

**立法會**  
**Legislative Council**

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seen by the Administration)

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**Public Works Subcommittee of the Finance Committee  
of the Legislative Council**

**Minutes of the 2<sup>nd</sup> meeting  
held in the Conference Room A of Legislative Council Building  
on Friday, 7 November 2008, at 8:30 am**

**Members present:**

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP (Chairman)  
Hon Alan LEONG Kah-kit, SC (Deputy Chairman)  
Hon Fred LI Wah-ming, JP  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon CHEUNG Hok-ming, SBS, JP  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Hon CHAN Hak-kan  
Hon CHAN Tanya  
Hon WONG Kwok-kin, BBS  
Hon WONG Yuk-man  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Dr Hon Samson TAM Wai-ho, JP

**Members absent:**

Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Albert CHAN Wai-yip  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon Paul CHAN Mo-po, MH, JP  
Dr Hon LEUNG Ka-lau

**Public officers attending:**

Mr Joe C C WONG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>3</sup>
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Mr Raymond YOUNG, JP	Permanent Secretary for Development (Planning and Lands)
Ms Anissa WONG, JP	Permanent Secretary for the Environment
Miss Sandra LAM	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Works)
Mr Enoch LAM Tin-sing, JP	Deputy Secretary (Works) <sup>2</sup> , Development Bureau
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr John CHAI Sung-veng, JP	Director of Civil Engineering and Development
Mr Peter LAU Ka-keung, JP	Director of Drainage Services
Mr WAI Chi-sing, JP	Director of Highways
Mr MA Lee-tak, JP	Director of Water Supplies
Mr Stephen CHAN, JP	Deputy Director (Regulatory Services), Electrical and Mechanical Services Department
Mr CHAN Wing-tak	Chief Technical Adviser (Subvented Projects), Architectural Services Department
Mr Benny WONG Yiu-kam, JP	Deputy Director (1), Environmental Protection Department
Mr CHOW Ying-shun, JP	Project Manager (Major Works), Highways Department
Mr TSUI Wai, JP	Assistant Director (Projects and Development), Drainage Services Department
Ms Mable CHAN	Deputy Secretary (2), Education Bureau
Mr Raymond SY Kim-cheung	Principal Assistant Secretary (Infrastructure and Research Support), Education Bureau
Miss Amy WONG Pui-man	Principal Assistant Secretary (Higher Education), Education Bureau
Ms Sharon HO Ho-shuen	Principal Assistant Secretary (Transport) <sup>5</sup> , Transport and Housing Bureau
Mr Damian LEE Kwok-hung	Assistant Secretary (Recreation and Sport) <sup>1</sup> , Home Affairs Bureau

Mr Eddy YAU Kwok-yin, JP	Assistant Director (Leisure Services) <sup>3</sup> , Leisure and Cultural Services Department
Mrs Dorothy MA	Deputy Secretary-General (1), University Grants Committee
Mr LEE Yan-ming	Chief Traffic Engineer (New Territories West), Transport Department
Mr Peter KAN Tat-sing	Chief Executive Officer (Planning) <sup>2</sup> , Leisure and Cultural Services Department
Professor CHING Pak-chung	Pro-Vice-Chancellor, The Chinese University of Hong Kong
Mr Mike HUDSON	Director of Facilities Management, The Hong Kong University of Science and Technology
Mr Kenneth WONG Pak-keung	Director of Estates, The University of Hong Kong
Dr Albert CHAU Wai-lap	Dean of Student Affairs, The University of Hong Kong
Mr Raymond CHAN Kin-sek, JP	Head of Geotechnical Engineering Office, Civil Engineering and Development Department
Mr IP Wing-cheung	Chief Engineer (Project Management), Drainage Services Department
Mr Elvis AU Wai-kwong, JP	Assistant Director (Water Policy), Environmental Protection Department
Mr MAK Ka-wai	Chief Engineer (Consultants Management), Drainage Services Department
Mr CHAN Kin-kwong	Chief Engineer (Drainage Projects), Drainage Services Department

**Clerk in attendance:**

Ms Connie SZETO	Chief Council Secretary (1) <sup>6</sup>
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**Staff in attendance:**

Mrs Constance LI	Assistant Secretary General 1
Ms Debbie YAU	Senior Council Secretary (1) <sup>1</sup>
Ms Angel SHEK	Council Secretary (1) <sup>2</sup>
Ms Alice CHEUNG	Senior Legislative Assistant (1) <sup>1</sup>
Mr Frankie WOO	Legislative Assistant (1) <sup>2</sup>

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Action

The Chairman advised that normally, he would not limit the speaking time for individual members unless it was necessary. However, he requested members to be concise and specific when raising questions and expressing views on the funding proposals under consideration.

**PWSC(2008-09)16 — Forecast of submissions for the 2008-09  
Legislative Council session**

2. The Chairman advised members that pursuant to an agreement reached between the Legislative Council (LegCo) and the Administration since the 2001-2002 legislative session, the Administration had been providing forecasts of submissions to the Public Works Subcommittee (PWSC) at the beginning of each legislative session. This paper was the forecast of the submissions for the 2008-2009 session (the 2008-2009 forecast) to enable members, including other LegCo Members, to have a preliminary view of the projects and to facilitate the consultation process of capital works projects. The 2008-2009 forecast had been circulated to relevant Panels for members to indicate whether any projects should require detailed discussions at meetings of the relevant Panels, before the Administration submitted the funding applications for the projects to PWSC.

3. Members noted the 2008-2009 forecast.

**PWSC(2008-09)37 — Increase in Approved Project Estimates for 25  
Category A projects under construction**

4. The Chairman advised members that the Administration had briefed the Panel on Development on the proposal at the meeting on 22 October 2008. Mr LAU Wong-fat, Chairman of the Panel on Development, reported that Panel members noted that according to the Administration, the approved project estimates (APE) of 25 Category A projects under construction and 10 other projects under PWSC(2008-09)38 yet to commence works were not sufficient to meet the increases in contract price fluctuation (CPF) as a result of the surge in construction material and labour prices. Some Panel members supported the proposal to increase the APE for those projects with insufficient funds so that they could proceed, whereas other members did not raise any objection to the proposals.

5. Mr WONG Kwok-hing expressed concern whether the projects concerned would be delayed because of insufficient funding.

6. The Permanent Secretary for Development (Works) (PS(W), DEVB) advised that the 25 projects concerned were all in the construction stage and thus there was no question of delay in the works. He explained that the additional funding requests were to cover the shortfall of funds for CPF payments due to increases in construction material prices.

7. Mr WONG Kwok-hing further enquired whether the proposed increase in APE had taken into account the latest market situation, as construction material prices might go down as a result of the recent financial tsunami.

8. PS(W), DEVB advised that the additional funding sought under the proposal was to cover the increase in CPF payments accumulated over the past

few years. He said that there had been steady increase in construction material prices since 2004, but from mid-2007 onwards, there was an accelerated increase. The price deflators, which were used to derive the price adjustment factors for converting project costs from constant prices to money-of-the-day (MOD) prices, over the period from May 2001 to September 2007 were very modest or even negative. The provision for price adjustment in the APE to cover the difference between the MOD prices and the constant prices for CPF payments would result in negative or minimal price adjustments. While the projected provision for price adjustment for the bulk of the projects could cover the increase in prices, the provision for price adjustment reserved for the 25 projects in question turned out to be insufficient given the rapid rise in material prices since mid-2007. It was therefore necessary to increase the APE of the 25 projects to cover the increase in CPF payments.

9. Regarding Mr WONG Kwok-hing's concern, PS(W), DEVB assured members that under the CPF system, payments to the contractors could be adjusted upward or downward in response to changes in the material and labour costs. Payments to contractors would be made in accordance with the movement in the costs of labour and materials, and the payment could be reduced if there was a downward price adjustment.

10. The item was voted on and endorsed.

**PWSC(2008-09)38 — Increase in Approved Project Estimates for ten Category A projects**

11. The Chairman advised members that the Administration had briefed the Panel on Development on the proposal at the meeting on 22 October 2008, and Mr LAU Wong-fat, Chairman of Panel on Development, had reported the deliberations under the previous agenda item.

12. In response to Mr WONG Kwok-hing's enquiry, PS(W), DEVB elaborated on the background leading to the proposed increase in APE for the 10 projects under this funding proposal. He advised that eight of these projects (namely 304EP, 347EP, 104ET, 260RS, 261RS, 162TB, 53EG and 11EL) had undergone tendering procedures. The tenders were invited during early to mid 2008 when construction costs rose rapidly and the risk factor in material prices was relatively higher. The original APE for these projects was not enough to meet the higher-than-expected returned tender prices. For the remaining two projects (i.e. 53EF and 52EG), the site formation works of which had already started, and the tenders for superstructure and remaining works would be invited in late 2008. However, having regard to the current upward market trend, the APE would have to be increased before the projects could proceed to construction.

### Market situation after financial tsunami

13. Mr WONG Kwok-hing opined that, even though the tendering procedures of the eight projects had taken place before the financial tsunami, the Administration should take into account the current downward trend of construction costs and revise the project estimates accordingly. Mr IP Kwok-him raised similar concern and asked whether the proposed increase in provision would lead to unnecessary over-payments to contractors. He reminded the Administration of its vital role to monitor public expenditure to align with changes in the market situation.

14. PS(W), DEVB acknowledged that material costs had marked down after the financial tsunami, but the trend of such reduction and the pace of adjustment over the longer term could not be predicted precisely. He pointed out that apart from the impact of the financial turmoil, there were other external factors affecting the movements of construction costs. For instance, the large number of ongoing construction projects in the Mainland and other neighbouring areas, and the consequent demand for construction materials would push up the prices of construction materials. For the 10 projects concerned, the Administration had examined the case of each individual project and provided reasons for their proposed increases.

15. PS(W), DEVB further pointed out that there were risk factors coming into play when tenderers put in their bids. He explained that for the eight projects for which tendering procedures had taken place, the tenders were invited more or less at a time when construction costs were historically high. The returned tender prices were therefore much higher than the original provisions in the APE.

16. Mr KAM Nai-wai said that if the returned tender prices did not reflect the prevailing market situation, the Administration should consider re-tendering the projects. PS(W), DEVB responded that it was uncertain whether a re-tendering would attract a more favourable bid that could be accommodated within the APE. Moreover, re-tendering would delay the projects by at least a few months which was highly undesirable. This was particularly so in the case of education facilities as the completion of these projects had to tie in with the implementation of "3+3+4" new academic structure by 2012-2013.

### The existing system of disposing government capital works projects

17. Mr IP Kwok-him remained concerned that the Administration should implement the CPF mechanism effectively to safeguard the use of public funds. Mr KAM Nai-wai expressed concern that it would be difficult for LegCo Members to monitor the actual use of the approved funds.

18. PS(W), DEVB assured members that the CPF system would help ensure that the Government would only pay for what should be paid, taking into account the prevailing inflation or deflation. The Director of Highways (DH) apprised members that as works contracts were subject to the CPF provision that allowed

for either upward or downward adjustment in response to changes in the material and labour costs, availability of provisions for price adjustment in the APE did not necessarily mean that such provisions would be used up eventually.

19. Mr Andrew CHENG commented that members were often put in a difficult position in considering proposals to increase the project estimates. While members were concerned about delays of projects, there were often insufficient information in the Administration's papers to assist members to consider the proposed increase. As the Government had expedited various infrastructure projects to boost the economy, Mr CHENG was concerned that some contractors might submit bids with a low price but seek additional provisions subsequently after the tender was awarded. In his view, the contractors should also share the risks in material and labour price fluctuations and the Government should cap the APE adjustments. The various projects under construction seeking increase in APE under PWSC(2008-09)37 reflected the inadequacy of the existing system in cost control. Mr CHENG strongly urged the Administration to review its policy with a view to devising a more stringent and reasonable mechanism for monitoring the project estimates.

20. PS(W), DEVB stressed that the tendering system for government capital works was a well-established system, operating in an open, transparent and fair manner. There were also safeguards under the CPF system, which was an equitable risk sharing method with which the costs would be adjusted in accordance with the established procedures laid down in the contracts.

21. Mr Andrew CHENG said that the Government should play a more proactive role in cost control and in monitoring the adjustments in APE more effectively to safeguard the use of public monies. Ms Starry LEE asked whether APE was adjusted substantially in the past.

22. PS(W), DEVB said that there were more than 800 active Category A projects, and only a small number of cases required adjustment in APE. He maintained the view that the CPF system was adequate for equitable risk sharing between the Government and the contractor, and the system also ensured prudent use of public funds. He added that the Administration had carefully examined the returned tender prices and accepted that some projects called for a bigger increase in APE in response to the higher-than-expected returned tender prices, while other projects entailed relatively modest adjustments.

23. The Chairman pointed out that some contractors might, at the time of submitting bids, have already secured conditional contracts with suppliers of construction materials. If such contract was made when the material costs were high, it would lead to an increase in the APE. PS(W), DEVB said that the Administration would not award the tender before the Finance Committee (FC) approved the relevant funding proposals to increase APE in these 10 cases. If the contractor had acquired construction materials in advance of the award of the tender, they had to shoulder the risks themselves.

Proposed increase in APE for individual projects

24. Ms Starry LEE enquired whether the proposed increase in APE included the full delivery costs of projects, such as any extra cost incurred as a result of the variation orders issued during the construction period.

25. PS(W), DEVB referred members to the enclosures to the Administration's paper which listed out the cost breakdowns of the original APE and revised project estimates for individual projects.

26. Mr KAM Nai-wai pointed out that there was a marked difference in the extent of proposed increase for projects of similar nature. For example, both projects 304EP and 347EP were related to the construction of a 24-classroom primary school, but an increase of \$70 million was sought for 304EP, whereas an increase of \$43 million was sought for 347EP. The same also applied to the two projects of sports facilities, i.e. 260RS and 261RS.

27. PS(W), DEVB explained that the increase in provision depended on the material price increases and the unique circumstances of each case. The Director of Architectural Services (D Arch S) supplemented that the amount of additional provision sought for the APE varied from project to project as the CPF system did not apply to certain projects of short duration. Before July 2008, CPF provisions were incorporated in government capital works contracts with contract duration exceeding 21 months to cover market fluctuations in labour and material costs. To uphold the principle of equitable risk sharing between the Government as the employer and the contractors, the Administration decided recently in July 2008 that all government capital works contracts might incorporate CPF provision regardless of the contract duration. D Arch S further advised that the tenders for 304EP and 260RS had not incorporated the CPF provision as their contract period was less than 21 months and the tenders were invited before July 2008. As regards projects 347EP and 261RS, the CPF provision had been included. He explained that with the CPF provision, the bidder was aware at the time of tender that the contract would be subject to CPF adjustment from the outset. This would remove the uncertainty of inflation and the bidder could set a price based on the current market value of the works. For tenders without the CPF provision, contractors might build in additional premium in their bids for fixed price contracts under an inflationary environment.

28. Mr KAM Nai-wai referred to the "Index Numbers of Costs of Materials used in Public Sector Construction Project" (Enclosure 2 to PWSC(2008-09)38). He pointed out that the cost index for various construction materials for the first two quarters in 2008 were highest among other quarters in the past few years, while tenders for some of the projects under consideration were closed during this period, therefore resulting in higher-than-expected returned tender prices. As such, Mr KAM had reservations about making reference to the index of such a high point retrospectively for adjusting the APE.



29. D Arch S said that tender prices, as distinguished from project estimates, should be assessed in the light of price fluctuations at the time of tender invitation. As the contractor would incorporate his assessment of the future risks in offering the bid, the tender price might deviate substantially from the project estimates prepared by the Administration. In the eight projects for which tenders had been invited, the returned tender prices had in fact reflected the market prices realistically at the time of tendering.

30. Miss Tanya CHAN asked about the justifications for the substantial increase in APE for project 162TB, i.e. the extension of footbridge network in Tsuen Wan – Footbridge A along Tai Ho Road, from \$109.6 million to \$169 million that was more than a 50% increase. She also noted that the provision for price adjustment for this project was also increased drastically from \$2.5 million to \$30.1 million. As the project was approved recently, Miss CHAN was concerned why the Administration could not have foreseen such a sharp differential between the original APE and the returned tender prices. DHy responded that the sharp differential was due to escalation in the cost index for steel, the major material used in constructing the footbridges. He acknowledged that the Administration had not expected such an upsurge in material prices, because under normal circumstances, a mild increase should be adequately covered by contingencies. As regards the increase of \$27.6 million in the provision for price adjustment, it was due to the expected upsurge in CPF payment to the contractor during the construction period.

#### Projects funded under University Grants Committee (UGC)

31. Mr James TO, Mr Abraham SHEK, Mr IP Kwok-him and Mrs Regina IP declared that they were members of the Court of the University of Hong Kong (HKU). Mr SHEK also declared that he was a member of the Council of the Hong Kong University of Science and Technology (HKUST).

32. Referring to projects 53EG and 11EL delivered by the universities, Mr Fred LI expressed concern about the sharp increase in the estimates for area and site development. He pointed out that the APE for the area and site development of project 53EG on the construction of 1 800-place student residences for HKU had tripled from \$65 million to \$215.6 million. As regards project 11EL, which comprised the construction of a five-storey extension block to the existing Academic Building of HKUST, the APE for the area and site development had doubled from \$4.1 million to \$8.1 million. The costs of superstructure works for these university projects also rose tremendously, by more than 50% in some cases. He requested the Administration to elaborate on the justifications for the proposed increases in APE.

33. PS(W), DEVB reiterated that the returned tender prices for projects 53EG and 11EL being much higher than the original provisions in the APE could well be due to the tenderers having put in bigger allowances for the risks they had to shoulder. While re-tendering could be an option, he reminded members of the uncertainties associated with re-tendering and possible delays caused to

time-critical projects.

34. The Director of Estates of HKU (DoE, HKU) said that project 53EG concerning the provision of student hostel places was a highly time-critical project associated with the implementation of the "3+3+4" new academic structure starting from the 2012-2013 academic year. HKU planned to commence the construction works in late 2008 for completion in the second quarter of 2012. He explained that the proposed increase in APE was connected with geotechnical difficulties posed by the steep slope in the site, and there was a need to mount temporary works structures therein before proceeding to further stages of construction. He understood that such structures utilized large quantities of steel materials, the costs of which had risen drastically in the recent period. He added that the design of the temporary works structures was undertaken solely by the contractor, in accordance with the requirements under the Buildings Ordinance (Cap.123) and with the approval of the Buildings Department. DoE, HKU added that, apart from the provision of additional student hostel places, there was also an urgency in project 52EG for the provision of the Human Research Institute for HKU. Hence, re-tendering was considered undesirable in both cases.

35. Mr Fred LI commented that both the Administration and HKU should have known, at the time of preparing project estimates, the existence of a steep slope in the site at Lung Wah Street, and should also foresee the necessary works for compliance with the statutory requirements. Noting that the design of the temporary structures in the project was decided by the contractor alone while the Administration and HKU seemed to play only a passive role, Mr LI expressed concern that the contractor seemed to have a free hand in determining the design and the costs of the temporary structures for the slope. Mr LI considered that the Administration and the universities concerned should give more detailed justifications for the APE adjustments, with explanation on the basis of calculation about the increase in material, labour and other related costs.

36. As a member of the Central and Western District Council, Mr IP Kwok-him expressed concern about the development of the HKU student residences at Lung Wah Street of Kennedy Town. He said that the significant cost increase in the expenditure of area and site development works was inconceivable, given that the Government had already spent some \$150 million on slope formation works in the area and this should have reduced the costs for site development.

37. Mr Abraham SHEK said that under some circumstances, site complications and geotechnical difficulties such as those associated with slopes would only be revealed after detailed site investigation had been carried out. Therefore, some of the works expenditure might not be foreseeable at the early stage when the project estimates were prepared. Mr SHEK considered that the CPF system could adequately address members' concerns about cost control, as the system took into account the prevailing inflation or deflation when making the monthly payments to the contractor. This long established regime served to shield against excessive payment of government funds, while at the same time help

contractors maintain viability of their operation, in particular during great fluctuations of construction costs. Mr SHEK also pointed out that although the Government had undertaken upgrading works for the slope in question, site formation for the building of a hostel would probably entail other works. DoE, HKU confirmed that there was no alteration to the scope of works for the project. Moreover, before the tendering exercise, the University had scrutinized the project estimates in detail in order to trim down expenditure where possible.

38. PS(W), DEVB advised that there was no CPF provision for the four UGC-funded projects. The proposed increase in APE for the projects was made having regard to the higher-than-expected returned tender prices or the sharp increase in tender price index. Acknowledging members' concerns on the substantial increase in the area and site formation expenditure for project 53EG, PS(W), DEVB advised that only through re-tendering could the market be tested to show whether the returned tender price was reasonable.

39. Mrs Regina IP asked why CPF provision was not made for projects under UGC. The Deputy Secretary-General of the University Grants Committee explained that UGC had not prohibited the institutions from including CPF provision in the capital works contracts. UGC would discuss with the institutions on such a need if they put up these requests. However, the current practice of fixed price contract was meant to enable the institutions to have better budgetary control. When there was no provision for price adjustment, in the event that the returned tender price for a particular project was higher than expected, the institutions would first examine the possibility of cost-saving. Architectural Services Department would also be requested to assess whether the bid was reasonable before considering any changes to the APE. She pointed out that in many cases, the institutions would share part of the project costs, as in the case of building student hostels. In this context, the institutions would have the incentive to ensure that the project costs were reasonable. In this connection, Mrs Regina IP requested the Administration to provide progress report to the Subcommittee on the actual expenditures incurred by the four government projects with CPF provisions.

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40. Ms Cyd HO referred to the 18 months' delay in the site formation for the extension of Kwun Lung Lau, which was adjacent to HKU student residence at Lung Wah Street. She considered that the Administration should provide detailed justifications for the proposed increase, for example, breakdowns on the increase in labour and material costs and the complexity of the site formation and other works. She also enquired whether the price adjustment factors were worked out based on historical or projected market conditions. She advised that the Administration should seek the advice of the Government Economist when compiling these figures. PS(W), DEVB advised that the price adjustment factors were derived from Government Economist's forecast of trend rate of change in the price deflator of public sector building and construction output. He said that the price adjustment methodology was developed with the construction industry stakeholders after detailed deliberations. Any changes to this established mechanism would require lengthy consultation.

- Admin 41. Upon the request of Mr Fred LI and Ms Cyd HO, the Administration agreed to provide, before the relevant meeting of FC, a detailed breakdown of the increase in the project estimates together with justifications, for example, the percentage increase in construction material prices and labour costs, the addition of price adjustment factor in the project cost or complications due to geotechnical difficulties. The Administration was also requested to provide the reasons for not foreseeing such increase at the time of drawing up the original project estimates.
- Universities Mr Fred LI and Mr IP Kwok-him also requested the universities to provide supplementary information, before the relevant FC meeting, on the proposed increase in project costs and why such increases could not be foreseen.
42. Mr Abraham SHEK suggested that the Administration could update members from time to time on the current practices associated with public works, including the concepts of APE, CPF and tender price index, to facilitate future discussion of public works projects.
43. The item was voted on and endorsed.

### **Block Allocations**

#### **PWSC(2008-09)39 — Block allocation Subhead 5001BX under the Capital Works Reserve Fund**

44. The Chairman advised members that an information paper on the proposal had been circulated to the Panel on Development on 22 October 2008. He said that the Administration sought members' support to increase the approved allocation for Subhead 5001BX – Landslip Prevention Measures (LPM) for 2008-2009 from \$953 million by \$58 million to \$1,011 million to meet the unexpected additional expenditure in the current financial year for emergency slope stabilization works arising from the June 2008 rainstorm.
45. Mr IP Kwok-him was keen to ensure that the increased allocation would be sufficient to meet the expenditure for slope stabilization works to safeguard public safety. Mr KAM Nai-wai asked about the timing when the Administration would seek further allocation to meet the outstanding shortfall arising from the emergency slope stabilization works.
46. The Director of Civil Engineering and Development (DCED) advised that with the approval of the proposed increase, the LPM programme in 2008-2009 would not be affected. He explained that following the record-breaking rainstorm in June 2008, a large amount of substantial stabilization works on failed or distressed slopes, funded under the LPM programme, needed to be urgently carried out to safeguard public safety. Some works had been implemented urgently after the landslides. DCED referred members to the list of sites involving emergency stabilization works arising from the June 2008 rainstorm (enclosure 1 to PWSC(2008-09)39) and pointed out that the estimated total cost of these

emergency slope stabilization works was \$120.1 million, of which \$60.6 million would be expended within 2008-2009. As only \$2.6 million was allowed for emergency repair works in the original allocation, there was a shortfall of \$58 million to meet the unexpected expenditure in 2008-2009. The Administration therefore proposed to increase the approved allocation for 2008-2009 by \$58 million in order to maintain the original schedule of LPM works.

47. Mr KAM Nai-wai expressed concern about the slow progress of slope stabilization works. DCED responded that the LPM programme, which provided for the investigation and stabilization, in a risk-based priority order, of man-made slopes in Hong Kong, was originally arranged as a 5-year project to be completed by 2000. As part of Government's commitment to improving slope safety and to making man-made slopes look as natural as possible, the LPM programme had been extended for 10 years (i.e 2000-2010). He stressed that the slope stabilization works under the LPM programme were on-going projects and would be implemented as scheduled.

48. The item was voted on and endorsed.

#### **Head 704 – Drainage**

##### **PWSC(2008-09)40      332DS      Lam Tsuen Valley sewerage**

49. The Chairman advised members that the Panel on Environmental Affairs (EA Panel) had been consulted on the proposal on 23 June 2008. While supporting the proposed sewerage works, the Panel emphasized the need for coordination among government departments to ensure proper disposal of construction waste arising from the works.

50. The item was voted on and endorsed.

##### **PWSC(2008-09)41      125DS      Tolo Harbour sewerage of unsewered areas**

51. The Chairman informed members that EA Panel had been consulted on the proposal on 23 June 2008. Panel members noted with concern that affected residents had raised objections to the sewerage improvement projects. The Administration had advised the Panel that it had strengthened communication with affected residents in the implementation of sewerage connection works. Affected residents would be informed of the proposed alignment of the sewerage connections in advance before commencement of works. Discussions between relevant departments and residents had also been held with a view to resolving any objections to the alignment of sewerage connections. According to the Administration, satisfactory progress had been made in the connection to the main sewerage network in the unsewered areas in Shatin, Tai Po and Sai Kung. The Chairman further advised that at the request of Panel members, the Administration had provided a supplementary information paper setting out the extent of land

resumption necessitated by the four sewerage projects.

52. The item was voted on and endorsed.

**PWSC(2008-09)42      109CD      Drainage improvement works in Shuen Wan, Tai Po**

53. The Chairman advised members that an information paper on the project had been circulated to the Panel on Development on 17 October 2008.

54. Ms Cyd HO was concerned about the deteriorating flooding problem resulted from rapid developments where rainwater could not be drained away as readily as before. To tackle the problem, she suggested that instead of implementing post-flooding measures, consideration should be given to address drainage issues associated with construction works before they were approved.

55. The Director of Drainage Services (DDS) advised that significant modifications and improvements had been made to the stormwater drainage system over the years, but there were still some flooding-prone areas affected by heavy rainstorms or severe typhoons. In fact, the Drainage Services Department (DSD) had commissioned a series of eight Stormwater Drainage Master Plan Studies to provide a comprehensive review of the problem, and the current proposal fell under one of them. DDS further outlined DSD's assessment procedures for the drainage impact of development projects. In order to minimize drainage and flooding problems, proponents of development projects, in making town planning submissions, were required if warranted to conduct a Drainage Impact Assessment to demonstrate that with their proposed mitigation measures, the flooding risk to the areas concerned would not be increased.

56. Noting that some private farm lands were converted to form large paved storage areas for containers, Ms Cyd HO expressed concern that such unauthorized change to the land use had brought about adverse impact on the drainage system in the areas.

57. DDS highlighted that in the past, some flooding incidents were caused by the lack of maintenance of the main watercourses in the rural areas. Under the Land Drainage Ordinance (Cap 446), the Government was empowered to gain access into private land where the major watercourses lay to carry out maintenance and to remove obstruction such as illegal structures encroaching upon major watercourses. In response to Ms Cyd HO's further enquiry, DDS said that he was not aware of drainage paths being seriously blocked by unauthorized landfilling. In fact, watercourse desilting and maintenance works were on-going and there had been a definite improvement in the overall situation.

58. The item was voted on and endorsed.

59. The meeting ended at 10:13 am.

Council Business Division 1  
Legislative Council Secretariat  
20 November 2008