

**Opening Remarks by the Secretary for the Environment, Transport and Works
Special Finance Committee Meeting**

(22 March 2007)

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 2007-08 financial year. I would like to elaborate on our work from two aspects:

- (1) the Capital Works Programme and projects of concern to members of public, and
- (2) working closely with the construction industry and safeguarding workers' interest.

(A) Capital Works Programme and Projects of Concern to Members of Public

Our public works projects have been progressing smoothly in the 2006-07 financial year, with major items including Route 8, Stage 1 of the Water Mains Replacement and Rehabilitation Programme, and the co-located boundary crossing facilities at Shekou, Shenzhen. As for the 2007-08 financial year, a number of major projects will commence construction, including the Tamar development project, the improvement and upgrading works for the 2009 East Asian Games sports facilities, Stage 2 of the Water Mains Replacement and Rehabilitation Programme, and drainage works in various districts. These will create a considerable number of jobs for the construction industry.

We are also devoting all efforts to pursue other major projects, such as the Central-Wan Chai Bypass and Wan Chai Development Phase II, Central Kowloon Route and Kai Tak Development. However, these projects have yet to commence, as they require more time for preparatory work, including public consultation. If various sectors of the community can reach a consensus on these projects as soon as possible, an early start in their construction can be made.

We will also do our utmost to expedite the progress of individual projects. Under the prerequisite of not compromising the quality of works, we will shorten the implementation timetable as far as possible. As at February 2007, the Public Works Subcommittee has approved the funding applications of 49 works projects at a total estimated cost of \$13.2 billion. For the remaining LegCo year in 2006-07, there will be further funding applications for capital works projects to be submitted to the Public Works Subcommittee for consideration.

In recent years, Government has set aside \$29 billion annually for the Capital Works Programme. However, the implementation of capital works projects and the actual annual expenditure will inevitably fluctuate with changes in the social environment, pace of development and actual progress of works.

Apart from the major projects mentioned above, I wish to talk about three areas of work in the coming year that are of concern to the public:

(1) Greening

We will continue to actively implement greening works to improve our living environment. Greening is closely linked with improving air quality, and helps to lower the temperature in the city. We therefore plan to develop Greening Master Plans (GMP) for the urban areas to achieve overall improvement of environment. Our target is to complete this task before end-2010. After completing the GMPs for Central and Tsim Sha Tsui, we have commenced the development of GMPs for Sheung Wan/Wan Chai/Causeway Bay and Mong Kok/Yau Ma Tei early this year, to be followed by other districts. We hope that when we apply for funds later, Members will give us their staunch support again.

(2) Decking of Nullahs

Another measure to beautify the environment is decking of nullahs. We are decking 16 sections of nullahs according to schedule at a total cost of around \$1.2 billion. Six of these projects have been completed smoothly, and we envisage to finish another two within this year. For the remaining eight projects, we will

continue to collect views from the relevant communities and other stakeholders, so as to gain their support and complete the projects as planned. Furthermore, we have commissioned a feasibility study early this year on improving the appearance of the Yuen Long Nullah and raising the ecological value of the river course. The study is expected to be completed in two years.

(3) Total Water Management

On the Total Water Management programme, we are progressing rigorously with researches on the use of reclaimed water and new water resources. These include the pilot schemes at Ngong Ping and Shek Wu Hui for the use of reclaimed water, and the study on desalination by reverse osmosis technology. After gathering data from the various pilot schemes, we will map out a long-term strategy and implementation plan on Total Water Management by early next year.

(B) Working Closely with the Industry and Safeguarding Workers' Interest

On working closely with the industry and safeguarding workers' interest, there are the following points:

(1) Construction Industry Council

After several years of hard work by Government and the industry, the Construction Industry Council (CIC) Ordinance was enacted by the Legislative Council in May last year and CIC was set up on 1 February this year. CIC will forge consensus on long-term strategic issues, convey industry needs and aspirations to Government, as well as provide a communication channel to assist Government in collecting advice on construction-related matters. CIC will, on the basis laid by its forerunner – the Provisional Construction Industry Coordination Board, continue to strive for the implementation of the reform measures recommended by the Construction Industry Review Committee. We are assisting CIC to carry out other preparatory work including open recruitment of its Executive Director, so that it can pursue in full force the long-term sustainable development of the construction industry, and work with the Construction Industry Training Authority for their amalgamation by early-2008. We will ensure close partnership between Government

and CIC, achieved through the CIC membership of three public officers serving as interface. The Environment, Transport and Works Bureau (ETWB) will also facilitate close cooperation among other government departments and CIC.

(2) Non-payment of Wages in the Construction Industry

In tackling the non-payment of wages, Government has, starting from 1 May last year, implemented a series of control measures in all new public works contracts with invitation to tender, in order to monitor the payment of wages to workers and control multi-layer subcontracting. Up to now there are over 20 works contracts operating such measures. The monitoring group formed by ETWB with the industry is reviewing the implementation of the measures to obtain experience gained for further refinement. Government has also organized regular training courses for construction site personnel to familiarize them with the operation of the measures. We envisage that in the coming year, more new works contracts will adopt these measures.

(3) Construction Workers Registration

On the other hand, the Construction Workers Registration Authority (CWRA) commenced the registration of about 160 000 construction workers in end-2005, and has now successfully issued registration cards to over 80% of the workers. To enable the industry to adapt gradually to the registration system, CWRA now plans to commence the prohibition provisions in the Ordinance in two phases, that is, firstly prohibit unregistered workers to carry out construction work on construction sites starting from 1 September this year, and then with effect from 1 June next year, prohibit workers not yet registered as skilled workers or semi-skilled workers for designated trades to undertake work of the trades on construction sites. We believe that after the prohibition provisions take effect, the problem of employment of illegal workers will be improved and wages disputes between workers and employers lessened.

(4) Exploring Business Opportunities

Furthermore, we will continue to reach out to new markets for the

construction industry. On the basis of CEPA, we have secured a number of concessions for the construction industry of Hong Kong in entering the Mainland market, and to facilitate our contractors and consultants to establish business in the Mainland. At the same time, we have successfully reached agreements on mutual recognition of professional qualifications for six professions of the Mainland and Hong Kong, including architects, structural engineers, planners, quantity surveyors, building surveyors and estate surveyors. We will continue active discussion with relevant organizations of both sides to facilitate other professions in reaching mutual recognition agreements.

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

Ends

22 March 2007 (Thursday)