the G2G approach. He said that in last month, he had joined a 48-member trade and industry delegation on visits to Cambodia and Vietnam, and held meetings with the relevant government ministers including the Prime Minister of Vietnam. He was also in Indonesia in April 2018 and, together with the Chief Executive, met with the Indonesian President and six ministers; many trade and industry related activities were also organised at the same time. He assured members that the HKSAR Government would continue with such work, and would tie in with the work of TDC, chambers of commerce and professionals. SCED added that business opportunities brought about by B&RI existed not only outside Hong Kong, but such opportunities would also be generated in Hong Kong. This would be of benefit to young professionals in Hong Kong.

104. Dr Priscilla LEUNG supported the proposal for creating the CBR post. She held the view that B&RI stemmed from the WTO concept led by the US, and B&RI led by China would serve as a platform to promote international trade and economic relations. While China had to provide strong leadership in order to attract participation, the establishment of trust among countries was also essential for promoting bilateral and multilateral trade relations. Dr LEUNG stressed the importance of the role of the legal profession in B&RI and Hong Kong's strength with its solid legal foundation. She considered that the establishment of a mechanism for dispute resolution would instil confidence in countries looking to leverage business opportunities. Declaring interest as a founding member of the International Academy of the Belt and Road, where experts from various countries along the B&R had participated in establishing a dispute

resolution mechanism, she recalled inviting a department responsible for the work to meet with the organisation and its overseas experts. However, the department declined to meet with these international experts for the reason that such meetings had to be held in the name of political parties; she considered such an approach offensive. Dr LEUNG advised the Administration to think out of the box when taking forward B&RI, and enquired how the Administration could optimise resources and develop in a better way.

105. In reply, SCED quoted the statement by President XI Jinping at the opening of the 2018 Boao Forum for Asia that the B&RI might be China's idea, but its opportunities and outcomes were going to benefit the world. Hence, in the international trade environment, the results would not be ideal if the focus was only on one country. Although B&RI was not a multilateral trade agreement, it was promoted on a regional basis and would fare better with more participation; it would also be backtracking if some countries joined initially and then withdrew. He said that Hong Kong's position in B&RI was clear, not because the B&RI was led by China, but because Hong Kong and its trading partners as well as the Mainland would all stand to gain. SCED acknowledged the importance of the legal profession and in particular the dispute resolution mechanism. He understood that the two legal bodies in Hong Kong had initiated liaison with B&R countries, and The Law Society of Hong Kong had already contacted 38 organizations from 23 jurisdictions. He highlighted the need for work on dispute resolution to commence at the initial agreement stage. The Administration had maintained contact with the two legal bodies as well as other relevant professional bodies, and the two B&R seminars held in Beijing and Hong Kong were participated by the legal profession, whereat the subject of dispute resolution was also discussed.

Voting on FCR(2018-19)3

106. There being no further questions from members, the Chairman put item FCR(2018-19)3 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 31 members voted in favour of and 9 members voted against the item. The item was approved. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun	Mr WONG Kwok-kin
Mr Paul TSE Wai-chun	Mr Steven HO Chun-yin

Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Mr Kenneth LEUNG	Ms Alice MAK Mei-kuen
Mr IP Kin-yuen	Dr Elizabeth QUAT
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Dr Junius HO Kwan-yiu
Mr HO Kai-ming	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Dr Pierre CHAN	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr LUK Chung-hung
Mr LAU Kwok-fan	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	
(31 members)	

Against:

Mr CHAN Chi-chuen	Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan	Mr CHU Hoi-dick
Mr LAM Cheuk-ting	Ms Tanya CHAN
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr AU Nok-hin	
(9 members)	

107. The meeting ended at 7:11 pm.

Legislative Council Secretariat

7 January 2019