

**Opening Remarks by the Secretary for the Environment, Transport and Works
Special Finance Committee Meeting
(16 March 2006, 3:20 p.m.)**

Chairman,

I am pleased to attend the Special Finance Committee meeting today to brief Members on the estimated expenditure relating to public works in the 2006-07 financial year.

Capital Works Programme

Our public works projects have been progressing smoothly in the 2005-06 financial year, with major items including infrastructure for the Hong Kong Disneyland, infrastructure for the back-up area of Container Terminal No. 9, widening of Yuen Long Highway, Deep Bay Link, and Hong Kong – Shenzhen Western Corridor, etc.

As for the 2006-07 financial year, on-going mega infrastructure projects will include Route 8, Central Reclamation Phase III and the co-located boundary crossing facilities at Shekou, Shenzhen. Furthermore, Stage 2 of the Water Mains Replacement and Rehabilitation programme will commence works in early 2007. We are also devoting all efforts to pursue other projects in the pipeline, such as the connection between Hong Kong – Zhuhai – Macao Bridge and North Lantau Highway, Kai Tak development, Central – Wan Chai Bypass, and Hong Kong West Drainage Tunnel. To boost the creation of new jobs, we will also expedite the delivery of some leisure/cultural projects and minor works in various districts.

Wages Arrears and Subcontracting in the Construction Industry

Apart from creating more job opportunities, Government as a major employer in the construction industry has the utmost responsibility to tackle the problem of wage arrears. In fact, we have formed a working group with the industry to try out a series of control measures including installation of a computerized smart card system at construction sites to keep records of workers' attendance; requirement for all site workers to enter into written employment contracts with their employers; arranging for bank auto-payment in respect of wages and Mandatory Provident Fund (MPF)

contributions; requirement for main contractors to submit copies of wage/MPF payment records; employment of designated staff to handle complaints on arrears of wages/MPF contributions; as well as imposition of a limit on the number of subcontracting layers for selected trades and components of works.

Given that these measures may affect to some extent the operation of the industry, consensus must be obtained from all concerned parties before full implementation. To this end, we have introduced these measures in two pilot projects, and will also try them out in the third one later this year. In view of the public concern, we will consider to advance the introduction of measures with proven effectiveness to more public works projects.

Construction Workers Registration System

To alleviate the problems of wage arrears and employment of illegal workers, one of the key measures is the mandatory Construction Workers Registration System formally launched on December 29 last year. Government will continue to communicate and work jointly with the Construction Workers Registration Authority and trade unions on simplifying the registration procedures and improving other arrangements, in order that the registration system could be fully rolled out as soon as possible.

Establishment of the Construction Industry Council

For the long term, both Government and members of the industry look towards an early establishment of the Construction Industry Council (CIC) for the concerted efforts to elevate the quality and changing the traditional culture, which will then enhance our productivity and expertise. The scrutiny of the Bill is now in the final stage. We have reached consensus with the Bills Committee on expanding CIC's functions, developing a model for nomination and appointment of members, increasing the seats for the labour sector as well as refining the mechanism for declaration of interest, etc. When the remaining details including the transitional arrangements have been sorted out, the formation of the CIC will proceed at full speed.

Greening Policy

Chairman, the citizens of Hong Kong are becoming more and more concerned about the living environment in recent years, and so we must now pay more attention to landscaping and greening works when planning and implementing public works projects. During last two years, we have planted some 30 million trees, shrubs and annuals. As for the next year, we will focus our efforts on increasing greened areas with coherent themes and plant species to promote different district identities. For instance, we have completed the Greening Master Plans for Tsim Sha Tsui and Central in mid-2005 with their respective themes of Jade Necklace and Heart of Gold. The related greening works will commence in May 2006 for completion in early 2007. As regards the Greening Master Plans for Sheung Wan/Wan Chai/Causeway Bay and Mong Kok/Yau Ma Tei, we are actively discussing with council members on different modes of implementation so as to increase the participation of the local community.

Decking of Nullahs

On the other hand, for citizens residing nears nullahs, our prime task in beautifying the environment is to complete on schedule the decking of the open nullahs, at a total cost of around \$1.2 billion. The works for three of these projects have commenced smoothly. We envisage to finish decking eight nullahs in 2007 while the remaining eight will be completed progressively in the following years, benefiting the community as a whole.

Total Water Management

Lastly, I wish to mention briefly the progress on the Total Water Management programme. Since the population of Hong Kong and the neighbouring areas is ever-increasing and coupled with the effects of rapid industrialization, we must plan ahead to ensure that we have a sustainable water supply system. On conservation of water, apart from promoting rational utilization of water and protection of water resources through public education, we have expedited the replacement and rehabilitation of water mains to help reduce leakage. On expansion of water resources, we will continue to conduct researches on reclaimed water and new water resources. These include the pilot scheme at Ngong Ping for the use of reclaimed

water, which will commence operation soon, as well as the study on desalination by reverse osmosis technology. After gathering data from the various pilot schemes, we will map out a long-term water resources management strategy and implementation plan in the third quarter of next year.

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

Ends

16 March, 2006 (Thursday)