

立法會
Legislative Council

LC Paper No. PWSC 90/01-02
(These minutes have been
seen by the Administration)

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

**Minutes of the 7th meeting
held in the Chamber of Legislative Council Building
on Wednesday, 19 December 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 WONG Yung-kan
Hon LAU Kong-wah
Hon Miriam LAU Kin-yea, 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 IP Kwok-him, JP

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Members absent:

Hon Cyd HO Sau-lan
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Sing-chi
Hon LAU Ping-cheung
Hon MA Fung-kwok

Public officers attending:

Miss Elizabeth TSE, JP Mr K K LAU	Deputy Secretary for the Treasury 3 Government Engineer (Infrastructure Co-ordination Office) Works Bureau
Miss Janice TSE Mr T N CHENG	Principal Assistant Secretary for the Treasury (Works) Chief Assistant Secretary for Works (PM)

Clerk in attendance:

Ms Anita SIT	Chief Assistant Secretary (1)6
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Staff in attendance:

Ms Pauline NG Ms Bonnie KAN	Assistant Secretary General 1 Senior Assistant Secretary (1)9
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I Process of consultation on financial proposals for capital works projects

PWSC(2001-02)78 — Discussion paper prepared by the Legislative Council Secretariat

At the invitation of the Chairman, the Assistant Secretary General 1 (ASG1) presented the discussion paper, highlighting the background of the consultation with Panels of the Legislative Council (LegCo) on financial proposals for capital works projects, the difficulties and problems encountered by members and the

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Administration in the consultation process, and the recommended arrangements to improve the consultation process to ensure effectiveness and efficiency.

2. Mr Albert CHAN echoed the need for the provision of the list of capital works projects to be discussed by the Public Works Subcommittee (PWSC) at the start of the legislative session. He pointed out that some Panels had spent too much time on the details of projects, hence affecting the examination of other items scheduled for discussion at Panels. He considered that Panels should only discuss potentially controversial projects and the discussion should focus on the policy aspects, while the PWSC should focus on the detailed design and technical aspects of capital works projects. Mr CHAN suggested that to facilitate Panels in determining the allocation of time for discussing capital works projects, the advance list of projects to be submitted to PWSC should contain details of the projects. In principle, Panels should only discuss those PWSC items involving major policy changes.

3. In response, the Deputy Secretary for the Treasury 3 (DS/Tsy) said that it might not be possible to provide at the beginning of a session detailed information such as the project estimates and the design details of the projects as some projects planned for submission during the session could still be at the preliminary planning stage. She was worried that with limited information available, individual Panels might have difficulty in conducting meaningful discussion on capital works proposals. She however expressed support for the recommended arrangement set out in paragraph 9(a) and (b) for the Administration to provide a list of capital works projects at the beginning of a session for PWSC, and the list be circulated to Panels for their comments on which projects required prior Panel discussion before submission to PWSC.

4. DS/Tsy further said that in determining whether prior Panel consultation was required, the Administration would take into account members' relevant views expressed in the past. In the 2000-01 session, the Administration had adopted a conservative approach and thus had put up a greater number of capital works projects for Panel discussion. With a view to streamlining procedures, the Administration intended to modify slightly the current practice. For those capital works proposals that were not very straight forward but were unlikely to give rise to controversies, the Administration would provide information papers for circulation to Panels in the first place, instead of putting up request for Panel discussion. She anticipated that the revised arrangement would improve the efficiency of the Panel consultation process.

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5. Mr IP Kwok-him noted that the Administration had provided a list of potential submissions to PWSC some weeks ago and considered that this practice should continue. The list had enabled members to have an overview of the items likely to be submitted to PWSC in the forthcoming session. He however appreciated that the Administration might have difficulty in providing detailed information on individual projects at the beginning of a session. He therefore concurred that where the Administration found it difficult to determine whether prior Panel discussion on a PWSC item was necessary, the Administration might circulate an information paper to Panel members in the first place. It would then be up to the relevant Panel to decide whether prior Panel discussion on the relevant PWSC item was required.

6. Dr TANG Siu-tong, Chairman of the Planning, Lands and Works (PLW) Panel, sought elaboration on the recommended arrangements set out in paragraph 9(d) and (e) of the paper regarding the manner in which the discussion of a capital works proposal should be conducted at Panels. ASG1 advised that the recommendation was made on the assumption that relevant details of a capital works proposal were available for the Panel so that meaningful discussion could take place at the Panel meeting. Having regard to the functions of Panels, it was recommended that Panels should focus their deliberation on the merits and the policy aspects of capital works projects and should avoid detailed discussion on the technical aspects, as these aspects should be dealt with by PWSC. ASG1 further explained that PWSC members should be informed of the concerns raised on a capital works proposal during the Panel discussion. In the event that the minutes of the relevant Panel meeting were not available when the relevant item was considered by PWSC, it was suggested that the Panel designate a member to make a short verbal report, which would be drafted by the Panel Clerk, on the Panel discussion at the PWSC meeting.

7. Dr TANG Siu-tong commented that it might not be necessary for the Panel Chairman or a Panel member to report the Panel discussion at the relevant PWSC meeting. Instead, the Panel Clerk should prepare a short note setting out the gist of the Panel discussion for PWSC members' reference.

8. Referring to the recommended arrangement set out in paragraph 9(f) regarding the deliberation of PWSC, Miss CHAN Yuen-han said that she concurred that PWSC members should avoid repeating the discussion already taken place at Panel meetings. However, she considered it too rigid if PWSC members were not allowed to raise questions on policy issues and suggested that there should be flexibility in this regard.

9. Miss Emily LAU opined that the recommended arrangements set out in paragraph 9 of the paper were inadequate to take care of the interest of PWSC

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members who, for various reasons, could not take part in the discussion of Panels on capital works projects. She stressed that it was difficult to draw a line between the policy aspects and the technical/implementation aspects of a capital works proposal. Since PWSC members were required to vote on each PWSC item, thorough discussion on each PWSC item should be allowed at PWSC meetings. Miss LAU therefore suggested that as a matter of principle, PWSC should be the principal forum for deliberation of all financial proposals on capital works proposals. Members should discuss all aspects of the proposals, including merits, policy aspects and implementation details at PWSC. Where needed, discussion of a proposal might be adjourned until further information was available. Miss LAU said that although this arrangement would probably necessitate additional PWSC meetings, PWSC members would have the chance to deliberate on all aspects of a proposal before voting on it. Citing the experience of the Planning, Lands and Works Panel in discussing capital works proposals, Dr TANG Siu-tong shared Miss LAU's view that it was difficult to draw a line between policy and technical aspects of a capital works proposal.

10. Mr IP Kwok-him shared the concern that some PWSC members, particularly those who were not members of the relevant Panels, might find it necessary to address certain policy issues at PWSC meetings in order to assess the merits of a capital works proposal. He however considered it not practicable for PWSC to deal with all relevant policy issues in detail. He therefore suggested that while PWSC members should be allowed to raise queries and concerns on policy issues, the PWSC Chairman should have the discretion to refer any policy issue to Panels for detailed discussion.

11. Mr TAM Yiu-chung concurred that repetition of discussion at Panels and PWSC should be avoided. Should any policy issue having implications on future projects arise in the course of PWSC's deliberation on a proposal, the PWSC Chairman should refer the policy issue to Panels for further discussion. He also agreed that capital works proposals should be subject to thorough scrutiny by PWSC and thus, if necessary, additional PWSC meetings should be convened to allow sufficient time for discussion.

12. ASG1 said that if the Panel meeting to discuss a capital works proposal was held well in advance of the relevant PWSC meeting, the Administration would be able to suitably address the concerns raised by Panel members in its submission to PWSC, and this would obviate the need for PWSC members to raise queries on those matters already discussed at Panels.

13. DS/Tsy referred to the recommended arrangement set out in paragraph 9(c) of the paper that request for consultation with Panels on capital works projects should be made to the Panel Clerk at least seven weeks before the date the proposed

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item would be discussed by PWSC, and that the relevant discussion paper should reach the Clerk at least six working days before the Panel meeting. DS/Tsy suggested that flexibility should be allowed for urgent items lest the aforesaid requirements would cause undue delay in Panels' consideration of urgent items. The Chairman said that the decision should vest with the relevant Panels.

14. Mr Henry WU King-cheong considered that discussion on policy issues should be avoided at PWSC as far as possible. He referred to the proposal in the discussion paper of earmarking two time slots each month for Panel discussion of PWSC items and suggested this arrangement be put on trial for six months.

15. Ms Miriam LAU opined that capital works projects which would have important impact on the community like Route 10 required thorough discussion at the relevant Panel, which provided an appropriate forum for Members and various interested parties to express their views and examine the relevant policy issues. Ms Miriam LAU and Mr Kenneth TING considered that detailed discussion on policy matters should be avoided at PWSC, and they supported that the proposed arrangements set out in the discussion paper should be put on trial for six months.

16. Miss Emily LAU maintained her view that PWSC should be the principal forum for discussing all capital works proposals, although this might require PWSC to convene additional meetings. She however concurred with Ms Miriam LAU that Panels should examine capital works projects which had important impact on the community. She therefore suggested that while relevant Panels could always take the initiative to discuss capital works proposals, the Administration would still be in a position to consult relevant Panel(s) on capital works proposals involving major policy issues at an early stage before it finalized its proposals.

17. The Chairman concluded that there were generally two different views among members. One view was to adopt the recommended arrangements set out in paragraphs 9 to 11 of the discussion paper. The other view was to regard PWSC as the principal forum for discussing all capital works proposals as proposed by Hon Emily LAU. He then consulted members on whether and how PWSC should make a decision on the matter. Miss CHAN Yuen-han pointed out that the decision of PWSC on the matter would have important implications on PWSC's and Panels' operation in future. She considered that members should be allowed more time to consider the matter and an instant decision at this meeting was not appropriate. Miss Emily LAU concurred with Miss CHAN and suggested that the Secretariat circulate a paper to consult all PWSC members on the two alternative sets of arrangements before submitting a report to the Finance Committee. Members agreed.

18. ASG1 said that subject to members' consent, the views of PWSC on this subject together with members' preferences on the two arrangements would be

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reported to the Finance Committee. It would also be recommended to the Finance Committee that the subject be referred to the Committee on Rules of Procedure for examination of the implications of the proposed arrangements on the inter-committee relationship of the LegCo. Members agreed.

II Forecast of submissions in the 2001-02 legislative session and implementation schedule for capital works projects — follow-up on the discussion at the special meeting on 14 November 2001

- PWSCl(2001-02)36 — Information paper on "Forecast of submissions for the 2001-02 Legislative Council Session" provided by the Administration
- PWSCl(2001-02)37 — Information paper on "Information on The Implementation Programme of a Capital Works Project " provided by the Administration
- PWSCl(2001-02)40 — Information paper on "Simplified tendering procedures for capital works" provided by the Administration
- PWSCl(2001-02)41 — Information paper on "Special Public Works Subcommittee meeting held on 14 November 2001 - Follow up" provided by the Administration

Implementation programme of a capital works project

19. Miss CHAN Yuen-han opined that to facilitate members' monitoring of the progress of planned public works, the Administration should provide members with more comprehensive information on its public works programme, including those projects which were in planning stage. DS/Tsy responded that the Administration had to take into account a number of factors and balance different considerations before deciding which projects should be taken forward. 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. It would not be appropriate for the Administration to disclose details of the five-year public works programme to the public. She however assured members that the Administration would closely monitor the progress of individual projects, in particular those which were required urgently to meet community needs.

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20. In reply to the Chairman's enquiry about the functions of the Infrastructure Co-ordination Office (INCO) of the Works Bureau, Government Engineer (Infrastructure Co-ordination Office) (GE/INCO) advised that INCO was responsible for coordinating all public works from the preliminary feasibility study stage to completion of construction. The office would jointly work out solutions with the responsible works departments to problems encountered in the course of project delivery which could not be resolved by the departments.

21. The Chairman observed that there was a tendency that more detailed design work was included in the preliminary design of public works in recent years, and this had lengthened the preliminary design stage. In response, GE/INCO advised that to facilitate Environmental Impact Assessment (EIA) and other impact assessment studies and the conduct of public consultation at the early planning stage, the preliminary design for public works had included more details. As such, the preliminary design stage for public works nowadays required slightly more time than in the past. GE/INCO added that under the new implementation programme for public works, relevant impact assessment studies and statutory procedures were carried out shortly after the commencement of preliminary design, followed by the detailed design. The sequence of activities were planned with a view to achieving the shortest project implementation schedule.

22. Mr Albert CHAN opined that to speed up implementation, early public consultation was particularly important as the views of the local community and interested parties often provided important insights into the environmental and traffic impacts of a project. While expressing concurrence with Mr CHAN, GE/INCO remarked that meaningful public consultation could not be undertaken at the preliminary feasibility study stage as basic project details were not yet available at that time.

23. Noting that the substructure works and superstructure works for a government building project were awarded under separate tendering exercises, Mr Albert CHAN alerted the Administration to the possible interface problems in scheduling the relevant works. GE/INCO clarified that the substructure works for a building project were usually more complicated as more uncertainties were involved. Hence, normally the superstructure works would only be awarded upon completion of the substructure works. He assured members that the Administration would schedule the tendering exercises and the two stages of works properly to avoid interface problems.

24. Mr Albert CHAN enquired whether the Administration would adopt the "design and build" approach more extensively in future public works to accelerate project delivery. GE/INCO responded that one of the recommendations of the

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Construction Industry Review Committee in its report published on 7 June 2001 was wider adoption of alternative procurement approaches (e.g. design and build and prime contracting) in both the public and private sectors to facilitate better integration in the delivery of construction projects. The Administration accepted this recommendation. GE/INCO pointed out that several government buildings completed in recent years were constructed by using the "design and build" approach. GE/INCO assured members that the Administration would carefully consider the suitability of this approach in each case. At Mr Albert CHAN's request, GE/INCO agreed to provide a list of projects implemented with the use of the "design and build" approach in public works.

25. Mr Albert CHAN referred to a recent press report that the Financial Secretary had instructed the Architectural Services Department (ASD) to contract out 90% of Government building projects within the next five years and sought clarification on whether the contracting-out arrangement would have any impact on the implementation schedule of Government building projects. GE/INCO advised that as far as individual projects were concerned, the contracting-out arrangement would not have significant impact on the implementation programme. If a building project was to be contracted out to private consultants, an additional step of tendering out the preliminary and/or the detailed design would be required while the other procedures would be the same irrespective of whether the contracting-out approach was adopted or not.

Simplified tendering procedures for capital works

26. Miss Emily LAU queried the worthiness of the simplified procedures bearing in mind that a capital works project often took seven to ten years to complete and the simplified procedures would only save several weeks' time.

27. DS/Tsy said that the Administration was making the best endeavour to accelerate the implementation of public works and the simplified procedures formed part of the measures to streamline the pre-construction procedures. She said that the Administration would review the simplified procedures after they had been implemented for some months.

28. Mr Albert CHAN reminded the Administration not to compromise work quality for efficiency and to be cautious about the possible problem of corruption arising from the simplified tendering procedures. He asked whether the Administration would take additional measures to ensure accountability and safeguard against corruption. DS/Tsy informed members that the Independent Commission Against Corruption had been enlisted to scrutinize the simplified tendering process and the Administration would make ongoing liaison with the Commission to minimize the risk of corruption under the streamlined procedures.

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29. Addressing the concern of Miss Emily LAU and the Chairman on the accountability of the Controlling Officers for their decisions on the award of tenders, DS/Tsy advised that the concerned Controlling Officer, who was usually the head of the responsible works department, had to be fully accountable for his decisions and he could not further delegate the authority to other officers in his department. She remarked that in practice, many staff were involved in the tender assessment process and there were strict marking schemes for tender evaluation to ensure fairness. Nevertheless, she took note of members' concern and assured members that the Administration would be very cautious about the accountability and fairness aspects of the simplified tendering procedures.

30. Mr Henry WU referred to the simplified procedures regarding tender notice and expressed concern that small consultancy and contractor companies might have difficulty in drawing up their tender bids within a shortened tendering period. DS/Tsy explained that under the streamlined arrangements, tender invitations for tenders of value under \$50 million were published on the Internet on a regular basis. Formerly, departments were required to allow not less than three weeks for tenderers to submit returns. The new arrangement provided flexibility for the Controlling Officers to specify a shorter period for simple works contracts. The Chairman remarked that prospective tenderers might request the Administration to extend the period for submission of tenders and according to his experience, such requests were very often acceded to by the Administration.

31. Mr Abraham SHEK commented that the ease of comprehension of tender specifications was important to provide room for small and medium enterprises to compete with large enterprises for Government's works contracts. He therefore urged the Administration to ensure that tender documents for public works should be easily comprehensible without unnecessary complications. The Administration took note of his comment.

Other concerns

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Admin. 32. Miss CHAN Yuen-han said that the information on the project "Decking of the Kai Tak Nullah for widening of Choi Hung Road" set out in the paper PWSCI(2001-02)41 did not convey a balanced picture of the case. She said that the Wong Tai Sin District Council at its meeting on 5 June 2001 and some LegCo Members at the case conference on 22 October 2001 had raised strong objection to the Administration's decision of not proceeding with the decking of the Kai Tak Nullah. GE/INCO and DS/Tsy suggested that as the Administration did not have detailed information on the project on hand, the Administration would take up the matter with Miss CHAN after the meeting.

Admin. 33. Mr TAM Yiu-chung referred to the project "Indoor recreation centre-cum-library in Area 17, Tung Chung, Lantau" and recalled that the Home Affairs Bureau had previously undertaken to include the project in the 2001-02 resource allocation exercise. As it was stated in paper PWSCI(2001-02)41 that funding would be applied in the 2003-04 legislative session and construction would be commenced in late 2004, Mr TAM sought clarification on whether there had been any change to the schedule of the project. The Administration undertook to take up the matter with Mr TAM after the meeting.

34. The meeting ended at 10:50 am.

Legislative Council Secretariat
28 March 2002