

**立法會**  
**Legislative Council**

LC Paper No. FC41/04-05

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Tel : 2869 9220  
Date : 23 February 2005  
From : Clerk to the Finance Committee  
To : Members of the Finance Committee

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**Finance Committee**

**Briefing on 25 February 2005**

Members were advised in LC Paper No. FC37/04-05 about the Administration's request to brief members on the changes in the operation and management of the Centre for Youth Development (CYD) Project. In response to questions raised in the letters from the LegCo Secretariat (**Appendix I**), the Administration has confirmed that the CYD project is no longer aimed to be a Public Private Participation project. Hence, the requirement for the Government to seek approval from the Finance Committee (FC) for the long-term recurrent commitment for the project is not relevant to CYD (**Appendix II**).

2. In this connection, we have also sought advice from the Legal Adviser of the LegCo Secretariat. The Legal Adviser has advised that the mode of management and operation as well as the provision of facilities were important issues in respect of which the Administration had presented its plan at the time when seeking FC's approval for the capital works. It is incumbent on the Administration to account for these proposed changes (**Appendix III**).

3. On the basis of the Administration's response and the Legal Adviser's advice, the Chairman has instructed that **a special briefing be held after the FC meeting on 25 February 2005**. If there is insufficient time left for holding the briefing before the cut-off time for holding the House Committee meeting at 4:30 pm, the briefing will be deferred to after the House Committee meeting. Members are requested to bring along FCRI(2004-05)22 "Progress Report on the Centre for Youth Development Project" issued on 22 February 2005 to the briefing.

(Ms Pauline NG)  
Clerk to the Finance Committee

Encl.

**By fax no. 2596 0729**

CB1/F/1/3

2869 9213

2869 6794

email address: byu@legco.gov.hk

19 February 2005

Miss Elizabeth TSE, JP  
Deputy Secretary for Financial Services and the Treasury  
Financial Services and the Treasury Bureau  
The Treasury Branch  
4/F, Main Wing, CGO  
Hong Kong

Dear Miss TSE,

**Finance Committee**

**Centre for Youth Development Project**

The Administration's request to brief the Finance Committee (FC) on the progress of the Centre for Youth Development (CYD) Project at the FC meeting on 25 February 2005 has been referred to the Chairman for consideration. To facilitate the Chairman to make a decision, the Secretariat is now studying the relevant proposal pertaining to FCRI(2004-05)22. Legal advice is also being sought as to whether the proposal constitutes any changes to the approved estimates of expenditure endorsed by the Legislative Council and the financial commitment pertaining to the original proposal approved by FC in November 2001. In this connection, I should be grateful if you could provide supplementary information on the following as soon as practicable for timely consideration by the Chairman -

- (a) the Head(s) from which internal redeployment of resources will be made to cover any operational deficit that may incur by CYD;
- (b) whether the Head(s) referred to in paragraph (a) can cover expenditure incurred from the proposed operation and management mode; and
- (c) whether additional resources such as staff costs will be incurred if the Government has to assume the direct overall operation and management responsibility over CYD and its facilities.

With best regards,

(Miss Becky YU)  
for Clerk to the Finance Committee

cc Hon Emily LAU, JP, Chairman of the Finance Committee

By fax no. 2596 0729

CB1/F/1/3  
2869 9213  
2869 6794  
email address: byu@legco.gov.hk

21 February 2005

Miss Elizabeth TSE, JP  
Deputy Secretary for Financial Services and the Treasury  
Financial Services and the Treasury Bureau  
The Treasury Branch  
4/F, Main Wing, CGO  
Hong Kong

Dear Miss TSE,

**Finance Committee**

**Centre for Youth Development (CYD) Project**

Further to my letter of 19 February 2005, we note the changes in the CYD project in relation to the Government's financial responsibility in managing and operating CYD. The changes seem to be at variance with the situation in the original proposal where CYD should operate on a self-financing basis. We notice at the same time in Chapter 5 of the Introductory Guide to Public Private Partnerships (PPP) issued by the Efficiency Unit that "a client department is required to seek the Public Works Subcommittee and the Finance Committee (FC)'s approval for funding under the Capital Works Reserve Fund for the construction element, and FC's approval for the remaining long-term recurrent commitments". I should be grateful if you would advise me how far this procedure would apply in the present case.

As we need to advise the Chairman on whether the proposal should be included in the agenda for the FC meeting on 25 February 2005, please forward your bilingual responses to the Secretariat no later than 10:00 am tomorrow.

With best regards,

(Miss Becky YU)  
for Clerk to the Finance Committee

cc Hon Emily LAU, JP, Chairman of the Finance Committee

22 February 2005

Clerk to the Finance Committee  
Legislative Council  
8 Jackson Road  
Central  
Hong Kong

(Attn: Miss Becky Yu)

**Finance Committee  
Centre for Youth Development (CYD) Project**

We refer to your letters dated 19 and 21 February 2005, and would like to provide the following information as requested -

**Questions raised on 19 February**

- (a) In the event that the CYD incurs an operating deficit, the Secretary for Home Affairs (SHA) would cover the deficit through public donations or through redeployment of resources within his purview, such as those under the heads of expenditure for Home Affairs Bureau (Head 53), Home Affairs Department (Head 63) or Leisure and Cultural Services Department (Head 95). SHA will work out the details and make the necessary provision for the operation of the CYD in the relevant head of expenditure nearer its commissioning, which is expected to take place in 2007-08. The provision will be included in the draft estimates of the relevant head of expenditure submitted with the Appropriation Bill, which is subject to the scrutiny and approval of Members of the Legislative Council.
- (b) The necessary expenditure for the management and operation of the CYD will be met by the overall allocation within SHA's operating expenditure envelope. Under the relevant head of expenditure, the provision will be charged to *Subhead 000 Operational expenses* to meet payment for the salaries, allowances and other operating expenses of the department.

- (c) Additional resources will inevitably be incurred as the CYD is a new initiative. SHA would try to meet the staffing requirements for the CYD through internal redeployment in his Bureau as far as possible. Any additional resources required for managing and operating the CYD, including staff costs, will be met by internal redeployment within SHA's envelope, and the Home Affairs Bureau would strive to achieve full cost recovery as mentioned in the FC information note.

**Question raised on 21 February**

- (d) The CYD project as currently proposed is no different from a standard government-run facility. The capital construction is being funded by the Capital Works Reserve Fund, together with contribution from the Board of Management of the Chinese Permanent Cemeteries. The operating expenditure will be met from resources within the Government, to be approved by Finance Committee on an annual basis in the context of the annual Appropriation Bill.

The CYD project as currently proposed does **not** involve the private sector financing its capital construction or operating expenditure with the Government having to pay back some form of recurrent fees for the management, operation and maintenance of the facility upon its commissioning. The Public Private Partnership angle is no longer relevant to the current project.

(Miss Elizabeth Tse)  
for Secretary for Financial Services and  
the Treasury

To : ASG1  
From : LA

### **Centre for Youth Development Project**

We are asked to advise on whether the revised proposal for the Centre for Youth Development (CYD) Project, in particular the change in management from a limited company model to a public private partnership model and the change in certain use of facility rooms of the building, is consistent with the approval of the Finance Committee (FC) given in relation to the Project.

There were two FC approvals given on the construction of the CYD Project. The first one was given on 2 July 1999 when FC approved the recommendation of the Public Works Subcommittee (PWSC) to upgrade part of 173SC as 175SC, entitled "Centre for Youth Development – pre-contract consultancy" to Category A at an estimated cost of \$52 million in money-of-the-day prices; and the retention of the remainder of 173SC in Category B (Annex 1). The second one was given on 9 November 2001. That approval was described as "Centre for Youth Development" with a reference to PWSC's recommendation for "the upgrading of 173SC to Category A at an estimated cost of \$550.9 million in money-of-the-day prices for the construction of the Centre for Youth Development in Chai Wan" according to Enclosure 2 to FCR(2001-02)36 (Annex 2). FC did not specify any conditions, exceptions or limitations in relation to the expenditure from the Capital Works Reserve Fund for the purposes of this public works project in either of the two approvals.

The mode of management of the CYD and the use of facility rooms in the CYD did not form part of these approvals. It would therefore not be possible to assess if the recent proposals of the Administration to change the originally planned limited company model of management and operation to that of a public private partnership model, and to convert the original provision of an Information Technology Centre and a Performing and Visual Arts Centre to multi-purpose Areas, retail area or cafeteria, are consistent with the FC approval.

However, it seemed clear from the relevant records that the mode of management and operation in the context of the financial viability of operating the CYD on a self-financing basis and the provisions of facilities in the CYD were important matters in respect of which the Administration had presented its plans at the time when seeking FC's approval of the CYD Project. In the light of the Administration's latest proposals to change those plans in the manner described in LC Paper No. CB(2)342/04-05(01) which were discussed at the Home Affairs Panel's meeting on 10 December 2004, it is incumbent on the Administration to account for these proposed changes.