

立法會
Legislative Council

LC Paper No. PWSC43/01-02
(These minutes have been
seen by the Administration)

Ref : CB1/F/2/2

**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 4th (special) meeting
held in the Chamber of Legislative Council Building
on Wednesday, 14 November 2001, at 9:00 am**

Members present :

Ir Dr Hon Raymond HO Chung-tai, JP (Chairman)

Hon Albert CHAN Wai-yip (Deputy Chairman)

Hon Kenneth TING Woo-shou, JP

Hon Eric LI Ka-cheung, JP

Hon Fred LI Wah-ming, JP

Hon James TO Kun-sun

Hon CHAN Yuen-han, JP

Hon CHAN Kam-lam

Hon SIN Chung-kai

Hon Andrew WONG Wang-fat, JP

Hon LAU Kong-wah

Hon Miriam LAU Kin-yee, JP

Hon Emily LAU Wai-hing, JP

Hon Andrew CHENG Kar-foo

Hon TAM Yiu-chung, GBS, JP

Dr Hon TANG Siu-tong, JP

Hon Abraham SHEK Lai-him, JP

Hon Henry WU King-cheong, BBS

Hon WONG Sing-chi

Hon IP Kwok-him, JP

Hon LAU Ping-cheung

Hon MA Fung-kwok

Action

Members absent:

Hon Cyd HO Sau-lan
Hon WONG Yung-kan
Hon LAW Chi-kwong, JP

Public officers attending:

Miss Elizabeth TSE	Deputy Secretary for the Treasury (3)
Miss Janice TSE	Principal Assistant Secretary for the Treasury (W)
Mr Keith KWOK	Deputy Secretary for Works (P&R)
Mr T N CHENG	Chief Assistant Secretary for Works (PM)
Mr Rob LAW, JP	Director of Environmental Protection

Clerk in attendance:

Ms Anita SIT	Chief Assistant Secretary (1)6
--------------	--------------------------------

Staff in attendance:

Ms Pauline NG	Assistant Secretary General 1
Ms Mabel CHAN	Senior Assistant Secretary (1)4
Ms Bonnie KAN	Senior Assistant Secretary (1)9

I Overview of potential submissions to the Public Works Subcommittee in the 2001-02 legislative session

PWSCl(2001-02)36 - "Forecast of submissions for the 2001-02 Legislative Council Session" provided by the Administration

PWSCl(2001-02)37 - "Information on The Implementation Programme of a Capital Works Project" provided by the Administration

Action

The Chairman said that this special meeting was arranged pursuant to the concerns raised by members at the meetings on 8 October and 17 October 2001. In brief, members would like to have an overview of the projects planned for submission to this Subcommittee in the 2001-02 legislative session, to discuss how the implementation of public works projects could be expedited and to review the current arrangements for consultation with relevant LegCo Panels on capital works projects.

Overview of the Government's capital works programme

2. At the Chairman's invitation, the Deputy Secretary for Treasury (DS/Tsy) introduced paper PWSCI(2001-02)36, highlighting that since the commencement of the current legislative session, this Subcommittee had considered and endorsed 21 items (as set out in Enclosure 1 to the paper). The Administration planned to submit a further 118 items (as set out in Enclosure 2 to the paper) during the rest of the session. She said that this was the best forecast as at present and the Administration would provide a year-end report for this Subcommittee to account for the deviations from the current forecast.

3. Miss Emily LAU Wai-hing asked if members could also be informed of the changes made to the schedule of submissions in the middle of the session. DS/Tsy replied that as the planning and other actions for the projects in the list would be in progress during the session, the Administration considered it more appropriate to conduct an overall review at the end of the session.

4. Referring to the announcement by the Chief Executive in the 2001 Policy Address that the Government and the two railway corporations planned to invest \$600 billion in various infrastructural projects, Mr Abraham SHEK asked the Administration to provide a breakdown of this investment amount and the number of new jobs arising from this investment. Mr Albert CHAN enquired about the number of public works projects under implementation and the number of projects under planning.

5. In reply, DS/Tsy advised that of the \$600 billion investment in infrastructural and railway projects, some \$400 billion would be spent on Government's own projects. There were currently about 1 600 projects in the Government's capital works programme which consisted of about 1,200 projects already in Category A with funding secured from the Finance Committee and 400 projects under planning and design. The total outstanding investment in the Category A projects amounted to about \$96 billion and the total estimated cost of the 400 projects under planning was in the order of \$300 billion. The total estimated cost of the 139 items submitted/scheduled for submission to this Subcommittee in

Action

the current session was around HK\$ 110 billion. She remarked that the estimated project costs would be reviewed in the course of design and other pre-construction stages. The Deputy Secretary for Works (P&R) (DS/W) added that the Administration had earmarked an additional annual provision of \$2 billion above the original annual provision of \$5 billion in the coming two years for minor works funded under block allocations.

6. Mr Albert CHAN said that to enable members to assess whether the resource allocation plan of the Administration for public works was justified, the Administration should also provide members with information on those projects for which some planning work had been undertaken but were subsequently not included in the current list for funding submission. He was particularly concerned about how public views expressed at the district level had been taken into account in deciding which projects should be taken forward.

7. In response, DS/Tsy advised that the Administration would have to take into account a number of factors and balance different considerations before deciding which projects should be taken forward. It would not be appropriate for the Administration to disclose the details of its internal deliberations in this regard.

8. Mr Albert CHAN then requested the Administration to provide members with the five-year plan for the Government's capital works programme. In response, DS/Tsy explained that the Government's resource allocation system already allowed projects to start within a five-year time frame to be considered for funding. However, whether and when a project would actually be upgraded to Category A depended on many other factors like design development, findings of impact assessments, etc. She agreed to consider Mr CHAN's request.

Admin.

List of potential submissions for the 2001-02 session

9. Mr TAM Yiu-chung asked if the contract start date for item 87 (3371RO - Open space in Area 14 (Siu Lun), Tuen Mun (Mouse Islands) and item 91 (3375RO - District open space in Areas 3 & 8, Tsing Yi) in the list of potential submissions could be advanced. The construction of these two items were currently scheduled to commence in the fourth quarter of 2002. Mr TAM also referred to item 89 (3373RO - District open space in Area 7, Tung Chung, Lantau, and asked whether another project regarding the provision of a library and a sports complex in the same area had been omitted in the list of potential submissions. DS/Tsy undertook to follow up with Mr TAM on these items after the meeting.

Admin.

10. Miss CHAN Yuen-han expressed dissatisfaction that Members' efforts to convey the views of local communities to the Administration were often futile, as

Action

evidenced in the case of the decking of the Kai Tak Nullah. She said that although the relevant consultant study had confirmed the feasibility of decking the Kai Tak Nullah a few years ago, the Administration had rejected the calls from the local community to implement the project.

11. DS/Tsy said that the Administration welcomed suggestions and views from Members. She advised that funding was available from the relevant block allocation for implementation of improvement projects costing less than \$ 15 million at the district level. A mechanism with active participation of local communities and under the co-ordination of the Home Affairs Bureau was in place for the allocation of funds for these improvements.

Admin. 12. Miss CHAN Yuen-han remarked that the decking of the Kai Tak Nullah would cost over \$ 15 million and therefore it would be up to the Administration to put up the relevant funding proposal to this Subcommittee and the Finance Committee. DS/W undertook to provide information on the present position of the Kai Tak Nullah case and the reasons for not pursuing the project after the meeting.

Implication of the policy on job creation on the public works programme

13. Mr Albert CHAN asked whether the Administration had selectively accorded priority to projects generating more employment opportunities given the announced Government policy of accelerating the implementation of public works to create job opportunities. DS/Tsy replied that in according relative priority among different capital works projects, the primary consideration was whether a project was justified on the bases of need and cost-effectiveness. Mr Albert CHAN considered that the Administration should give due regard to the policy on job creation in according relative priority to different projects. Mr Abraham SHEK urged the Administration to accelerate the delivery of justified projects to create more job opportunities. The Chairman said that it was important to strike a balance between the creation of job opportunities and the timely delivery of public works projects to avoid causing wastage. In this connection, DS/W advised that among the 118 items scheduled for submission to this Subcommittee during the rest of the 2001-02 session, 48 projects were building projects which usually required more construction workers to deliver.

Outstanding projects of the former Provisional Municipal Councils

14. On members' concern about the funding of the outstanding projects of the former Provisional Municipal Councils (PMC), DS/Tsy informed members that the programme for the delivery of 64 leisure and cultural services facilities, involving a commitment of some \$8.7 billion, was already an accelerated one. As an exception to the norm, the Administration had approved these items as a package under the

Action

resource allocation system without requiring each item to complete the usual vetting procedures on an individual basis. The construction works for these projects would commence in phases within five financial years from 2002-03 to 2006-07. DS/W supplemented that the works for seven projects would commence in 2002 and he assured members that the Administration would advance the implementation of the 64 projects where feasible.

15. Members noted that the Subcommittee to follow up the outstanding capital work projects of former Municipal Councils set up under the House Committee was monitoring the Administration's work on the outstanding projects.

16. Miss CHAN Yuen-han recalled that subsequent to the discussion at the aforesaid Subcommittee on 16 October 2001, the responsible government officials had already committed to commencing the works for about 10 projects instead of seven projects in 2002-03. She considered that the messages conveyed by the Administration to Members were confusing and expressed disappointment to the lack of co-ordination within the Administration. In response, DS/W clarified that seven outstanding projects of the former PMC would commence construction in 2002 and another four would commence in 2003.

17. Highlighting that the estimated total cost of the seven projects scheduled to commence in 2002 only amounted to \$ 300 million, Mr LAU Ping-cheung considered that the Administration should put on more efforts to accelerate the implementation of former PMC projects to create more job opportunities and to provide early improvement to the living environment of the public.

18. Mr Fred Li Wah-ming expressed dissatisfaction that despite members' strong demand for advancing the implementation of the outstanding projects of the former PMC, the Administration had only committed to advancing the implementation of seven projects by three months. He pointed out that many of the 64 projects under the "accelerated" programme were simple projects involving sitting-out areas and sports pitches only. He questioned if it was the rigidity or resource constraints of the Architectural Services Department (ArchSD) that had hindered the acceleration of projects, and if that was the case, he enquired whether there were any plans to contract out the projects being undertaken by ArchSD.

19. DS/Tsy and DS/W responded that the Administration had taken measures to simplify and streamline procedures for various public works projects including the 64 projects of the former PMCs to accelerate implementation. However, some time had to be allowed for necessary pre-construction work and procedures. Regarding the projects being undertaken by ArchSD, DS/W advised that in fact, some of the Government's building projects had been contracted out to private consultants for

Action

project design and management, such as the final phase of the School Improvement Programme. Where appropriate, the Administration would out-source private consultancy services to deliver public works projects. He assured members that the Administration would not allow in-house resource constraints to hinder the timely implementation of projects and the Works Bureau would keep a close eye on the delivery of projects by various works departments including ArchSD.

20. In reply to Mr Fred LI Wah-ming's further enquiry, DS/W advised that where ArchSD had started the design work for a project, it might not be feasible and desirable to contract out the project. Mr LI opined that where ArchSD had only undertaken the preliminary design for a project, the Administration should still consider contracting out the project if so doing could expedite project implementation.

Admin. 21. In view of members' concern about the progress of the outstanding projects of former PMC, the Chairman requested and DS/W agreed to provide information on the target start dates of construction of the projects.

Implementation programmes of capital works projects

22. At the invitation of the Chairman, DS/W briefly introduced the paper PWSCI(2001-02)37. He advised that with the recent implementation of various streamlining measures as detailed in the paper, the lead time from inception to commencement of construction of a typical engineering project had been shortened from six years to less than four years.

23. Miss CHAN Yuen-han enquired how parallel actions would be carried out to accelerate project implementation, and the major differences between the respective programmes for an engineering project and a building project. DS/W explained that engineering projects usually involved more complicated procedures as land resumption and environmental impact assessment were often required while building projects usually did not subject to these requirements. As regards parallel actions to accelerate project implementation, DS/W advised that where feasible, relevant impact assessment studies and gazetting of works would be undertaken concurrently without awaiting the completion of the preliminary design. Moreover, the Administration might invite tenders for consultancy agreements or works contracts before funding was secured for upgrading the relevant consultancy or construction works to Category A.

24. Mr LAU Ping-cheung referred to the programme of a typical medium size public building project and commented that the lead time from preliminary design to commencement of construction of the superstructure was unduly long (more than 1.5

Action

years), bearing in mind that no land resumption was required and the design for these projects was usually not complicated. He added that such a schedule would be entirely unacceptable in the private sector.

25. The Chief Assistant Secretary for Works (PM) advised that the lead time could be shorter for simple projects such as schools or open space facilities. The schedule set out in the flow chart was a realistic estimation taking into account, inter alia, the time required for public consultation. In reply to Mr LAU Ping-cheung's query, DS/W advised that public consultation was usually undertaken at both the preliminary design and detailed design stages for a public building project.

26. Mr IP Kwok-him considered that the four-year lead time from inception to commencement of construction for a medium size public engineering project was still too long to be acceptable. According to his understanding, the project plan for an engineering project had to go through various departments sequentially. He urged the Administration to substitute this approach with a more efficient approach. Mr IP also sought clarification on the Administration' classification of large, medium and small size projects and the respective lead time from inception to commencement of construction.

27. In response, DS/W advised that a project costing \$500 million or above was generally regarded as a large size project. He remarked that virtually all the actions set out in the programme flow charts were essential and necessary and indeed some actions were statutory and were subject to a stipulated time frame. For example, after gazettal of works under the relevant ordinances, a specified period must be allowed for the public to raise objections. If objections were received, it would then be necessary to allow time to resolve objections in accordance with the prescribed procedures. Shortening the periods allowed for raising objections and resolving objections would require legislative amendments.

28. Mr IP Kwok-him said that while he fully agreed that all relevant statutory procedures should not be compromised, he still considered that a four-year lead time from inception to commencement of construction too long to be acceptable. He further said that if there was a case to review the relevant statutory procedures in the light of present-day circumstances, he would request the Administration to pursue such a review. DS/W said that the Administration would consider if such a review was appropriate taking into account members' views.

Admin.

29. Mr LAU Kong-wah echoed the views of Mr IP Kwok-him. He cited the experience in a project in Ma On Shan that although the project did not require land resumption, environmental impact assessment or gazettal of works and was supported by the local community, it had still taken 1.5 years before the works for

Action

the project commenced. He further said that by contrast, the Administration undertook to complete the Shenzhen Western Corridor by 2005 and for this project, funding had yet to be secured for the detailed design and construction. He therefore requested the Administration to provide a separate flow chart on the Shenzhen Western Corridor to explain the accelerated schedule. The Chairman also requested the Administration to comment on the applicability of the approach for the Shenzhen Western Corridor to other public works projects.

Admin. 30. DS/W agreed to provide information on the implementation programme of the Shenzhen Western Corridor after the meeting and to respond to members' concern on whether a similar approach could be adopted for other public works projects. He also undertook to follow up with Mr LAU Kong-wah on the Ma On Shan case.

31. Mr Albert CHAN Wai-yip said that he would not support changing the current statutory requirements applicable to public works projects simply for the sake of accelerating project implementation. He stressed that it was important to allow sufficient time to conduct public consultation on any public works project.

32. Expressing support for expediting the implementation of public works, Miss Emily LAU said that environmental impact assessment studies and public consultation were very important and must be properly conducted.

33. Miss CHAN Yuen-han said that statutory procedures must be complied with and public consultation must not be compromised. She however remarked that for a relatively complicated project, public consultation would need to be undertaken at different levels and with different parties. She suggested that the Administration review the current public consultation arrangements to improve effectiveness and efficiency. In this regard, she remarked that local communities usually welcomed consultation on public works projects at an early planning stage and would make prompt arrangements to facilitate such consultation.

34. DS/W responded that public consultation could only be undertaken after completion of the preliminary design which provided the basis for the public to express views on a project. Sometimes, it was necessary to conduct certain impact assessment studies for a project at the preliminary design stage. He also remarked that public consultation had not been included in the programme flow charts because the Administration would undertake public consultation in parallel with other actions for a project. Miss CHAN Yuen-han maintained her view that there was room to improve the current public consultation arrangements.

Simplified tendering procedures for capital works projects

Action

35. Miss Emily LAU Wai-hing referred to paragraph 2(d) and (f) of PWSCI(2001-02)37 regarding the measures to simplify/fast track the tendering procedures for public works and sought elaboration on the arrangements.

36. Regarding the measure in paragraph 2(d) of the paper, DS/Tsy explained that for straight forward projects where controversies were not anticipated, Controlling Officers might initiate works-related tendering and consultant selection procedures before funding was secured. In any case, the acceptance of any tender or bid must still be subject to funding approval and conditions attached to such approval.

37. As regards the measure to streamline tendering procedures, DS/Tsy explained that under the former arrangements, the Administration had required procuring departments to adhere to prescribed tendering procedures, for any capital works project at \$ 3 millions or above. These tendering procedures basically followed the procedural requirements for projects at \$ 50 million or above, to which the World Trade Organization Agreement on Government Procurement applied. Moreover, under the former arrangements, approval of the Public Works Tender Board or the Central Tender Board was required for the award of tenders valued between \$3 million to \$50 million. Having reviewed the prevailing arrangements with a view to expediting project delivery, the Administration had introduced flexibility to allow Controlling Officers to adopt a simplified tendering procedure for projects valued under \$50 million. In brief, Controlling Officers might dispense with the gazettal of tender invitations where such invitations would be published on the Internet anyway and to prescribe a shorter period for submission of tenders. Controlling Officers were also authorized to approve the tender reports provided that the contracts were assessed strictly according to the established marking schemes. While Controlling Officers were provided with the aforesaid flexibility, they were advised to follow the former established procedures for more complicated projects. They were also advised to follow requirements on the avoidance of conflict of interest for officers involved in government procurement.

38. In reply to the Chairman's enquiries, DS/Tsy advised that currently, the Public Works Tender Board held meetings on a biweekly basis while the Central Tender Board had weekly meetings. As far as projects under \$15 million were concerned, the new measures were expected to reduce the total time required for the tendering from 9-11 weeks to 4-6 weeks. She stressed that Controlling Officers had to carefully assess the desirability of adopting the new measure, taking into account any possible adverse effects on government resources. For works tenders invited before funding is secured, Controlling Officers were required to obtain the agreement of the respective Bureau Secretary before initiating the tendering process.

Action

39. Miss Emily LAU Wai-hing expressed grave concern on the possible adverse implications of the above measures on the transparency and accountability of the tendering procedures for public works and the susceptibility of the simplified procedures to corruption. She also questioned whether the time saved was worth the possible far-reaching adverse implications. At Miss LAU and the Chairman's request, the Administration agreed to provide further information on the simplified tendering procedures for public works.

Admin.

40. As the meeting had overrun, the Chairman suggested and members agreed that another special meeting should be held to discuss agenda item II "Process of consultation on financial proposals for capital works projects" and to follow-up the issues raised during the discussion of agenda item I.

(Post-meeting note: A special meeting to discuss the above items has been scheduled for 19 December 2001 at 9:00 am.)

41. The meeting ended at 11:05 am.

Legislative Council Secretariat
18 December 2001