

立法會 *Legislative Council*

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

**Paper prepared by the Legislative Council Secretariat
for the meeting on 22 May 2003**

Purpose

The paper summarises the progress of work of the Subcommittee to follow up the outstanding capital works projects of the former municipal councils, and seeks members' views on the way forward.

Background

2. Upon the dissolution of the two Provisional Municipal Councils (PMCs) in January 2000, a subcommittee was set up under the House Committee to follow up the outstanding capital works projects of the PMCs. The subcommittee was dissolved at the end of the first Legislative Council (LegCo) term after reporting to the House Committee on 23 June 2000. At the beginning of the second term, a new subcommittee was set up under the House Committee to continue to follow up the outstanding projects.

3. Chaired by Dr Hon TANG Siu-tong, the Subcommittee has, since November 2000, held 15 meetings with the Administration. The Subcommittee has also considered views given by the District Councils (DCs).

Progress made

Projects which had obtained funding approval of the Provisional Municipal Councils

4. Upon the enactment of the Provision of Municipal Services (Reorganisation) Ordinance in December 1999, the Finance Committee approved on 17 December 1999 the direct inclusion into Category A of the

Public Works Programme (PWP) 149 projects which had been contractually committed by the PMCs. The Finance Committee also agreed to fast-track for direct injection into Category A of PWP 12 projects which had obtained funding approval of the PMCs but not yet contractually committed, subject to the views of the relevant LegCo Panels and the advice of the Director of Architectural Services on the readiness of the projects to proceed. Following discussion by the former subcommittee in the first term, nine of these 12 projects were upgraded to Category A of PWP in 2000.

5. The Subcommittee set up in the second term continued to urge the Administration to expedite implementation of the three remaining projects, i.e. the Stanley Complex, Hammer Hill Road District Park and Kowloon Bay Recreation Ground. The Subcommittee also gave a number of suggestions on the design and the use of the proposed facilities. These projects, with a revised design, were upgraded to Category A of PWP in 2002.

Projects which had not received all necessary approvals of the Provisional Municipal Councils

6. According to the information provided by the Administration to the Finance Committee in December 1999, there were a total of 169 projects which had not received all necessary approvals of the PMCs and were at various stages of planning before the dissolution of the PMCs. Of the 169 projects, 30 involved environmental hygiene facilities and 139 involved leisure and recreational facilities.

Retrofitting of air-conditioning to existing markets and/or cooked food centres

7. The Administration has informed the Subcommittee that the former Provisional Urban Council had included 10 projects on retrofitting of air-conditioning to existing markets and/or cooked food centres in the list of 169 projects (paragraph 6 above refers) in 1999. As the list does not include those markets previously managed by the former Provisional Regional Council, the Administration has proposed that nine markets/cooked food centres located in the New Territories be included.

8. The Subcommittee has strongly urged that all these 19 projects on retrofitting of air-conditioning in existing markets and /or cooked food centres should be taken forward expeditiously in order to improve the hygiene conditions and business environment of these markets. The Subcommittee has also written to the Secretary for the Treasury urging that a special category or "block vote" be created for the ex-PMC projects, including the 19 retrofitting of air-conditioning projects, so that they could be directly injected into Category C of PWP and accorded funding priority in the annual resource allocation exercise.

9. The Subcommittee welcomes the Administration's subsequent agreement to earmark funds for these 19 projects. However, the Subcommittee is disappointed that the Administration insists that a support rate of 85% be adopted for taking forward these projects. The Subcommittee passed a motion at its meeting on 14 November 2002 urging the Administration to lower the support threshold from 85% to 70%.

10. The Administration has explained that it is necessary to ensure a vast majority support for the proposed projects because the proposed works will cause disruption to the stalls concerned and the lessees have to agree to pay the recurrent air-conditioning charges. Nevertheless, the Administration has undertaken to try its best by early 2003 to boost up the support rate of markets which have already attained a support rate close to 85%. For those markets/cooked food centres which have not attained a support rate of 85%, improvement works will be carried out to upgrade the environment and to bring the premises in compliance with the latest statutory requirements.

11. After detailed discussion with the Subcommittee and further consultation with the lessees concerned, the Administration informed the Subcommittee in early 2003 that seven markets/cooked food centres had attained a support rate of 85% and the retrofitting of air-conditioning works could proceed. The improvement works for the remaining markets/cooked food centres will also be taken forward by phases. As at 15 May 2003, two retrofitting of air-conditioning projects have been upgraded to Category A of PWP. The Administration intends to submit the other projects to the Finance Committee for approval by phases.

Projects involving other environmental hygiene facilities

12. Other than the retrofitting of air-conditioning projects, there are 20 projects involving environmental hygiene facilities. The Administration informed the Subcommittee, at its meeting on 7 March 2002, that four of these projects would proceed, seven projects were under review and there was no real need for the other nine projects. As at May 2003, the position of the four projects to proceed is that one project has been completed, one is under construction, one has been upgraded to Category A of PWP, and the other one is under planning.

Projects involving leisure and cultural facilities

13. There are 139 projects involving leisure and cultural facilities which had not received all the necessary approvals of the former PMCs. At the request of the Subcommittee, the Administration had consulted the 18 DCs in 2001 on the relative priority of these projects. During the consultation, the DCs requested priority to 27 projects, 15 of which were subsequently included in the Administration's list of 21 priority projects.

14. Given the long list of outstanding projects and the DCs' view that some of their recommended projects had not been included in the Administration's priority list, the Subcommittee had urged the Administration to draw up a five-year rollover programme for the implementation of the outstanding projects. The Subcommittee had also urged the Administration to earmark funds for the projects included in the five-year programme so as to obviate the need for the departments concerned to seek funds for individual projects (especially those involving joint users) on an annual basis (paragraph 8 refers). The Subcommittee had reminded the Administration not to renege on its promise that it would maintain the same level of services provided by the former PMCs. Members had also requested the Administration to accord priority to the provision of leisure and recreational facilities in the new towns.

15. In response to the Subcommittee's request, the Administration informed the Subcommittee in October 2001 that an Accelerated Programme had been drawn up and funds earmarked for 64 projects (estimated capital costs at \$8.7 billion) with construction due to start within the next five years, from 2002-03 to 2006-07. The 64 projects include 59 PMC projects^{Note} and four new projects which are not on the list of 169 projects (paragraph 6 above).

The Accelerated Programme

16. As only 15 projects were included in the Accelerated Programme for 2002-03, the Subcommittee had urged the Administration to make further efforts to advance those projects scheduled to start in 2003-04 and beyond.

17. The Administration has recently informed the Subcommittee that of these 15 projects scheduled for implementation in 2002-03, the construction works of 13 projects has already commenced or will start shortly. One of the remaining projects (Sheung Lok Street Rest Garden) will be carried out as a minor works item due to reduction in scope, while the other one (Recreation Ground in Area 33, Tai Po) will be slightly deferred.

18. As regards the remaining projects, the Administration has informed the Subcommittee that it is critically reviewing their priorities, delivery mode and implementation schedule, taking into account the views of the DCs concerned.

19. According to the information provided by the Administration in May 2003, a priority list of 26 projects, including 19 projects under the Accelerated Programme, had been drawn up and provisions earmarked for their implementation in the financial year 2003-04. As at 15 May 2003, nine of the 26 priority projects have been upgraded to Category A of PWP.

^{Note} Including the Sports Ground, Town Park and Indoor Recreation Centre project in Area 45, Tseung Kwan O, which will be counted as two projects owing to its large scale.

20. As for the other 45 projects in the Accelerated Programme, four have been upgraded to Category A, while another four are being carried out as minor works items. Three open space projects are proposed to be deleted due to delay in site formation and reclamation programme. Two other projects have been selected as pilot projects for implementation through the Private Sector Finance approach.

21. The Administration has advised that it will constantly review the remaining 32 projects in the Accelerated Programme having regard to the changing economic situation and the long-term financial capability in commissioning the new facilities.

Projects not included in the Accelerated Programme

22. As regards the remaining projects not included in the Accelerated Programme, the Home Affairs Bureau informed the Subcommittee in July 2002 (Paper No. CB(2) 2455/01-02(03)) that eight projects could be implemented as minor works items, and there was no need for eight other projects which would be deleted from the PWP. For the nine projects which the DCs had requested early implementation subject to budgetary constraints, the Administration will carefully consider them in the context of the established procedures for PWP projects. For the remaining 50 projects, the Bureau has advised that it will review in consultation with respective DCs on a continuous basis to identify justified projects where there are changes in circumstances which render them suitable for development.

Policy issues raised by the Subcommittee

23. During discussion with the Administration on the criteria for according priority to the outstanding projects and ways to expedite the delivery of these projects, members of the Subcommittee have raised the following policy issues -

- (a) the policy and planning standards for the provision of leisure and cultural facilities in districts and new towns;
- (b) the policy and design of public markets should be reviewed to see whether they can still meet market demands and community expectations;
- (c) the viability of certain public markets and cooked food centres should be critically reviewed to see if any of them should be closed;
- (d) the possibility of contracting out the management of public markets to private companies; and

- (e) the possibility of inviting private participation in the provision and management of district recreational and cultural facilities.

24. Members consider that there should be a suitable forum for these policy issues to be further pursued. Some of these issues have already been taken up by the relevant Panels.

Way forward

25. At the Subcommittee meeting on 19 February 2003, some members suggested that the Subcommittee should consider the way forward at the next meeting scheduled for May 2003.

26. The Subcommittee may wish to consider the following options -

- (a) the Subcommittee should continue to hold meetings with the Administration to follow up the implementation of the outstanding projects and receive periodic progress reports by the Administration; or
- (b) the Subcommittee should conclude its work and report to the House Committee in June 2003, recommending that the relevant Panels should follow up the outstanding projects and receive periodic progress reports by the Administration.

27. The merit of the option referred to in paragraph 26(a) above is that there will continue to be a dedicated forum to follow up the outstanding projects of the PMCs as some of these projects may involve more than one policy bureau. However, as new projects are being planned by the Administration and new policies being developed having regard to changing circumstances, it may be difficult for the Subcommittee to discuss the overall priority of the PMC projects without discussing the policies for the new projects. Moreover, policy issues relating to environmental hygiene and leisure and cultural facilities are within the terms of reference of the Panel on Food Safety and Environmental Hygiene and the Panel on Home Affairs respectively.

28. The merit of the option referred to in paragraph 26(b) above is that the relevant Panels can follow up those outstanding projects within their policy areas in the light of the new policies discussed, for example, the Administration's position on the consultancy studies on the provision of leisure and cultural facilities such as civic centres, sports grounds and public libraries. As a five-year rollover programme for the PMC projects has been drawn up, Members can monitor the progress and raise queries with the Administration based on its periodic progress reports. However, in view of the large number

of leisure and recreational projects on the outstanding list, the Panel on Home Affairs may have to convene more meetings if individual major projects are to be discussed.

Advice sought

29. Members are invited to give their views on the options set out in paragraph 26.

Council Business Division 2
Legislative Council Secretariat
20 May 2003

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of the former municipal councils**

**Summary of progress made
(as at 15 May 2003)**

I 12 projects with funding set aside (paras. 4-5)

Position

- ✧ 9 projects upgraded to Category A in 2000
- ✧ 3 projects upgraded to Category A in 2002

II 30 projects involving environmental hygiene facilities

(a) Retro-fitting of air-conditioning to existing markets and/or cooked food centres (para. 7)

- ✧ 10 projects previously included in the list of 169 projects
- ✧ 9 projects subsequently added to the list

Position (para. 11)

- ✧ 7 projects attained a support rate of 85% and two of them upgraded to Category A. Improvement works will be carried out for the remaining projects.

(b) 20 other projects

Position (para. 12)

- ✧ 1 project completed
- ✧ 1 project under construction
- ✧ 1 project upgraded to Category A
- ✧ 1 project other planning
- ✧ 7 projects under review
- ✧ 9 projects not really necessary

III 139 projects involving leisure and cultural (LCS) facilities

(a) 64 projects in the Accelerated Programme

Position

- ✧ **19** projects included in the priority list of 26 LCS projects
(7 projects proposed to be carried out under private sector involvement in the form of Design-Build/Design-Build-Operate approach)
- ✧ **4** projects carried out as minor works items
- ✧ **4** projects upgraded to Category A
- ✧ **3** projects to be deleted
- ✧ **2** projects proposed to be carried out as pilot scheme for Private Sector Finance approach under private sector involvement
- ✧ **32** projects will be under review

Note : For details of the projects, please refer to LC Paper Nos. CB(2) 2107/02-03(02) & (03).

(b) 75 projects not included in the Accelerated Programme

Position

- ✧ **8** projects to be implemented as minor works items
- ✧ **8** projects to be deleted from the PWP
- ✧ **9** priority projects recommended by the DCs will be carefully considered
- ✧ **50** projects to be constantly reviewed in consultation with DCs