

**立法會**  
**Legislative Council**

LC Paper No. CB(1)538/02-03  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/PLW/1

**Legislative Council**  
**Panel on Planning, Lands and Works**

**Minutes of special meeting**  
**held on Friday, 31 May 2002 at 3:30 pm**  
**(immediately after the House Committee meeting)**  
**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 WONG Sing-chi  
Hon IP Kwok-him, JP

**Members attending** : Hon Fred LI Wah-ming, JP  
Hon Henry WU King-cheong, BBS  
Hon Frederick FUNG Kin-kee

**Members absent** : Hon WONG Yung-kan  
Hon LAU Wong-fat, GBS, JP  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon Albert CHAN Wai-yip

**Public officers attending : Item I**

Miss CHEUNG Siu-hing  
Deputy Secretary (Urban Renewal and Buildings)  
Planning and Lands Bureau

Ms Olivia NIP  
Principal Assistant Secretary (Urban Renewal)  
Planning and Lands Bureau

Mr Martin GLASS  
Deputy Secretary (2)  
Finance Bureau

**Item II**

Mr Andrew WONG  
Director of Administration

Mr David LEUNG  
Assistant Director of Administration

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

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

**Staff in attendance :** Mrs Queenie YU  
Senior Assistant Secretary (1)6

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**I. Capital injection into the Urban Renewal Authority**  
(LC Paper No. CB(1)1828/01-02(01) — Paper provided by the Administration)

(The Legislative Council Brief on "Financial support for the Urban Renewal Authority" (File Ref: PLB(CR) 51/66(2002) VIII))

The Chairman advised that following the Financial Secretary (FS)'s approval of the first 5-year corporate plan (CP) and first annual business plan (BP) of the Urban Renewal Authority (URA) in March 2002, the Chief Executive in Council had approved on 7 May 2002 that the sites for new projects and sites for meeting rehousing requirements for the urban renewal projects identified in the approved CPs and BPs might in principle be granted to URA at nominal premium subject to satisfying FS of the need therefor. To address the financial needs of URA and to offer the necessary funding support for the urban renewal programme, the Administration planned to submit a funding proposal to the Finance Committee (FC) for consideration at its meeting on 21 June 2002 for approval of a commitment of \$10 billion for capital injection into URA by phases in the coming five financial years.

2. The Deputy Secretary (Urban Renewal and Buildings) of the Planning and Lands Bureau (DS/PLB) briefed members on the Legislative Council (LegCo) Brief on "Financial support for the Urban Renewal Authority" and the paper provided by the Administration for this special meeting. She highlighted that the proposed commitment of \$10 billion under the Capital Investment Fund as capital injection into URA, and the waiver of land premium for URA sites and rehousing sites, constituted a significant contribution from the Government to the 20-year urban renewal programme. This sizable subsidy underlined the Government's commitment to improving the living conditions of residents in older urban areas and the living environment for the whole community. It also demonstrated the Government's support for URA and would allow URA to raise the balance required for taking forward the urban renewal programme through borrowings at competitive rates and joint ventures with developers where appropriate. URA estimated that with the Government's financial support and the finances it would raise on the market, it would achieve a break-even situation with a cash balance of \$10 billion and no liabilities in 2014-2015, the end of the implementation period of all the projects in its first CP. This was in line with the objective that the urban renewal programme should be self-financing in the long run. DS/PLB stressed that the accuracy of the financial projections in the CP depended on the various assumptions adopted by URA set out in the Annex to the paper provided by the Administration.

Declaration of interest

3. Mr LAU Ping-cheung and Mr Fred LI Wah-ming declared that they were the non-executive directors of URA Board.

Proposed capital injection of \$10 billion into URA

4. Mr IP Kwok-him asked why \$10 billion, but not other amount, was proposed as the capital injection into URA. DS/PLB advised that the amount was calculated on the basis of the assumptions made by URA in the financial projections in its CP. In assessing the extent of the Government's financial support required for the urban renewal programme, the Administration had taken into account a number of considerations, including the policy objective that urban renewal programme should be self-financing in the long-run, the projected financial needs of URA to carry out its mandate of redevelopment, rehabilitation and preservation, and the Government's fiscal position.

5. Mr IP Kwok-him was concerned whether the Government was satisfied that the financial projections made by URA were realistic, in particular the projection that it would achieve a break-even situation with a cash balance of \$10 billion and no liabilities in 2014-2015. DS/PLB responded that at the present stage, the Administration considered the financial projections in URA's first CP reasonable. However, factors like interest rate changes and property market movements would have implications on the accuracy of the assumptions and accordingly, the accuracy of the financial projections. She assured Members that the Government would keep under close review the performance of URA in delivering the urban renewal programme and in its financial position in the annual CP and BP exercise. The Deputy Secretary (2) of Finance Bureau (DS/FB) fully agreed with DS/PLB. He pointed out that as factors like interest rate changes and property market movements were influenced by macro economic conditions, it was difficult for the Administration to guarantee that URA would achieve a break-even situation with a cash balance of \$10 billion and no liabilities in 2014-2015.

6. Mr TAM Yiu-chung enquired whether URA had requested the Government to provide the \$10 billion in a lump sum rather than by phases in five years. DS/PLB replied that URA had not made such a request formally. However, various options had been discussed at the working level between the Government and URA. The present proposed arrangement was considered the most appropriate. DS/FB added that as public moneys were involved, the Government had, before making its decision, considered carefully its fiscal position in the coming five years and the financial burden on taxpayers.

7. To facilitate Members' consideration of the proposed capital injection of \$10 billion into URA, Mr Abraham SHEK Lai-him requested the Administration to provide the Panel with a copy of URA's first CP. DS/PLB responded that as the CP contained sensitive commercial information such as the location of the sites of the 42 projects included in the CP, the implementation schedules and analysis on the profitability of the projects, it would not be in the public interest to disclose the information. Information that could be disclosed had already been set out in the paper provided by the Administration. Mr SHEK clarified that he was asking for more

information which could facilitate Members' consideration of the proposed capital injection into URA, but not confidential commercial information. Whilst supporting early implementation of urban renewal projects, other members also considered that more detailed information should be provided by the Administration. Members requested the Administration to provide the following information in its submission to FC:

- (a) Detailed justifications for the proposed capital injection of \$10 billion into URA;
- (b) Of the 42 projects included in URA's first CP, the number of projects which were expected to achieve financial gain/deficit;
- (c) To elaborate on the assumptions made by URA in the financial projections in its first CP as set out in paragraph 3 of the Annex to the paper provided by the Administration. For the projections of 6% interest rate on bank loans and 4% interest rate on cash surplus per annum, to advise whether sensitivity tests had been conducted on the impact of any variation in interest rates and if so, to provide relevant details; and
- (d) Referring to paragraph 2 of the Annex to the paper provided by the Administration, to quantify the benefits to be brought to the community by the implementation of the 42 projects, e.g. the number and types of community facilities to be provided in the built-up urban areas, and to specify which groups/sectors in the community would benefit from these projects.

#### Acquisition offer

8. Referring to the URA's three "early-launch projects" approved by FS in January 2002, Mr IP Kwok-him noted that only about 45% of the affected owners had accepted URA's acquisition offer. He was concerned whether the acquisition offer was set at a reasonable level. DS/PLB advised that as far as she knew, the acquisition offer made by URA included the Home Purchase Allowance (HPA) which was calculated on the basis approved by FC in March 2001, i.e. on the basis of a seven-year-old replacement flat. According to URA, it had acquired, as at 30 May 2002, 50% ownership of the buildings in the three "early launch projects" and would continue negotiating with the remaining affected owners. URA would review the situation in about a month's time and consider the way forward.

9. Mr IP Kwok-him enquired about the chance of applying the Lands Resumption Ordinance (Cap. 124) for the resumption of land by the Government if URA was unable to acquire the remaining 50% ownership after one month. The

Chairman also asked whether there was any threshold stipulated in the relevant ordinances for URA to apply to the Government for the resumption of land for urban renewal projects, say, when URA was unable to acquire a certain percentage of land ownership after a certain period of time. DS/PLB advised that no such percentage was provided in the URA Ordinance (Cap. 563). Under the Ordinance, URA might apply to the Secretary for Planning and Lands (SPL) requesting him to recommend to the Chief Executive in Council the resumption of land required for urban renewal. There was a time limit for application for land resumption. URA had to make an application for resumption within 12 months after a development project had been authorized by SPL or after the plan for a development scheme prepared under the Town Planning Ordinance (Cap. 131) had been approved by the Chief Executive in Council. DS/PLB also pointed out that under the Urban Renewal Strategy, URA should consider acquiring land by agreement before making an application for land resumption to SPL. The Government had all along encouraged URA to adopt this approach.

10. Noting that a number of owners of domestic and commercial properties affected by the three "early launch projects" were not satisfied with URA's acquisition offers, Mr Fred LI asked whether the Government would consider increasing the amount of its capital injection into URA to enable the latter to give the affected owners a more favourable offer. DS/PLB reiterated that URA's acquisition offer was calculated on the basis approved by FC in March 2001. In brief, owner-occupiers of domestic properties were offered HPA calculated on the basis of a seven-year-old replacement flat, and owner-occupiers of commercial properties were offered the open market value of their properties plus an ex gratia allowance (EGA) equivalent to four times the amount of the ratable value of the resumed properties. The Government did not see the need to increase the amount of capital injection into URA for it to deal with individual cases where the owners concerned were not satisfied with the acquisition offers.

11. Referring to the former DS/PLB's letter dated 8 March 2001 to the Clerk to Panel, Mr Frederick FUNG Kin-kee pointed out that the Administration had undertaken that it would "recommend to URA that its acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to URA". He was disappointed to note that the current acquisition offer made by URA was not more favourable than the Government's land resumption offer. He queried whether the Administration had honoured its undertaking or URA had rejected the Administration's recommendation. DS/PLB confirmed that the Administration had honoured its undertaking and made the recommendation to URA. However, as stated in the former DS/PLB's letter dated 8 March 2001, the acquisition policy of URA would be determined by its Board.

12. Mr Frederick FUNG considered that the Government should not provide capital injection into URA if the latter did not accept the seven recommendations set out in the former DS/PLB's letter dated 8 March 2001. DS/PLB advised that the Administration considered the URA's acquisition offer reasonable. As far as she

knew, URA had provided the affected owners with enhanced allowances in addition to HPA.

13. Mr Frederick FUNG pointed out that he was handling 120 cases where the affected owners in Sham Shui Po district had refused URA's acquisition offer on the ground that the sum of compensation was not sufficient for them to purchase a seven-year-old replacement flat of a similar size as the resumed flat in the same district. In the circumstance, the owners concerned, including shop owners, had no choice but to wait for the Government to resume their properties or settle the case in court. DS/PLB said that the sum of compensation for individual cases was negotiated between the affected owners and URA. However, she was aware that in general, the market value of a 40-year-old flat of 50 square metres in Sham Shui Po district was around \$500,000 while URA's acquisition offer for the affected owner was around \$1,800,000. URA's acquisition offer was therefore not unreasonable.

14. Mr Frederick FUNG pointed out that \$1,800,000 was not sufficient for the affected owners to purchase a seven-year-old replacement flat of 50 square metres in Sham Shui Po district. The market price for such a flat in Sham Shui Po district was \$3,200 per square foot for usable area and \$2,400 per square foot for gross saleable area. Mr FUNG further pointed out that only 20% of the flats in the list of comparable flats available in the district provided by URA were seven-year-old while the others ranged from 12 to 15 years. DS/PLB recapitulated that in the paper considered by FC at its meeting on 30 March 2001 (FCR (2000-01)83), the Administration had proposed that the basis for calculating the HPA should be revised from a replacement flat of about ten years old to one of about seven years old. The Administration's proposal, which was approved by FC at that meeting, did not include the identification of a seven-year-old replacement flat of a similar size as the resumed flat in the same district for the affected owners. However, the Lands Department had subsequently issued guidelines on how the unit rate of the "notional" seven-year-old flat should be assessed.

15. Mr James TO pointed out that the Democratic Party, being unconvinced by the justifications put forward by the Administration for its proposal on the revised HPA calculated on the basis of a seven-year-old replacement flat, had voted against the proposal at the FC meeting on 30 March 2001. As the proposal had been approved by FC, the Administration should ensure that the affected owners would be offered a sum of compensation that would enable them to purchase a seven-year-old replacement flat of a similar size as the resumed flat in the same district. The Administration should seriously consider the dissatisfaction expressed by the affected owners and rectify the situation. Otherwise, it would have significant impact on the community when more and more large-scale URA projects were implemented. In Mr TO's view, the Administration should consider a number of factors in the valuation process, such as the "push-up" effect on the demand for replacement flats by the affected owners in the same district, and the difference in valuation of the properties in question between the affected owners and URA's Surveyors. Mr TO also considered

that the holding back of a certain sum in the URA's acquisition offer for compliance with the outstanding statutory orders issued by the Building Authority under the Buildings Ordinance and/or for removal of unauthorized extensions/structures in a property to be acquired was a harsh arrangement for owners. DS/PLB agreed to reflect Mr TO's views to URA.

#### Appeal mechanism

16. Mr Frederick FUNG said that despite repeated enquiries made by members of Sham Shui Po District Council (SSPDC), they had all along been informed that URA's Review Committee had yet to be established. At the SSPDC meeting on 30 May 2002, however, SSPDC members were surprised to note that the Review Committee had already been established the week before the meeting. As the deadline for accepting URA's acquisition offer in respect of the three "early launch projects" was 29 May 2002, the affected owners in Sham Shui Po were deprived of the opportunity of seeking a review from the Review Committee. Mr FUNG was also concerned about the terms of reference of the Review Committee, as SSPDC members were informed that the Review Committee would only handle cases involving the compensation for the affected tenants, but not the affected owners. At Mr FUNG's request, DS/PLB undertook to clarify the following points with URA after the meeting -

- (a) the terms of reference of the Review Committee;
- (b) the date of establishment of the Review Committee; and
- (c) the procedures for the affected owners to apply for a review and whether sufficient time had been allowed for the affected owners of the three "early launch projects" to make their applications.

*(Post-meeting note: The information provided by the Administration in response to members' views in paragraphs 7, 15 and 16 above were issued to Members vide LC Paper No. CB(1)2026/01-02 (English version) and CB(1)2036/01-02 (Chinese version) on 17 June and 18 June 2002 respectively.)*

#### Rehousing cost

17. Referring to the proposed arrangement that the Housing Authority (HA) and the Housing Society (HS) would each provide 1 000 housing units to URA each year for rehousing tenants affected by urban renewal projects, Mr Fred LI pointed out that on average, HA charged URA \$350,000 per unit. He questioned whether the charge per unit was reasonable, having regard to the fact that the cost of a new unit under the Home Ownership Scheme (HOS) was only about \$300,000 and that the housing units provided by HA to URA might not be new units. Mr James TO considered it more reasonable for the charge per unit to be set in the region of \$100,000 to \$200,000. Members asked whether the Government considered the charge requested by HA reasonable. They were also concerned that as a result of such an arrangement, URA



might require further financial assistance from the Government to pay for the rehousing cost.

18. DS/PLB said that URA was committed to providing rehousing for the affected tenants. Normally, the rehousing units were provided by URA or its rehousing agents, i.e. HA and HS. If necessary, URA might also build dedicated rehousing blocks on the land granted by the Government at nominal premium. She assured Members that the rehousing cost and the waiver of land premium for rehousing sites had been considered in deciding the amount of capital injection into URA. As both URA and HA were statutory bodies, the Administration believed that they should reach a mutually acceptable agreement on rehousing cost. Mr Fred LI pointed out that savings on the rehousing cost would expedite the implementation of urban renewal projects to the benefit of the community.

19. Referring to the Annex to the paper provided by the Administration, Mr Abraham SHEK noted that URA estimated that the gross development cost of the 42 projects over the development period would amount to about 37.9 billion, including the rehousing cost of \$3.4 billion. Mr SHEK considered the rehousing cost substantial and requested the Administration to discuss with HA on the issue. One of the options was for HA to provide rehousing units free of charge as in the case of the redevelopment projects undertaken by the former Land Development Corporation in Tsuen Wan and Kennedy Town. Mr SHEK also considered that URA should assemble sites for land sale to generate more capital for implementing more projects rather than adopted a 50:50 joint venture approach with developers. In his view, the Government would subsidize private developers through the waiver on land premia for urban renewal sites and rehousing sites for affected tenants.

Admin

20. DS/PLB responded that the Administration would convey to URA Members' concern on the calculation of the rehousing cost and the effect on the development cost of urban renewal projects, and examine the issue with URA in future projects to see if there was room for improvement. DS/FB said that the three implementation modes for URA redevelopment projects, namely, sole development by URA, joint venture with private developers and land sale after site assembly would be considered for each project on its own merits and the market situation. Mr Abraham SHEK reiterated that it would be more appropriate to subsidize URA for implementing urban renewal programme as a social task rather than to subsidize private developers under the joint venture mode. DS/PLB advised that among the three implementation modes, the option of land sale after site assembly was the most costly option under which the Government had to inject a lot more resources into URA. She stressed that urban renewal programme should be self-financing in the long run.

21. Responding to Mr James TO, DS/PLB pointed out that HA had exercised flexibility in the reimbursement of rehousing costs. For example, HA would waive payment for the rehousing units provided to affected tenants who were on the waiting list for public housing and would be allocated public housing units within one year.

Mr James TO questioned the justification for using one year as a benchmark. A longer period say two or three years should also be considered on a pro-rata basis. Other cases such as elderly tenants who were eligible for rent subsidy for public housing might also be included. DS/PLB reiterated that as both URA and HA were statutory bodies, the Administration believed that they would come up with a mutually agreement arrangement on costs for rehousing the tenants affected by URA projects.

22. Mr LAU Ping-cheung considered that the Administration should take a more proactive role to assist URA in negotiating a fair rehousing arrangement. As far as he knew, after the payment of the rehousing cost of a unit by URA, the ownership of the unit still belonged to HA. If the tenant purchased the unit from HA in future, HA would receive double payment for the same unit. A suggestion had been made for URA to pay HA the rental cost of the rehousing units for the affected tenants who were eligible for public housing.

#### Enhancing cooperation between URA and HS

23. Responding to Mr LAU Ping-cheung, DS/PLB said that the Administration had taken a proactive role to encourage both URA and HS to work closely in implementing urban renewal projects under a strategic partnership, rather than on a project by project basis. Notwithstanding that HS was a private body, discussions had been held between HS and URA over a number of issues, such as the construction of rehousing units. Mr LAU disagreed that HS was a private body. In his view, HS was able to achieve an account balance of \$20 billion mainly because the Government had facilitated its operation through the provision of public resources. The Chairman also considered that a proactive role on the part of the Administration as a mediator would enable efficient use of resources, thus expediting the implementation of the urban renewal programme.

## **II. Use of the Tamar site for the development of the Central Government Complex, new LegCo building and other compatible community facilities**

(LC Paper No. CB(1)1828/01-02(02) — Paper provided by the Administration

LC Paper No. CB(1)1828/01-02(03) — The Administration's written reply to the oral question raised at the Council meeting on 22 May 2002)

(The Legislative Council Brief on "Use of the Tamar site for the development of the Central Government Complex" (File Ref: PLB(CR) 21/36(2001) Pt.7))

24. The Chairman briefed members that the Executive Council had approved at its meeting on 30 April 2002 that the Administration should proceed to develop the Tamar site for the new Central Government Complex (CGC) together with a new LegCo Building and other compatible community facilities. At the invitation of the Panel, the Administration would brief members on the project at this special meeting.

25. The Director of Administration (D of Adm) briefed members on the paper provided by the Administration for this special meeting and the LegCo Brief on "Use of the Tamar site for the development of the Central Government Complex".

#### Time schedule for the project

26. Noting from the paper that the Administration aimed to complete the project by 2007, Mr IP Kwok-him enquired about the details of the time schedule for the project. D of Adm advised that the project would be carried out in two phases. In Phase One, the Administration aimed to invite in around end July 2002 expressions of interest, with submission of overall conceptual designs for the CGC, LegCo Building, related community facilities and the adjoining waterfront promenade. In Phase Two, the Administration would prepare the technical specifications for the CGC, LegCo Building and other community facilities, and invite the candidates shortlisted in Phase One to submit tender for the detailed design and build contract. The Administration aimed to award the tender by the end of 2003 and commence construction works in early 2004 for completion by 2007. The capability of tenderers, including their design capability, and the tender price would be important considerations for awarding the tender for the project.

#### Allocation of the Tamar site for different land uses

27. Responding to Mr IP kwok-him, D of Adm advised that the sites currently zoned for "Government, Institution or Community" (GIC) and "Open Space" on the Central (Extension) Outline Zoning Plan were about 2.3 hectares and 2 hectares respectively. The GIC site would be mainly used for the construction of CGC, LegCo Building and other compatible community facilities. The site zoned for "Open Space" would be for public use. The detailed allocation of the Tamar site for different land uses was being worked out. In reply to Mr IP's further question, D of Adm advised that the community facilities planned for the GIC site would be an exhibition gallery on planning and infrastructure of Hong Kong for local and overseas visitors. Mr IP

was concerned whether the GIC site could accommodate the CGC, LegCo Building and exhibition gallery with sufficient open areas between the buildings on the site. D of Adm said that the estimated gross floor area of CGC was about 165 000 square metres and that of the exhibition gallery about 20 000 square metres. The Administration was discussing with the LegCo Commission on the requirements for the new LegCo Building. The Administration considered that subject to suitable design, the GIC site should provide adequate space for the three proposed uses.

#### Project cost and scale

28. Referring to paragraph 16 of the LegCo Brief, Mr Henry WU King-cheong noted that the development of the Tamar site for the CGC and LegCo Building would involve a public investment of about \$6.4 billion. Being concerned about the allocation of the sum among the CGC, LegCo building and community facilities, he asked for a breakdown of the estimated cost. D of Adm said that the sum was a rough estimate calculated on the basis of the gross floor areas of the buildings planned for the site. As the estimated cost would be subject to changes having regard to the actual requirements of users, it would not be meaningful for the Administration to provide a breakdown at the present stage. A funding proposal with detailed information would be submitted to FC for consideration in due course.

29. Citing contractual disputes of large-scale projects such as the Strategic Sewage Disposal Scheme and the river training works for the Upper River Indus as examples, Mr LAU Ping-cheung considered that the current project, which involved substantial Government funds, should be divided into small project items. D of Adm advised that under the present approach, the proposed design and build contract would be awarded to a single contractor. However, in view of the scale of the project, it was anticipated that the main contractor would, in line with the established practice of the industry, sub-contract parts of the contract to other firms.

30. Mr LAU Ping-cheung considered that the Government should take a proactive role to divide the project into small items. This would not only reduce the risk involved in engaging a single contractor, but also create more employment opportunities for the local workforce given that the Chief Secretary for Administration had mentioned that the project would create about 5 000 jobs. Mr LAU was also concerned that not many local companies could take up such a large-scale project. In response, D of Adm pointed out that in view of the target completion date of the project, the Administration considered the present approach appropriate. He also pointed out that in the document for inviting expressions of interest, the Administration would set out clearly the assessment criteria, including the prospective applicant's capability to manifest the Hong Kong characteristics in their designs and whether the company concerned had adequate experience in completing the building projects within the specified time frame in the unique context of Hong Kong. Companies familiar with local conditions and building requirements should have an advantage.

### Assessment criteria

31. Mr LAU Ping-cheung pointed out that in the Concept Plan Competition for Development of an Integrated Arts, Cultural and Entertainment District at the West Kowloon Reclamation, relevance of the design to Hong Kong characteristics had been included as a reference rather than an assessment criterion for awarding the tender. D of Adm advised that the prospective applicants' capability to manifest Hong Kong characteristic would be one of the assessment criteria for the current project. The selection board responsible for shortlisting candidates and awarding the tender for the project would decide and clearly set out the different aspects of Hong Kong characteristics pertaining to this particular project. The selection board would comprise LegCo Members.

32. Referring to paragraph 7 of the paper provided by the Administration, Mr James TO noted that if the quality of a company's design was not up to standard, it would not be shortlisted to tender for the project contract in Phase Two. He queried whether this approach was appropriate, as the company concerned might have expertise in construction works. D of Adm explained that this approach would ensure that potential tenderers had the capability to come up with a viable design. Mr TO considered it highly unlikely that conceptual design with detailed specifications were not viable for construction. To get the best design and the most reasonable tender bid, he suggested that suitable designs be selected in Phase One which would be open to all contractors for tender in Phase Two. A design fees would be payable to the winning company to protect its interest in case the construction contract was awarded to a different company in Phase Two. D of Adm pointed out that the alternative approach described by Mr TO would be a design competition. The "design-and-build" approach to be adopted by the Administration would not only ensure fairness and openness in soliciting a suitable design concept, but would also help reduce the lead-time required under the preparatory stage, which was crucial if this project were to be completed on time.

### Environmental implications

33. Mr Henry WU was concerned whether the Administration would specify the requirements, such as the ratio for open space and use of natural light, as essential design criteria for the project to ensure the compliance of environmental standards. D of Adm said that the Administration would specify in its invitation document, among other things, that the design must comply with the prevailing planning and environmental standards and requirements. Mr WU considered that the Administration should take a more proactive role in promoting environmental-friendly design and building concepts in the current project. D of Adm assured Members that sustainability and environmental friendliness would be important considerations for selecting the successful bidder.

**III. Any other business**

(LC Paper No. CB(1)1878/01-02(01) — Visit programme proposed by the Water Supplies Department)

34. The Chairman briefed members on the Water Supplies Department (WSD)'s proposal to organize a half-day visit cum luncheon for the Panel at Ngau Tam Mei Water Treatment Works. As a number of committee meetings had been scheduled from June to the end of the current session in mid-July, members indicated that they would not be available to join the visit. The Chairman directed the Clerk to inform WSD accordingly.

35. There being no other business, the meeting ended at 5:40 pm.

Legislative Council Secretariat

31 October 2002