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the Administration)

**Subcommittee to follow up the outstanding capital works projects
of the former municipal councils**

**Minutes of meeting
held on Thursday, 22 May 2003 at 8:30 am
in Conference Room B of the Legislative Council Building**

Members Present : Dr Hon TANG Siu-tong, JP (Chairman)
Hon Cyd HO Sau-lan
Hon Fred LI Wah-ming, JP
Hon WONG Yung-kan
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon WONG Sing-chi

Members Absent : Hon CHAN Yuen-han, JP
Hon Andrew WONG Wang-fat, JP
Hon Albert CHAN Wai-yip

Public Officers : Agenda item III
Attending
Mr Edward LAW
Principal Assistant Secretary (Food and Environmental Hygiene) 2
Health, Welfare and Food Bureau

Mr Donald TONG
Deputy Director of Food and Environmental Hygiene
(Administration and Development)

Mr YEUNG Shun-kui
Assistant Director (Operations) 2
Food and Environmental Hygiene Department

Mrs Angel CHOI
Chief Executive Officer (Planning) 2
Food and Environmental Hygiene Department

Mr A R WILSON
Project Director 3 (Acting)
Architectural Services Department

Agenda item IV

Mr Eddie POON
Principal Assistant Secretary for Home Affairs
(Recreation and Sport)

Mr Johnny WOO, JP
Deputy Director of Leisure and Cultural Services
(Leisure Services) (Acting)

Mrs Cynthia LUEN
Chief Executive Officer (Planning) 1 (Acting)
Leisure and Cultural Services Department

Mr Daniel MAK
Chief Executive Officer (Planning) 2
Leisure and Cultural Services Department

Mr A R WILSON
Project Director 3 (Acting)
Architectural Services Department

Mr LEE Yuk-shing
Project Manager
Architectural Services Department

Clerk in Attendance : Mrs Constance LI
Chief Assistant Secretary (2)5

Staff in Attendance : Miss Betty MA
Senior Assistant Secretary (2)1

I Confirmation of minutes of meeting

[LC Paper No. CB(2) 1989/02-03]

The minutes of the meeting held on 19 February 2003 were confirmed.

II Paper(s) issued since the last meeting

[LC Paper No.CB(2) 2083/02-03(01)]

2. Members noted that as requested by Mr WONG Yung-kan at the last meeting on 19 February 2003, the Government had provided information on the time-table for the redevelopment of Tai Po Jockey Club Swimming Pool, which was circulated to members vide LC Paper No. CB(2) 2083/02-03(01).

III Retro-fitting of air-conditioning and general improvement works to 19 existing markets and/or cooked food centres

[LC Paper No. CB(2) 2107/02-03(01)]

3. Deputy Director of Food and Environmental Hygiene (Administration and Development) (DD(A&D)/FEHD) said that since the last Subcommittee meeting on 19 February 2003, the Government had conducted another round of intensive lobbying on stall lessees in markets and cooked food centres which had a support rate close to 85%, and eventually succeeded in securing a net support rate above 85% for Shek Wu Hui Cooked Food Centre and San Hui Market. DD(A&D)/FEHD further said that by the deadline of 31 March 2003, a total of three markets and four cooked food centres had attained a net support rate of 85% or above.

4. DD(A&D)/FEHD added that the Public Works Subcommittee (PWSC) had already approved the air-conditioning retro-fitting and general improvement works to Bowrington Road Cooked Food Centre, Yue Wan Market and Cooked Food Centre. The Government had also submitted funding proposals in respect of the air-conditioning retro-fitting and general improvement works to Fa Yuen Street Market and Cooked Food Centre to PWSC on 21 May 2003. However, the proposal was withdrawn in the light of PWSC's comments. He said that he would explain in further detail later. He informed members that the Government planned to submit the funding proposals to PWSC for retro-fitting of air-conditioning and general improvement works to Shek Wu Hui Cooked Food Centre and San Hui Market later in the year. The total estimated project cost for the seven markets and cooked food centres would be about \$370 million.

5. As for the 15 remaining markets and cooked food centres which had not attained the 85% support rate, DD(A&D)/FEHD said that the Government would carry out essential improvement works in these markets to enhance fire safety, and other

Action

general improvement works. The project cost of the improvement works for these markets and cooked food centres would amount to about \$370 million. DD(A&D)/FEHD added that the proposed scope of works and related details for individual markets and cooked food centres were detailed in the Annex to the discussion paper.

6. Regarding the funding proposal on retro-fitting of air-conditioning and general improvement works to Fa Yuen Street Market and Cooked Food Centre, DD(A&D)/FEHD informed members that at the PWSC meeting on 21 May 2003, members had expressed concern about the relatively high cost of the project. While PWSC's members did not object to the retro-fitting of air-conditioning to Fa Yuen Street Market, some had expressed reservations about the retro-fitting works at the Cooked Food Centre, as the capital costs for the latter project would be around \$2 million for each stall. Given PWSC's views on the project, the Government considered it necessary to further consult this Subcommittee's views on the way forward and therefore withdrew the funding proposal at the PWSC meeting. DD(A&D)/FEHD pointed out that if this Subcommittee considered that the air-conditioning retro-fitting project for Fa Yuen Street Cooked Food Centre should be shelved, the Government would also not proceed with the air-conditioning retro-fitting project for Shek Wu Hui Cooked Food Centre.

7. DD(A&D)/FEHD explained that the project cost for the air-conditioning retro-fitting project comprised the following three major aspects of works -

- (a) essential improvement works to tie in with the latest standards (including works to improve fire safety and provision of barrier free access for people with a disability);
- (b) retro-fitting of air-conditioning; and
- (c) general improvement works (including replacement of floor and wall finishes in common areas, lighting improvement, upgrading of drainage system and signage, expansion of stall space and stall realignment).

DD(A&D)/FEHD said that apart from carrying out essential works to tie in with the latest standards, the Government was open-minded as to whether retro-fitting and other improvement works should be proceeded with. However, he stressed that the 85% threshold had to be attained for proceeding with the air-conditioning retro-fitting projects in markets or cooked food centres.

8. Mr IP Kwok-him said that the Subcommittee supported the implementation of the retro-fitting of air-conditioning projects in markets from a policy angle, but the Subcommittee had not discussed the detailed project costs. Mr IP further said that he was also concerned about the high cost for the proposed project for Fa Yuen Street Cooked Food Centre which only had 15 cooked food stalls at present. Based on the

project estimate of \$30 million, the unit cost for each stall in the Cooked Food Centre would be up to \$1.5 million. He had reservation whether such a substantial amount of public money should be spent to enhance the business environment for a few operators in the Cooked Food Centre, when the services provided was not of public necessity, and there were many private food premises in the vicinity. Mr IP added that, to his understanding, members of PWSC had no objection to providing air-conditioning to public markets to enhance their competitiveness, since the provision of market facilities was of necessity. Mr IP suggested that the Government should consider ways to further trim down the costs of the retro-fitting of air-conditioning projects.

9. DD(A&D)/FEHD said that in response to Members' concerns raised at the PWSC meeting, the Government had prepared a detailed cost breakdown of the Fa Yuen Street Market and Cooked Food Centre project (tabled at the meeting). DD(A&D)/FEHD explained that the retro-fitting of air-conditioning works accounted for only half of the total project cost, as the project included general improvement works to tie in with the latest standards on fire safety and to enhance the viability of the stalls in the Market and Cooked Food Centre. The average cost for retro-fitting of air-conditioning to a stall in Fa Yuen Street Cooked Food Centre was about \$1 million. He further said that as advised by the Architectural Services Department (ArchSD), it was rather difficult to further trim down the cost for the air-conditioning retro-fitting works.

(*Post-meeting note* : The cost breakdown of the Fa Yuen Street Market and Cooked Food Centre project tabled at the meeting was subsequently issued to all Subcommittee members vide LC Paper No. CB(2) 2174/02-03(01) on 23 May 2003.)

10. DD(A&D)/FEHD further said that some Members had enquired about the feasibility to separately deal with the retro-fitting of air-conditioning to Fa Yuen Street Market and Cooked Food Centre, and the Government was seriously considering such view. DD(A&D)/FEHD pointed out that the business turnover of Fa Yuen Street Market was very high and the Market was considered viable and worthy of carrying out the retro-fitting of air-conditioning works. As regards retro-fitting of air-conditioning to the Cooked Food Centre, DD(A&D)/FEHD reiterated that the Government was open-minded and would like to listen to the Subcommittee's views.

11. Mr IP Kwok-him said that the estimated project cost for the retro-fitting and general improvement works in Fa Yuen Street Cooked Food Centre amounted to some \$30 million. Assuming that all the 20 cooked food stalls would be leased out eventually after completion of the project, the capital cost for each stall in the Cooked Food Centre would still be in the region of \$1.5 million. He therefore had reservation about the cost-effectiveness of the Cooked Food Centre project. Mr IP pointed out that most of the stall lessees in Cooked Food Centre were re-sited from the streets and they were now very old and lacked motivation to continue the business. Since the Cooked Food Centre faced very keen competition from the fast-food shops and

Action

restaurants in the area, many lessees would be willing to surrender their licences for some form of compensation. He suggested that the Government might consider "buying back" such licences.

12. Mr WONG Yung-kan shared a similar view with Mr IP. Mr WONG said that having regard to the substantial cost for providing air-conditioning to cooked food stalls, the Government should seriously consider the viability of buying back the licences from existing operators by offering some form of compensation and only proceed with other general improvement works, e.g. improvement works to the existing ventilation system.

13. DD(A&D)/FEHD said that Fa Yuen Street Market and Cooked Food Centre was very well-located, and the business turnover was very good. The tenants of the Market and the Cooked Food Centre had indicated interest in continuing their business, irrespective of whether the retro-fitting of air-conditioning would be carried out. DD(A&D)/FEHD further said that as far as Fa Yuen Street Market and Cooked Food Centre were concerned, the "buy-back" proposal would not be attractive to the existing tenants there.

14. Mr IP Kwok-him asked whether the project cost for the Cooked Food Centre could be trimmed down if some of the general improvement works were not to be proceeded with.

15. DD(A&D)/FEHD responded that the Government considered that the general improvement works would enhance the viability and competitiveness of the Cooked Food Centre. Moreover, if the proposed scope of works was to be revised, the affected tenants would have to be consulted again on the revised proposal.

16. Ms Cyd HQ enquired about Government's policy on cooked food centres. She said that if the Government considered that there was a need for cooked food centres to exist, Government had the responsibility to enhance their environment and hygiene conditions and improvement works had to be carried out. If Government considered that cooked food centres should phase out, it should inform members of the policy and the implementation time-table.

17. DD(A&D)/FEHD responded that the Government had no intention to ask existing tenants to discontinue their business in cooked food centres. If the take-up rate of a particular market or cooked food centre was very low, the Government would consider re-locating the existing tenants to continue their business in another market or cooked food centre. DD(A&D)/FEHD said that apart from carrying out general improvement works to the 15 markets and cooked food centres which had not attained the 85% support rate for proceeding with the retro-fitting of air-conditioning projects, general improvement works would also be carried out for over 30 existing markets.

Action

18. DD(A&D)/FEHD further said that the general improvement works for markets and food cooked centres would unavoidably disrupt the operation of stalls during the works period. To minimise disruption to stalls, the markets or cooked food centres would be partially closed during the works period, and this had led to higher project costs. DD(A&D)/FEHD stressed that co-operation of the stall lessees was very important for taking forward these projects smoothly.

19. Ms Cyd HQ considered that there might not be any improvement to the business turnover of cooked food centres even though costly improvement works had been carried out. She said that if the Government considered that cooked food centres were viable, it should launch promotional campaigns to attract more customers to cooked food centres instead of putting in substantial public resources to subsidize the operation of these cooked food stalls which currently did not have much business. She said that a cooked food centre would become more attractive if a greater variety of cuisine was offered in such centres.

20. DD(A&D)/FEHD explained that the Government had adopted a two-pronged approach to enhance the competitiveness of cooked food centres. Apart from carrying out the improvement works, market managers from private sector were presently engaged for four markets/cooked food centres on a pilot basis. Consideration would be given to extending the pilot scheme to other public markets and cooked food centres if the pilot scheme had proved to be effective. Moreover, on completion of the improvement works, the Government would require the cooked food stall lessees to strictly observe the environmental hygiene standards which would be included in the tenancy agreement. Regarding the provision of different cuisine in cooked food centres, he said that there would be difficulties to require the stall lessees to provide certain types of cuisine if they were existing operators re-located from other areas.

21. Ms Cyd HQ emphasized that to enhance the viability of cooked food centres, the Government should provide some concrete assistance to boost the business of the stalls. She suggested that the Government should consider stipulating in the tenancy agreement a condition that the licensees should co-operate with the Government in any promotional campaigns for the cooked food centres.

22. Mr Fred LI was of the view that the general improvement works to markets and cooked food centres must be proceeded with, as it was Government responsibility to carry out maintenance for its properties. However, he agreed that the estimated costs for retro-fitting of air-conditioning to Fa Yuen Street Cooked Food Centre was on the high side. He considered that the Government should explore alternative methods to reduce the project cost, for example, by adopting the approach of the Housing Department which had carried out similar projects at a lower cost.

23. Project Manager/ArchSD (PM/ArchSD) explained that the relatively high cost for the retro-fitting of air-conditioning to Fa Yuen Street Cooked Food Centre was mainly attributed to the need to carry out structural strengthening works. PM/ArchSD

Action

further explained that the total project cost was 10% higher than works of a similar scale because the Cooked Food Centre would not be closed for carrying out the retro-fitting and general improvement works. PM/ArchSD pointed out that under the proposed project design, the air-conditioning system would be shared by both the Market and Cooked Food Centre and the plant rooms would be constructed in the same floor of the Cooked Food Centre as these were the only space available within the premises. If the retro-fitting of air-conditioning works was not to be carried out in the Cooked Food Centre, the cooked food stall tenants might oppose to the construction of plant rooms in their place.

24. Responding to Mr WONG Yung-kan, PM/ArchSD said that a building would usually have a life span of 50 to 60 years, and Fa Yuen Street Market was constructed about 25 years ago. He stressed that the refurbishment works and upgrading of facilities were considered necessary to improve the environment and hygiene conditions of the Market.

25. Mr IP Kwok-him reiterated that he supported the implementation of retro-fitting works for public markets, but had reservation about the cost-effectiveness of the provision of air-conditioning to Cooked Food Centre based on the cost estimates. He said that Members belonging to the Democratic Alliance for Betterment of Hong Kong would hold further discussion on the matter before taking a position on the matter. Mr IP said that it would be difficult for Members to express support for the Cooked Food Centre project in view of the cost implications. He suggested that the Government should review its policy on cooked food centres and encourage the existing licensees to surrender their licensees for some form of compensation. He said that the space so vacated by the cooked food stalls could be allocated to those market stalls affected by the retro-fitting of air-conditioning works, so that the works could be carried out during daytime without causing too much disruption to existing stallholders. Such arrangement could also reduce the total project costs.

26. Principal Assistant Secretary (Environmental Hygiene and Food)2 explained that, under the current policy, on-street licensed cooked food hawkers were granted a one-off ex-gratia payment of \$60,000 if they chose to surrender their licences. However, the take-up rate was not particularly encouraging. At present, there was no compensation for tenant-initiated termination of cooked food centre tenancies. He added that the business turnover of some cooked food centre stalls was very good and the stall tenants therein had expressed keen interest in continuing their business.

27. The Chairman advised that it would be more appropriate for the relevant Panel to discuss the policy on cooked food centres.

28. Ms Cyd HO disagreed that the policy on cooked food centres could not be discussed by this Subcommittee. She said that the Government should let Members know its policy on cooked food centres to facilitate Members to take a decision on whether to support the retro-fitting and general improvement works to Fa Yuen Street

Action

Market and Cooked Food Centre. Ms HO was of the view that there should be a consistent policy for providing air-conditioning to public markets and cooked food centres. Ms HO disagreed to the suggestion that stall licensees should be offered attractive compensation for surrendering their licences, the operation of public markets and cooked food centres were already heavily subsidized by the Government.

29. DD(A&D)/FEHD said that at present there were about 1 050 cooked food stalls, and 884 stalls had been rented out as at 31 March 2003, representing an occupancy rate of 84%. He pointed out that some of these stalls were operating successfully, and general improvement works would be carried out to these cooked food centres irrespective of whether retro-fitting of air-conditioning would be carried out for these premises. DD(A&D)/FEHD further said that if members had reservation about the project cost for providing air-conditioning to cooked food centres, the Government had no strong view to explore the feasibility of separating such projects from those for public markets.

30. Mr IP Kwok-him commented that the Administration should first review the policy for provision of cooked food centres before proceeding with the retro-fitting works to Fa Yuen Street Cooked Food Centre. He considered that cooked food centres were not providing a daily necessity to the public, and using public money to enhance their viability would create unfair competition against private food business operators. Mr IP said that he was inclined to support separately deal with provision of air-conditioning to the Market and the Cooked Food Centre, so that the retro-fitting works to the Market would not be delayed pending the policy review of cooked food centres. In this connection, Mr IP asked about the viability and cost implications if the retro-fitting works to the Market and Cooked Food Centre were to be carried out as two separate projects.

31. PM/ArchSD explained that, owing to space constraints in the Fa Yuen Street Market Building, cooled air for both Market and Cooked Food Centre would be generated by a single chiller plant to be located in the same floor of the Cooked Food Centre. If only the retro-fitting works in the Market were to be carried out, an extra amount of \$7 million would be needed for installation of the additional chiller plant and associated pipe works for the Market. The estimated cost of the air conditioning system of the Market Project would then be \$36 million.

32. Mr IP Kwok-him said that it was still worthwhile to proceed with the retro-fitting works to the Fa Yuen Street Market first, and nearly \$9 million could be saved if it was eventually decided that air-conditioning would not be provided to the Cooked Food Centre.

33. Mr WONG Sing-chi said that he supported that retro-fitting of air-conditioning works to the Fa Yuen Street Market and Cooked Food Centre should be proceeded with. He commented that the Government should have provided Members with more information at the PWSC meeting on 21 May 2003, for example, its policy on cooked

food centres and its assessment on the long term viability for cooked food centres, to assist Members to evaluate the merits and cost-effectiveness of the projects. He opined that even if the Administration subsequently decided to convert the cooked food centre to other uses after a policy review, air-conditioning could still be provided to the alternative users.

34. DD(A&D)/FEHD agreed that it would be more appropriate to review the policy on cooked food centres instead of reviewing the cost-effectiveness of individual projects for retro-fitting of air-conditioning to cooked food centres. Regarding the viability of Fa Yuen Street Cooked Food Centre, DD(A&D)/FEHD said that 15 of the 22 cooked food stalls had been leased and their business was satisfactory. After the completion of the general improvement works, each stall would be provided with more space and there would only be 15 cooked food stalls. DD(A&D)/FEHD further said that the Administration noted members' concern about the high project costs, and whether it was proper use of public money to subsidize private food business in cooked food centres.

35. Mr WONG Yung-kan agreed that members should further discuss the Administration's policy on cooked food centres before considering this and other funding proposal in respect of retro-fitting of air-conditioning for cooked food centres.

36. The Chairman invited members' views on the suggestion of dealing with the retro-fitting of air-conditioning to Fa Yuen Street Market and Cooked Food Centre as two separate projects.

37. Mr IP Kwok-him said that he preferred the Administration to split the retro-fitting of air-conditioning to Fa Yuen Street Market and the Cooked Food Centre into two separate proposals, so that members could support either proposal or both of them.

38. DD(A&D)/FEHD said that the affected stall lessees and District Council would have to be consulted again if the project design was to be revised. He added that the support rate from lessees concerned might change if the implementation of the projects was further delayed.

39. Mr WONG Sing-chi remarked that there had been overlapping discussion on the retro-fitting projects by this Subcommittee and PWSC. He said that this Subcommittee had all along urged for early implementation of the projects, PWSC members had expressed concern about the cost-effectiveness of these projects after examining the detailed project estimates. The withdrawal of the funding application to Fa Yuen Street Market and Cooked Food Centre at the PWSC meeting on 21 May 2003 had indicated the dilemma faced by members who were members of both PWSC and the Subcommittee. Mr WONG stressed that to enable Members to consider such projects, the Administration should provide the Subcommittee at an early stage more detailed information on the projects, e.g. whether the Government intended to recover

Action

the capital costs of the projects from the lessees, or whether it had to subsidize the recurrent expenditure of lessees.

40. DD(A&D)/FEHD responded that the capital cost of the retro-fitting works would be borne by the Government, and the stall lessees were required to pay the recurrent costs for the air-conditioning including electricity and maintenance charges.

41. Mr LAU Ping-cheung said that the Government should pay special attention to ensure adequate circulation of air in designing the air-conditioning system. PM/ArchSD advised that the proposed air-conditioning system would be equipped with functions of purifying air, removing odour and taking in fresh air from outside. In addition, a separate poultry section with independent ventilation system would be provided.

42. The Chairman concluded that members were generally of the view that the Government should consider the feasibility of proceeding with the retro-fitting works to the Fa Yuen Street Market first, pending re-consideration by the Government of the policy in respect of cooked food centres. The Government noted the Subcommittee's view.

43. DD(A&D)/FEHD said that as funding approval had been obtained from the Finance Committee for the retro-fitting of air-conditioning to the Bowrington Road Cooked Food Centre and Yue Wan Market and Cooked Food Centre, the Government would continue to proceed with these projects. Members did not raise any objection to the arrangement.

IV Up-to-date position of projects involving leisure and cultural facilities
[LC Paper No. CB(2) 2107/02-03(02)]

44. Principal Assistant Secretary for Home Affairs (PAS(HA)) said that the paper reported the progress of the 64 projects under the Accelerated Programme. He informed members that a priority list of 26 projects was compiled based on the criteria listed in paragraph 3 of the paper. This would entail a capital funding of \$2,500 million and an annual recurrent costs of about \$42 million. Of the 15 projects under the Accelerated Programme scheduled for implementation in 2002-03, the construction works of 13 projects had already commenced or would start shortly. PAS(HA) further informed members that the Government had selected nine projects from the 26 priority projects for private sector involvement, and the details of the scheme was stated in paragraph 9 of the paper. PAS(HA) added that of the remaining 32 projects included in the Accelerated Programme, the Government would regularly review the priority, implementation schedule and the mode of delivery.

45. Mr WONG Sing-chi asked about the criteria for taking forward projects under the three different approaches of the private sector involvement scheme.

46. Deputy Director of Leisure and Cultural Services (DD/LCSD) said that most of the nine projects selected for private sector involvement would be taken forward under the Design-Build approach. The Government would consider at a later stage whether the Design-Build-Operate approach should be applied to these projects nearer to their completion date. He added that projects such as open space and parks would likely to be implemented by these approaches. DD/LCSD further said that consideration would be given to implementing a project under the Private Sector Finance approach if a private developer would finance both the development and management of the facilities, and the facilities would be open for use by the public. He pointed out that the Government believed that the new approach would help bring about the private sector experience and innovative ideas to enhance the quality of services, and would expedite the implementation of these projects. Any savings so achieved could be used to finance additional projects involving leisure and cultural services.

47. Mr WONG Sing-chi asked whether the Government would accord priority to upgrade a project to Category A of Public Work Programme (PWP) if a private developer indicated interest to take up the development of the project, and whether such arrangement would help speed up the implementation of other leisure and cultural projects in the queue.

48. DD/LCSD agreed that the Private Sector Finance approach was an ideal arrangement for implementing those projects which were commercially viable. Two projects, namely, a leisure and cultural centre in Kwun Tong and a town park and an ice sport centre in Tseung Kwan O, were selected as the pilot projects. As these two projects did not involve government funding, they were not required to be upgraded to Category A of the PWP. Depending on the market response to these two new projects, the Government would consider the feasibility of inviting private sector participation for some of the remaining projects. PAS(HA) supplemented that the Government would prefer a progressive approach in implementing the private sector involvement scheme so as not to give the public an impression that the Government was shirking its responsibility from providing leisure and cultural facilities.

49. Mr WONG Sing-chi said that the purpose of setting up the Subcommittee was to monitor Government's efforts in honouring its commitment to take forward outstanding leisure and recreational projects of the ex-PMCs. He believed that Members would not object to invite more private sector participation to speed up the delivery of the outstanding projects. He agreed that a pilot scheme should be adopted before the Private Sector Finance approach fully implemented and suggested that a mechanism be put in place for the Government to monitor the level of fees and quality of service of the facilities contracted out to private management. He hoped that the Government would seriously consider adopting the Private Sector Finance approach to speed up the delivery of the outstanding projects, especially for those projects which had not been accorded priority.

50. PAS(HA) responded that of the 26 priority projects, nine were selected for private sector involvement under the Design-Build approach and Design-Build-Operate approach. Private sector participation would be invited for the remaining projects if these nine projects were proven successful.

51. Mr LAU Ping-cheung expressed support for the private sector involvement as it was in line with the policy of "big market and small government". Mr LAU said that he was more in favour of the Private Sector Finance approach which had proved to be successful in overseas countries. Mr LAU pointed out that to attract private developers in taking up these projects, the Government should allow sufficient flexibility for the operators to meet the changing demand in the market. Mr LAU asked whether the Government would consider providing more incentive to encourage private sector to take up the design and construction of a project, and also providing subsidies for the company to operate the facilities afterwards.

52. Mr IP Kwok-him and Mr WONG Sing-chi said that Mr LAU's suggestion should be further discussed by the relevant Panel. Mr IP pointed out that the Panel on Home Affairs had also discussed the private sector involvement scheme at its meeting on 11 April 2003.

53. Concerning the position of the outstanding projects, Mr IP Kwok-him said that given the large number of projects on the outstanding list and the fact that some project titles had been changed to reflect the revised project scope, it was quite difficult for members to monitor the progress of individual projects. He expressed concern whether any of the outstanding projects had been omitted from the position report provided by the Government.

54. The Chairman advised that the Secretariat had prepared a summary of the progress made in respect of the 169 outstanding capital works projects of the former municipal councils, which was tabled at the meeting [Annex to LC Paper No. CB(2) 2107/02-03(03)]. PAS(HA) assured members that the Administration would regularly review the implementation schedule of the 139 projects involving leisure and cultural facilities.

55. Mr WONG Yung-kan expressed concern that a number of projects included in the Accelerated Programme was also under review. He was worried that some of these projects might eventually be deleted from the outstanding list. Mr WONG enquired when the review result would be available.

56. DD/LCSD responded that given changes in the circumstances, there was no longer an imminent need for certain projects which had been planned many years ago. The Government had constantly reviewed the need for these projects. Recently, it had critically reviewed the priority of these projects on the basis of the criteria set out in paragraph 3 of the paper and drawn up the priority list of 26 projects. The implementation of the remaining projects would be subject to the views of relevant

Action

District Councils and availability of funding. PAS(HA) added that unless there was a significant change in circumstances, it was the Government's intention to implement all the projects included in the Accelerated Programme as far as practicable.

57. Mr WONG Yung-kan further asked about the implementation plan for projects under the category of "to be confirmed", e.g. improvement works to Lei Yue Mun Park and Holiday Village. Mr WONG also asked about the reasons for deleting two open space projects in Tsuen Wan from the outstanding list.

58. Chief Executive Officer (Planning)2/LCSD (CEO(P)2/LCSD) explained that his department was studying the scope of improvement works to be carried out to Lei Yue Mun park and Holiday Village in order to comply with the statutory requirements, e.g. fire safety regulations. CEO(P)2/LCSD advised that two projects in Tsuen Wan, namely the District Open Space Tsuen Wan Bay Further Reclamation and Waterfront Promenade Tsuen Wan Bay Further Reclamation, were deleted from the outstanding list as the reclamation works would not be carried out. He added that the relevant District Council had been consulted on the proposal in June 2003.

59. Responding to the Chairman's enquiry why the Regional Open Space project in Area 52, Tung Chung was proposed to be deleted from the outstanding list, CEO(P)2/LCSD explained that the project was to be built on a reclaimed site. As the reclamation works was shelved, the project could not be taken forward.

60. Mr WONG Sing-chi said that prior to the commencement of the construction works, the Government should consider carrying out simple beautification works on the vacant sites. He was of the view that using such vacant sites as temporary parking areas defeated the purpose of providing recreational facilities in the area.

61. DD/LCSD said that the Lands Department was responsible for the management of reserved sites before handing the sites to LCSD for development. Nevertheless, LCSD had planned to carry out greening works in some reserved sites which had no development programme for the time being.

V The way forward

[LC Paper No. CB(2) 2107/02-03(03)]

[Annex to LC Paper No. CB(2) 2107/02-03(03)]

62. Referring to the paper prepared by the LegCo Secretariat [LC Paper No. CB(2) 2107/02-03(03)], the Chairman invited members' views on the way forward for the Subcommittee.

63. Mr WONG Sing-chi said that although the Subcommittee had urged the Government to implement some of the outstanding projects, most of these outstanding projects would be proceeded with by the way of private sector involvement, which was

beyond the scope of work of the Subcommittee. He therefore could not see much work could be done by the Subcommittee. He expressed support for the relevant Panels to follow up the outstanding projects and related policy issues. Mr WONG further said that there had been overlapping discussion on individual projects by the Subcommittee, the relevant Panel(s) and PWSC. Moreover, members who were of both the Subcommittee and other committees would also face a dilemma if the deliberations of the Subcommittee was subsequently overruled by other committees such as PWSC. Mr WONG said that both he and Mr Fred LI supported that the Subcommittee should conclude its work, and report to the House Committee.

64. Mr IP Kwok-him shared a similar view with Mr WONG Sing-chi. Mr IP said that the Subcommittee was set up three years ago with the aim of urging the Administration to honour its commitment to take forward the outstanding capital works projects approved by the former PMCs. However, given the change in circumstances, such as the change in economic situation, and that there were new policies and projects in the pipeline, it was impracticable for Members to demand for implementation of all the outstanding projects. Moreover, it would be more appropriate for new policies to be discussed by the relevant Panels. Mr IP further said that a number of the ex-PMC projects had already been implemented and an Accelerated Programme had also been drawn up by the Administration for the implementation of priority projects. He considered that the Subcommittee had completed its mission of urging the Government to implement the outstanding projects.

65. Mr WONG Yung-kan considered that given the changes in circumstances, the Subcommittee would inevitably have to discuss the policy aspects of the outstanding projects if the Subcommittee was to continue its work. He agreed that the Subcommittee should conclude its work and the outstanding issues/projects related policy issues should be followed up by the relevant Panels.

66. Mr LAU Ping-cheung expressed concern that given the large number of leisure and recreational projects on the outstanding list, the Panel on Home Affairs might not be able to closely monitor the progress of individual projects. Nevertheless, he had no strong view about the proposal that these projects be followed up by the relevant Panels. Mr LAU remarked that although the number of projects taken forward in each of the past few years was more or less the same as that prior to the dissolution of the PMCs, the annual expenditure for such projects had been reduced from \$20 billion to \$2.4 billion.

67. The Chairman said that the Subcommittee was of the view that the Subcommittee should conclude its work and report to the House Committee in June 2003, and that the relevant Panels should follow up the outstanding projects and receive periodic progress reports by the Government. The Chairman thanked members and the Secretariat for their work and support for the Subcommittee in the past few years.

Action

68. There being no other business, the meeting ended at 10:38 am.

Council Business Division 2
Legislative Council Secretariat
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