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Legislative Council

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by the Administration)

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Legislative Council
Panel on Planning, Lands and Works

Minutes of meeting
held on Friday, 1 February 2002 at 8:30 am
in Conference Room A of the Legislative Council Building

Members present : Dr Hon TANG Siu-tong, JP (Chairman)
Hon LAU Ping-cheung (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip
Hon IP Kwok-him, JP

Member attending : Hon Emily LAU Wai-hing, JP

Members absent : Hon WONG Yung-kan
Hon LAU Wong-fat, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon WONG Sing-chi

Public officers attending : **Agenda Item IV**

Mr Daniel CHENG
Principal Assistant Secretary (Planning)
Planning and Lands Bureau

Mr Augustine NG
Assistant Director
Planning Department

Agenda Item V

Mr W S CHAN
Deputy Secretary (Works Policy)
Works Bureau

Mr Lawrence POON
Assistant Secretary (Professional Services) 2
Works Bureau

Mr S M CHAU
Assistant Secretary (Works Policy) 2
Works Bureau

Clerk in attendance : Miss Salumi CHAN
Chief Assistant Secretary (1)5

Staff in attendance : Ms Bernice WONG
Assistant Legal Adviser 1

Mrs Queenie YU
Senior Assistant Secretary (1)6

I. Confirmation of minutes of meeting and matters arising

(LC Paper No. CB(1)867/01-02 — Minutes of the joint meeting of the Panel on Environmental Affairs, the Panel on Planning, Lands and Works and the Panel on Transport held on 27 November 2001

LC Paper No. CB(1)952/01-02 — Minutes of the meeting of the Panel held on 7 December 2001)

The minutes of the following meetings were confirmed -

(a) Joint meeting of the Panel, the Panel on Environmental Affairs and the Panel on Transport on 27 November 2001; and

(b) Meeting of the Panel on 7 December 2001.

II. Information papers issued since last meeting

(LC Paper No. CB(1)661/01-02(01)	—	Referral from Duty Roster Members on the request of the Wong Tai Sin District Council for the decking of the Kai Tak Nullah
LC Paper No. CB(1)785/01-02(01)	—	New Territories South Regional Police Headquarters and Operational Base at Tsuen Wan
LC Paper No. CB(1)896/01-02(01)	—	Letter and press release provided by the Works Bureau on "Re-engineering of Architectural Services Department"
LC Paper Nos. CB(1)920/01-02(01) and (02)	—	Issues raised by LegCo Members at the case conference on 24 July 2001 and the Administration's reply of 19 January 2002 to Members' concerns on noise pollution produced by the Chuk Yau Road Container Trailer/ Tractor Park

2. Members noted that the following information papers had been issued since the last meeting -

(a) Information paper on the request of the Wong Tai Sin District Council for the decking of the Kai Tak Nullah referred by Duty Roster Members (LC Paper No. CB(1)661/01-02);

(b) Information paper on New Territories South Regional Police Headquarters and Operational Base at Tsuen Wan (LC Paper No. CB(1)785/01-02);

(c) Letter and press release provided by the Works Bureau on "Re-engineering of Architectural Services Department" (LC Paper No. CB(1)896/01-02); and

(d) Information paper on issues raised by LegCo Members at the case conference on 24 July 2001 and the Administration's reply of 19 January 2002 to Members' concerns on noise pollution produced by the Chuk Yau Road Container Trailer/ Tractor Park (LC paper Nos. CB(1)920/01-02 (01) and (02)).

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)907/01-02(01) — List of potential discussion items proposed by the Administration

LC Paper No. CB(1)907/01-02(02) — List of potential information papers to be provided by the Administration

LC Paper No. CB(1)907/01-02(03) — List of outstanding items for discussion

LC Paper No. CB(1)907/01-02(04) — List of follow-up actions)

Special meeting on 8 February 2002

3. Members noted that a special meeting to follow up the discussion on the work plans of the Urban Renewal Authority (URA) would be held on 8 February 2002 at 8:30 am. The Chairman and the Managing Director of the URA and representatives of the Administration would attend the special meeting.

Special meeting on 20 February 2002

4. Members noted that a special meeting to follow up the discussion on the Administration's proposed Charging and Penalty System on road excavation works would be held on 20 February 2002 at 2:30 pm. The Administration, utility undertakers and other interested parties had been invited to attend the special meeting.

5. The Chairman reminded members that the special meeting was expected to be a four-hour meeting from 2:30 pm to 6:30 pm.

Joint Panel meeting on 22 February 2002

6. Members noted that a joint meeting with the Panel on Public Service would be held on 22 February 2002 at 8:30 am to discuss with the Administration and the relevant staff associations on the re-engineering exercise of the Architectural Services Department.

Proposed discussion items for the Panel meetings to be held from March to July 2002

7. The Chairman briefed members that pursuant to the recommendation of the Working Group to Review the Organization and Structure of the Legislative Council (LegCo) Secretariat set up under the LegCo Commission, he had discussed with the Secretary for Planning and Lands and the Secretary for Works separately on 22 January 2002 on the proposed discussion items for the Panel meetings to be held from March to July 2002. The Chairman drew members' attention to the following lists -

(a) List of potential discussion items proposed by the Administration (LC Paper No. CB(1)907/01-02(01);

(b) List of potential information papers to be provided by the Administration (LC Paper No. CB(1)907/01-02(02)); and

(c) List of outstanding items for discussion of the Panel (LC Paper No. CB(1)907/01-02(03)).

Regular meeting on 1 March 2002

8. Members agreed that the following items be discussed at the next regular meeting scheduled for 1 March 2002 at 8:30 am -

(a) Central Reclamation Phase III; and

(b) Proposed amendments to the Aerial Ropeways (Safety) Ordinance.

9. Members noted that the Administration planned to submit the proposal mentioned in paragraph 8(a) above to the Public Works Subcommittee (PWSC) in early April 2002, and to introduce the legislative proposal mentioned in paragraph 8(b) to the LegCo in May/June 2002.

10. Referring to the proposal on the "Implementation of the Maintenance Works Management System and the Laboratory Information Management System as Stage 2 of the Information Systems Strategy (ISS) for Water Supplies Department" (Item 3 of LC Paper No. CB(1)907/01-02(01)), the Chairman pointed out that the Administration had briefed the Panel on Stage 1 of ISS on 5 February 2001. The Administration then proposed to brief the Panel on Stage 2 of ISS in March 2002 and to submit the proposal to the Finance Committee for consideration in April 2002. At the suggestion of the Chairman, members agreed that the Administration be requested to provide an information paper on the current proposal for the Panel's consideration.

IV. Hong Kong 2030: Planning Vision and Strategy — Stage Two Public Consultation

(LC Paper No. CB(1)907/01-02(05)	—	Paper provided by the Administration
Letter of 7 January 2002 from the Director of Planning on Hong Kong 2030: Planning Vision and Strategy	—	Stage Two Public Consultation (Consultation Digest) Stage Two Public Consultation (Supplementary Note))

11. The Chairman said that the Administration had briefed the Panel on 5 March 2001 on the proposed planning objectives and the key study areas of the "Hong Kong

2030 — Planning Vision and Strategy Study" (HK2030 Study) during Stage One Public Consultation of the Study. As part of the Stage Two Public Consultation exercise, the Administration would brief the Panel at this meeting on the nine strategic planning issues which were important to the formulation of a range of long-term development options for Hong Kong, and the criteria for option evaluation.

12. The Assistant Director of Planning Department (AD/PD) advised that a summary of the comments received during Stage One Public Consultation was set out in the Report issued to Members in December 2001 by the Planning Department (PD). He then went on to give a power-point presentation highlighting the nine strategic planning issues and the evaluation criteria identified for consultation in the Stage Two Public Consultation exercise.

Closer links with the Mainland

13. Ms Emily LAU Wai-hing enquired about the established channels for enhancing communications with the Mainland and whether any decisions had been made for the purpose of maintaining closer links with the Mainland. AD/PD advised that formal communication channels, such as the Town Planning Special Panel under the Hong Kong — Guangdong Joint Working Group on Sustainable Development and Environmental Protection, had been established to facilitate exchange of information on planning matters. The Principal Assistant Secretary (Planning) of Planning and Lands Bureau (PAS/PLB) also advised that the Hong Kong Special Administrative Region (HKSAR) had agreed with the Mainland Authority on the construction of Shenzhen — Hong Kong Western Corridor. The funding proposal of the project was endorsed by PWSC on 30 January 2002. The Administration was also exploring the need for the fifth crossing-boundary link in the long term. On railway lines, the Mainland/HKSAR Conference on the Coordination of Major Infrastructure Projects had agreed at its meeting on 31 January 2002 to consider the development of a Guangzhou — Shenzhen — Hong Kong express rail link. The rail link's alignment, integration with Mainland railway networks and other technical issues involved would be studied in detail.

14. Referring to the Supplementary Note on Stage Two Public Consultation, Mr IP Kwok-him shared the Administration's view that the population of Hong Kong was becoming more mobile as a result of the increasing socio-economic integration with the Mainland. He supported the study on the mobile population and its implications on the demand for housing and other facilities. Responding to Mr IP's enquiry on how information on the mobile population was collected, AD/PD said that a number of surveys had been conducted in the past three years to enrich the understanding of the various aspects of the mobile population. Two Cross-Boundary Travel Surveys had been conducted in 1999 and 2001 at the eight boundary control points of Hong Kong to collect up-to-date information on cross-boundary travels, such as the destination, purpose and frequency of travels by Hong Kong residents to and from the Mainland. In addition, surveys had been conducted to collect information

from people who were not covered by the two Cross-Boundary Travel Surveys. Moreover, the Administration was exploring the feasibility of conducting a survey targeted at Hong Kong residents residing in the Mainland.

15. Ms Emily LAU asked whether the Administration had collected information on the mobile population through the 2001 Population Census. She also expressed concern about the financial implications of conducting additional surveys. AD/PD advised that information collected through the 2001 Population Census only reflected the snapshot of the mobile population at the time of the Population Census. The Administration saw the need to conduct additional surveys on a biennial basis to keep track of the trend.

Development of the Frontier Closed Area (FCA)

16. Referring to page 11 of the Consultation Digest on Stage Two Public Consultation, Ir Dr Raymond HO Chung-tai sought clarification on the need for the FCA to continue to serve as a buffer zone to maintain the integrity of the boundary between the Hong Kong Special Administrative Region (HKSAR) and the Mainland. AD/PD advised that the Security Bureau and the Police considered it essential for the FCA to continue to serve this important security function for combating cross-boundary crimes and illegal immigration. The Administration must ensure that the opening up of the FCA would not dilute this function. Ir Dr HO requested the Administration to consider the need for the FCA to serve this function after 30 years. PAS/PLB advised that the opportunity was taken to consult the public under the current consultation exercise on whether the FCA should be developed. Nevertheless, the opening up of the FCA should not dilute the status of HKSAR under the principle of "One Country, Two Systems".

17. Responding further to Ir Dr Raymond HO, AD/PD advised that the FCA covered an area of 2 800 hectares of land, some parts of which were not viable for development, such as the Wetland near Mai Po in the west, burial grounds and hilly areas.

18. While appreciating the need for the FCA to serve the security function, Mr TAM Yiu-chung considered that the size of the FCA could be reduced. He therefore supported the release of part of the land in the FCA for development. As regards the items for development, consideration might be given to the provision of paid services required by residents in the Mainland, e.g. the establishment of an International School. Mr Abraham SHEK Lai-him shared Mr TAM's view. PAS/PLB and AD/PD appreciated members' views and said that they would be duly considered by the Administration in the HK2030 Study.

More sustainable use of industrial buildings

19. Mr IP Kwok-him questioned why the Administration had proposed the conversion of obsolete industrial buildings for other uses, but not for redevelopment to achieve better overall planning and development. PAS/PLB explained that as most of the obsolete industrial buildings were structurally safe, the proposal was made for the purpose of promoting sustainable use of existing resources. Moreover, it would also help reduce industrial wastes produced from demolition works and the need for additional landfill spaces. PAS/PLB also pointed out that the Administration had made reference to the experience of major overseas cities where the conversion approach had been adopted, and consulted the local professional bodies. The latter had indicated their support for the conversion approach.

20. Mr Abraham SHEK queried whether the conversion approach was a desirable option, having regard to the fact that obsolete industrial buildings would be in a poorer condition after 30 years. He considered that the Government should not hinder the redevelopment of industrial buildings on the ground of sustainable use of resources. PAS/PLB and AD/PD clarified that the conversion approach was an option provided for developers in addition to, but not replacement of, the redevelopment approach. It would be for developers to decide the approach to be adopted. As regards the age and conditions of industrial buildings, PAS/PLB advised that if an industrial building was still structurally safe after 30 years, demolition might not be required. Mr SHEK was of the view that it would be difficult, if not impossible, for developers to redevelop industrial buildings without the support of the Government. The multiple ownership of many industrial buildings also complicated the situation. In his opinion, the Administration should provide more flexibility in the planning framework.

21. Mr TAM Yiu-chung proposed that obsolete industrial buildings could be used as venues for training centres, community centres, elderly centres, public libraries, etc. AD/PD advised that the conversion of industrial buildings for educational and training purposes had become possible after the Town Planning Board's recent agreement to allow "Education Institution" be permitted in "Industrial" zones. The Administration was liaising with tertiary institutions for early implementation of such conversion. PAS/PLB also advised that government departments requiring additional lands for use were encouraged to consider the option of converting obsolete industrial buildings for other uses.

Re-zoning of land uses for commercial districts

22. Ir Dr Raymond HO pointed out that proper planning of land use would address the problem of over-concentration of night activities in a few districts, such as Causeway Bay. Responding to Ir Dr HO's enquiry, AD/PD advised that the Administration was considering, under the Study on Review of Metroplan, a number of proposals to revive commercial districts at night, e.g. the provision of more open spaces in the reclaimed area in Central for leisure activities at night and linking the open spaces with Lan Kwai Fong.

23. Mr TAM Yiu-chung considered that the Administration should, in considering the re-zoning of land uses and decentralization of jobs to the New Territories, match the employment opportunities with the skills of local residents. The concern of aging population in rural areas might be addressed by introducing diversified economic activities in the areas, for example, tourist industry. AD/PD responded that the relocation of offices and workforce from urban areas to the New Territories led by market operation had not been successful because both employers and employees generally considered it more convenient to stay in urban areas where more service-oriented business/employment opportunities were available. Nevertheless, the public would be invited to give views on the need and appropriate measures to encourage decentralization of jobs in the HK2030 Study, for example, whether the Government should take the lead to move some of its offices to the New Territories. Pointing out that the people of Hong Kong had accepted the reality of high development density in Metro Area, Mr Abraham SHEK urged the Administration to take account of the transport cost and the affordability of people in planning for decentralization of jobs to new towns.

Land uses in rural areas

24. Responding to Mr LAU Ping-cheung, PAS/PLB said that the long-term development of agricultural land was also a major concern of the Administration. The Administration would embark on a comprehensive review on land use in the New Territories with a view to identifying long-term solutions to problems associated with land use planning and management in the New Territories. The review would cover agricultural land. While the outcome of the review would not be ready for public consultation under the HK2030 Study, the Administration would put forward its proposals for public consultation in due course.

25. Mr LAU Ping-cheung enquired about the progress of the review of the Small House Policy. PAS/PLB said that as pointed out by the Secretary for Planning and Lands in his reply to an oral question raised at the Council meeting on 30 January 2002, the review involved a number of complex and inter-related issues which the Administration were handling carefully. Having regard to the long period of time taken by the Administration to conduct the review, Mr LAU urged the Administration to expedite the review and consult the public on the subject. Ms Emily LAU shared Mr LAU's views. She recalled that at the Special Finance Committee meeting on 21 March 2001, the former Secretary for Planning and Lands had informed Members that the review had already been completed. As the review findings were important for long-term planning on land use, the Administration should have consulted Members and the public on the review findings. Responding to Ms LAU, PAS/PLB undertook to convey Members' concerns to his Bureau. Ms LAU requested the Administration to advise on the progress and time schedule of the review.

Admin

Meeting housing needs of the elderly

26. In view of the ageing population of Hong Kong, Mr Abraham SHEK urged the Administration to reserve land for building retirement villages for the elderly. He also suggested the Administration to make reference to overseas experience in Miami and Florida. PAS/PLB advised that one of the key study areas of the HK2030 Study was to assess the land use implications associated with the ageing population, including the provision of housing and social service facilities for the elderly.

Other planning issues

27. Whilst appreciating the importance of the nine strategic planning issues identified by the Administration, Mr IP Kwok-him pointed out that there might be other issues in the minds of the public that were perceived to be equally important. He asked whether there was any mechanism for the public to give views on those other issues. AD/PD advised that in considering the planning issues that should be presented for public consultation, the Administration was mindful that some planning issues which were of public concern were being studied separately, and that there were other planning issues on which more research and deliberations within the Government were needed before they were ready for public consultation. The Administration then identified nine strategic planning issues that were critical planning issues for which the Administration must address, or assumptions must be made, in the next task to be undertaken in the HK2030 Study, i.e. the formulation of development options. Nevertheless, the public was most welcomed to give views on other planning issues to the Administration.

Way forward

28. Responding to Ms Emily LAU, AD/PD said that after the completion of the Stage Two Public Consultation on 15 March 2002, the Administration would issue a report setting out the views collected from the public and the responses from the Administration. On the basis of the views collected, the Administration would formulate proposed scenarios and development options for consultation under Stage Three of the HK2030 Study. Ms LAU requested the Administration to keep Members informed of all consultation exercises relating to the HK2030 Study.

Admin

V. Follow-up on mediation of contractual disputes relating to the Strategic Sewage Disposal Scheme

(LC Paper No. CB(1)2138/00-01(01)	—	Background brief prepared by the Legislative Council Secretariat
LC Paper No. CB(1)2138/00-01(02)	—	Joint announcement on the disputes relating to the two Strategic Sewage Disposal Scheme deep tunnel contracts
LC Paper No. CB(1)2156/00-01	—	Information note provided by the Administration

LC Paper No. CB(1)58/01-02(01) — Supplementary information note provided by the Administration

LC Paper No. CB(1)2210/00-01	—	Minutes of the joint meeting of the Panel on Planning, Lands and Works and the Panel on Environmental Affairs held on 4 October 2001
LC Paper No. CB(1)330/01-02	—	Copy of the Settlement Agreement and supplementary information provided by the Administration
LC Paper No. CB(1)504/01-02(01)	—	Paper provided by the Administration
LC Paper No. CB(1)687/01-02(01)	—	Minutes of the joint meeting of the Panel on Planning, Lands and Works and the Panel on Environmental Affairs held on 1 November 2001)

29. The Chairman advised that the purpose of Agenda Item V was to follow up the issues on contractual matters raised by Members at the joint meetings with the Panel on Environmental Affairs on 4 October 2001 and 1 November 2001 arising from the discussions of the mediation of contractual disputes relating to the Strategic Sewage Disposal Scheme (SSDS).

30. At the invitation of the Chairman, the Deputy Secretary for Works (Works Policy) (DSW) briefed members on the Administration's paper (LC Paper No. CB(1)504/01-02(01)). He highlighted the Government's obligation to maintain confidentiality of contracts, the system for admission and re-admission into the List of Approved Contractors (the Approved List), regulatory actions against non-performance and/or poor performance of contractors, the tendering system, and the role of the Engineer in public works contracts.

Preventive measures against contractors' failure to complete works contracts

31. Citing examples of contractual disputes relating to the SSDS and delays in Kowloon-Canton Railway Corporation (KCRC) projects, Mr TAM Yiu-chung was concerned whether the Administration had put in place measures to prevent recurrence of similar incidents. DSW advised that most of the contractors who failed to complete works contracts had financial problems. They ran into financial difficulties in their business operations after the signing of the contracts. It was unexpected and beyond the control of the Administration. Nevertheless, the Administration had put in place a number of improvement measures. First, the financial criteria for admission into the Approved List had been raised after a review conducted in 2001. Second, the Administration, in considering the award of public works contracts, assessed critically the financial status of each applicant. Moreover, the construction industries were being consulted on wider use of marking scheme for the award of public works

contracts on the basis of the applicants' capabilities, past performance and tender prices. Subject to the outcome of the consultation, the Administration aimed to implement the scheme in the first quarter of 2002. Third, the Administration had also strengthened its supervision of public works contracts to ensure that work schedules were met and works were in compliance with the contract requirements.

Financial status of contractors

32. Mr TAM Yiu-chung was concerned that contractors might make temporary arrangements to improve their financial status so as to meet the financial criteria for admission into the Approved List and satisfy the requirements for the award of a particular works contract. DSW assured Members that the Administration would assess the financial status of contractors by examining critically their working capital, employed capital and profitability trend analysis. The employed capital, in particular, should be able to reflect the financial status of a company.

33. The Chairman was concerned how the financial status of contractors could be effectively monitored after the award of public works contracts. Mr TAM Yiu-chung suggested the Administration to require the contractors concerned to set aside a stipulated amount of money, which could not be used before completion of the contracts. DSW pointed out that for large-scale projects, contractors were required to provide additional security such as bank guarantees, and where necessary, the guarantees of their parent companies.

Composition of contractors' board of directors

34. Ir Dr Raymond HO and Mr IP Kwok-him pointed out that some contractors who had been removed from the Approved List might form a new company with a different company name and apply for admission into the List. Mr IP suggested the Administration to check the composition of the contractors' board of directors. DSW advised that this was one of the factors considered by the Administration.

Reasonable tender prices

35. Mr LAU Ping-cheung asked whether a $1-bid was regarded as a "valid competitive tender" referred to in item (d) - 3(b) of the Administration's paper. He considered it risky to accept such a low bid for public works contracts. DSW responded that $1 was an unreasonably low bid which was unacceptable to the Government. The Administration would strike a balance between the “risk” factor and the principle of “value-for-money” in assessing tender bids.

Setting milestones

36. To strengthen the supervision of public works contracts and improve the monitoring mechanism, Ir Dr Raymond HO suggested that milestones should be set for the contracts.

Reducing Variation Orders in public works projects

37. Noting that substantial amounts had been paid for Variation Orders (VOs) in public works projects undertaken by the Government, KCRC or Housing Authority (HA) in the past, Mr IP Kwok-him questioned whether this type of claims was normally accepted by the Administration for works projects. DSW explained that despite careful investigation studies conducted before the commencement of a works project, additional works might be required because of unpredictable conditions. As such, a contingency sum would be allowed in public works contracts and in general, about 10% of the project fee would be set aside for such a purpose. Nevertheless, the Administration would monitor the situation closely and ensure all VOs were approved only when justified.

38. Mr IP Kwok-him was concerned whether the variations were caused by inadequate planning, design, and supervision of the works due to staff incompetence. DSW assured Members that that was not the case. While variations were unavoidable in some situations, a well-established mechanism was in place for processing VOs which was subject to stringent scrutiny of relevant government departments. Responding to the Chairman, DSW said that the value of VOs in pubic works contracts was not significant.

39. Referring to the claims relating to the ten Airport Core Programme (ACP) projects, Mr IP Kwok-him, Mr LAU Ping-cheung and Ir Dr Raymond HO requested the Administration to provide information on the update of the claims including the total amount of the final claims and the percentage of the final claims in the original project costs. DSW undertook to provide the required information.

Admin

Regulatory actions against non-performance and poor performance of contractors

Suspension of submitting tenders

40. Referring to item (d) - 8 of the Administration's paper, Mr LAU Ping-cheung noted that if a contractor had been given two consecutive adverse reports on performance under the same public works contract, the reporting department would invite the contractor to agree to voluntary suspension. He suggested that a provision be included in public works contracts for compulsory suspension under such circumstances. DSW pointed out that the current practice had the same effect. Should a contractor decline voluntary suspension, there would be compulsory suspension. Moreover, regulatory actions against non-performance and poor performance of contractors were administrative actions. It might not be appropriate to incorporate them into contracts.

41. Mr IP Kwok-him asked whether new public works contracts had been awarded to the Campenon Bernard SGE (Campenon) and the Maeda Corporation (Maeda) after the contractual disputes relating to the SSDS. DSW advised that Campenon had been removed from the Approved List for its failure to submit a tender within three years. As part of the Settlement Agreement on mediation of contractual disputes relating to the SSDS, the Government had agreed that the contractors' status of Campenon and Maeda would not be prejudiced on account of their involvement in the two SSDS tunnel contracts. If Campenon submitted an application for re-admission into the Approved List, it would be considered in the light of the criteria for re-admission. As regards Maeda, it had all along been included in the Approved List. Mr IP requested the Administration to provide the list of works contracts awarded to Maeda by government departments, public organizations or quasi-government organizations, such as the HA and the two railway companies, since the forfeiture of the two SSDS tunnel contracts in November 1996, highlighting those awarded after the Settlement Agreement was signed on 20 September 2001. DSW undertook to obtain the information from the relevant authorities.

Admin

42. Ir Dr Raymond HO said that to his knowledge, KCRC had awarded works contracts to Maeda after the Administration's forfeiture of the two SSDS tunnel contracts in November 1996. He considered that government departments should share with public organizations and/or quasi-government organizations the information about contractors' past performance in undertaking public works contracts. DSW said that the Administration had made reference to the contractors' past performance in undertaking HA's projects. In view of the different project management systems adopted by the Government and KCRC, there were practical difficulties for the Administration to make reference to contractors' past performance in undertaking KCRC projects. Nevertheless, the Administration would continue to explore the feasibility of sharing information on contractors' past performance. Ir Dr HO suggested that the issue be put forward to the Provisional Construction Industry Co-ordination Board (PCICB) for consideration. DSW undertook to reflect Ir Dr HO's view to PCICB.

Admin

Forfeiture of public works contracts

43. Responding to Ir Dr Raymond HO, DSW advised that the circumstances under which forfeiture of public works contracts were warranted were set out in the contracts. Normally, the Administration would give the contractors concerned sufficient opportunities to rectify their poor performance before taking action to forfeit the contracts. Ir Dr HO considered that prompt action should be taken to forfeit the contracts if situation warranted. This would reduce the extent of the loss incurred by the Administration and deter other contractors from non-performance. He requested the Administration to provide information on the criteria and procedures under the existing mechanism for forfeiting public works contracts, and consider how the existing mechanism could be improved.

Admin

VI. Any other business

44. There being no other business, the meeting ended at 11:00 am.

Legislative Council Secretariat
25 March 2002