

Special Finance Committee Meeting (Works) on 14 April 2005
Opening Remarks by the Secretary for the Environment, Transport and Works

Chairman,

Capital Works Programme

In the 2004-05 financial year, most of the public works projects progressed smoothly. The revised estimate for the total expenditure on the Capital Works Programme is \$32.1 Billion, which is close to the original estimate of \$32.9 Billion and slightly higher than the actual expenditure of \$31.4 Billion last year.

Looking ahead, the Government remains committed to keeping up its investment in infrastructure. In the short term, overall spending on capital works may moderate slightly due to the progressive completion of some mega projects e.g. infrastructure works for the Hong Kong Disneyland, Deep Bay Link, Hong Kong-Shenzhen Western Corridor and Science Park phase 1 development. Nevertheless, we will make every effort to implement new mega projects, such as the proposed link road to the Hong Kong-Zhuhai-Macao Bridge, South East Kowloon Development, reconstruction of Tuen Mun Road as well as the remaining works for the improvement, replacement and rehabilitation of water mains, so as to honour our pledge of investing an average of \$29 Billion per annum on public works.

In addition, we will adopt alternative procurement approaches and systematic risk management methods to improve efficiency and cost effectiveness. Since 2001, the Government has adopted non-contractual partnering in contracts for public works projects. We will further introduce voluntary adjudication and the Dispute Resolution Advisor system on a trial basis. Furthermore, the new Public Works Programme Information System launched in late 2004 allows more effective monitoring of works progress.

Greening Policy

On greening, we will continue to develop and implement a sustainable greening programme through the collaboration of various departments and with the input of experts and specialists in the field. In this regard, we have set up a high level Steering Committee on Greening to oversee and co-ordinate relevant matters.

With concerted efforts of various parties, we planted some 27 million trees, shrubs and annuals in the past two years. At present, we will focus our efforts on improving the urban greenery and preparing an overall framework with coherent themes and plant species to promote a clear identity for individual districts. The Greening Master Plans for Tsim Sha Tsui and Central will be ready by mid-2005 and the related beautification works will be implemented in phases for completion in 2006. In addition, we have compiled a register for protection of old and valuable trees on government land in urban areas.

Decking of Nullahs

We have identified 16 sections of open nullahs in urban areas to be decked over in phases. Our major considerations include the potential risk of flooding, the improvement to the environment and the number of residents to benefit from the works. We are carrying out advance planning and will include projects at a total cost of \$1.231 Billion in the Public Works Programme. Upon completion of the works, problems including the unpleasant odour and the unsightly view of the open nullahs, which have long been a nuisance to the residents, will be alleviated progressively. The land thus created will be used for public purposes which will benefit the community, such as greening, amenity and road widening.

Water Conservation

Fresh water resource is increasingly scarce worldwide. Saving, protecting and recycling water resource have thus become very important issues. In this regard, we will continue promoting rational utilization of water through public education; striving to protect existing water resources; reducing leakage by means of effective maintenance and rehabilitation of the water supply network, and proactively

conducting various reclaimed water pilot schemes under the Total Water Management Programme. On reclaimed water pilot schemes, we will introduce reclaimed water reuse at the Ngong Ping Sewage Treatment Plant which is due for completion soon. We are also planning to implement trial schemes on reclaimed water reuse at the Shek Wu Hui and Tai Po Sewage Treatment Plants. Moreover, we will further the pilot desalination study to ensure that Hong Kong is equipped with a sustainable water supply system to meet its development needs.

Public Private Partnership for In-situ Reprovisioning of Sha Tin Water Treatment Works

The Government has been actively channelling capital and talent in the private sector into designing, constructing and managing suitable projects under the Public Works Programme. Reprovisioning and operating the Sha Tin Water Treatment Works by adopting the Public-Private-Partnership (PPP) approach is one of the proposals under consideration. We are consulting the staff of the Water Supplies Department (WSD) on this proposal. We have undertaken not to pursue any forced redundancy and agreed to reserve vacancies to accommodate staff who may be so affected. The PPP proposal is only an alternative procurement approach, like outsourcing, and definitely not a means to corporatize or privatize the WSD progressively. The Government will brief the Legislative Council on the relevant details before a final decision on this matter is made.

Establishment of the Construction Industry Council

Establishing the Construction Industry Council (CIC) and vesting with it statutory powers to perform self-regulatory functions will be a significant milestone in elevating the performance and quality of the construction industry. Based on the fundamental principles laid down by the Construction Industry Review Committee, we have drawn up the relevant bill and carried out extensive consultation prior to introducing it into the Legislative Council in October 2004. Serious considerations have been given to the views of the Bills Committee on enhancing the transparency in the operation of CIC, developing a nominating and appointment mechanism to facilitate industry participation, increasing the seats for the labour sector, and ensuring

a smooth process in subsuming the Construction Industry Training Authority as a committee under CIC.

Upon the passage of the bill, we will make every endeavour to arrange for the setting up of CIC and implement all necessary transitional measures so that it can carry out the functions in promoting industry reforms as early as practicable.

Construction Workers Registration System

After many years of efforts by the Government and the construction industry, the statutory Construction Workers Registration Authority was established on 18 September 2004. Registration of workers is expected to commence at the end of 2005.

Chairman, I, as well as the Permanent Secretary and the Works Directors, will be pleased to answer any questions the Honourable Members may have.

Works Branch

Environment, Transport and Works Bureau

14 April, 2005