

**Presentation by Secretary for Works
at the Special Meeting of the Finance Committee
on Tuesday, 26 March 2002**

Mr Chairman,

I would like to start with some brief remarks before answering questions from Honourable Members.

Capital Works Programme

2. We have achieved excellent results in our endeavour to ensure the timely implementation of the capital works programme. By the end of this financial year, the actual expenditure on the capital works programme is expected to be about \$24.8 billion. This slightly exceeds our original target of \$24.5 billion as a result of the satisfactory progress of a number of major projects.

3. Despite the current economic downturn and budget deficit, Government will maintain the momentum of investing in public works. In the coming financial year, we will spend \$28.5 billion, including some 390 new works contracts and consultancy agreements and an extra \$2 billion to be injected in various minor works. This represents an increase of about 15% over the expenditure this year.

4. Apart from supporting the continued growth of the economy and improving the quality of life of the community, our robust investment on infrastructure will have the immediate effect of creating employment opportunities. In 2001, we created some 25,000 new job opportunities through the new-start public works. With a substantial increase in the amount of both capital and minor works in 2002, we expect to create more than 30,000 job opportunities.

Fast-tracking of Public Works Projects

5. In order to fast-track works projects, we have already streamlined the procedures which have resulted in shortening the pre-construction lead-time. In the coming year, we shall continue to further improve the delivery of public works through streamlining the procedures for resolving public objections. We will reduce the time taken for every activity in the programme as much as possible without compromising the quality of works and opportunities for public participation in our projects.

Review of the Tendering System

6. To ensure the quality of works projects, Works Bureau has reviewed the current tendering system and has decided to introduce in 2002 a standard marking scheme for tender evaluation which will systematically take into account both tender price and quality of tender. We are also examining the feasibility of formulating guidelines for rejecting unreasonably low bids. Moreover, we are reviewing the listing criteria and shortlisting arrangements for architectural and associated consultancies to encourage more new entrants and to drive for continuous performance improvement.

Construction Industry Review

7. Works Bureau is taking forward the recommendations of the Construction Industry Review Committee. We have assumed a new role as the lead agency within Government responsible for co-ordinating all construction-related matters. Under the joint efforts of Government and the industry, notable progress has been made in major areas covering quality culture, manpower development, efficiency, innovation and productivity, etc. We will continue to work closely with the Provisional Construction Industry Co-ordination Board, set up last September, to strive for continuous improvement as well as enhanced competitiveness of the construction industry.

Works Departments

8. Now, I would like to say a few words on the work of the Works Departments.

9. The ***Architectural Services Department*** will continue the construction works under the Whole Day Primary School Programme and improvement works for over 150 schools under the School Improvement Programme. The Department has also implemented an accelerated programme for some 60 municipal projects involving new leisure and cultural facilities.

10. The Department has recently embarked on a re-engineering exercise which involves strengthening its professional role as Government's corporate adviser on public building development and maintenance matters; increasing the out-sourcing of new building projects and devolving some of its maintenance activities to client departments and organizations. The Department is now formulating detailed implementation plans to achieve these objectives.

11. The ***Civil Engineering Department*** will continue to upgrade 250 government slopes and conduct safety screening on 300 private slopes

per year under the 10-Year Extended Landslip Preventive Measures (LPM) Programme started in 2000. The Department also endeavours to make slopes greener by landscaping every slope upgraded under the LPM Programme. To encourage private owners to improve the appearance of their slopes, the Department will produce a layman's guide on landscape treatment. Moreover, the Department will continue to implement the essential infrastructure for the development of Hong Kong Disneyland.

12. The *Drainage Services Department* will continue to implement extensive flood control and mitigation projects in the territory. Initial improvements are provided to relieve the flooding problem in New Territories following the progressive completion of river training works at the lower reaches of Kam Tin River, Indus River, Beas River and Shenzhen River in the past few years. Upon substantial completion of the remaining river training works at Kam Tin River, Ngau Tam Mei River and Indus River by 2003, the flooding problem in New Territories will be much reduced. The drainage upgrading works in West Kowloon are in full swing with the critical works scheduled for completion in 2004. New drainage improvement projects costing about \$1.6 billion will start construction in 2002/03 to further improve stormwater drainage infrastructure of the territory.

13. The *Electrical and Mechanical Services Trading Fund* has achieved remarkable financial performance and productivity gains since its establishment in 1996. All government departments and autonomous bodies will be free to choose service providers for electrical and mechanical services in the market by August 2002. To maintain its competitiveness, the Trading Fund will continue to enhance its service and offer better prices to customers.

14. The *Highways Department* is bringing forward a number of major highways projects, including Route 9 from Tsing Yi to Shatin, Shenzhen Western Corridor and Deep Bay Link. The Department is also implementing the essential public infrastructure works for a number of new railway lines in the urban area and in the New Territories, including the MTRC Tseung Kwan O Extension, KCRC West Rail, Tsim Sha Tsui Extension and Ma On Shan to Tai Wai Rail Link.

15. The *Territory Development Department* will continue its efforts on land formation and infrastructure works for a number of major development areas, such as South East Kowloon Development, Central Reclamation Phase III and Wan Chai Development Phase II. Detailed design of the South East Kowloon Development commenced in January 2002 and that of Wan Chai Development Phase II in April 2002. Construction works on Central Reclamation Phase III are scheduled to start in August this year.

16. The *Water Supplies Department* will continue to extend the water supply system to meet future demands arising from new developments. To enhance the quality of Dongjiang water supply, the first stage of the closed aqueduct in Guangdong will be completed by end 2002. Water quality data of Dongjiang water will continue to be updated and posted on WSD's website periodically. WSD will continue to work towards achieving total savings of 10% in its recurrent expenditure through an efficiency and productivity improvement programme by 2003/04.

17. Mr Chairman, the Works Directors and I will be pleased to answer any questions Honourable Members may have.