

Presentation to the Special Finance Committee of the Legislative Council
by the Secretary for Development
on 26 March 2010 (Friday)

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau. The Controlling Officers under my purview have provided replies to 133 written questions raised by Members accounting for the use of resources in the works portfolio. They are here to respond to any further questions that Members may wish to raise.
- In 2010-11, the allocation for the Development Bureau for its recurrent expenditure on works portfolio is \$8,256.33 million, representing an increase of \$325.34 million or 4.1% as compared with the revised estimate of \$7,930.99 million for 2009-10.
- The initiatives of the Development Bureau outlined in the Financial Secretary's Budget Speech have been set out in the paper submitted to the LegCo Panel on Development for discussion at the meeting to be held next Tuesday (30 March). I would like to take a few minutes to brief Members on several priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

- The Government has invested heavily in infrastructure to promote economic development, create employment opportunities and enhance the long-term competitiveness of Hong Kong. In the past years, we have pressed ahead with construction projects of various scales, including the ten major infrastructure projects (Ten Major Projects) and other major and minor works. The progress of capital works projects in 2009-10 has been very satisfactory and the revised estimate of the Capital Works Programme of \$45.1 billion is \$5.8 billion (15%) higher than the original estimate of \$39.3 billion. When compared with the actual expenditure of \$23.4 billion in 2008-09, there is an increase of over 90%. The projects that have entered into construction phase in 2009-10 include Kai Tak Development, Hong Kong-Zhuhai-Macao Bridge, Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, Central-Wan Chai Bypass and Wan Chai Development Phase 2, Harbour Area Treatment Scheme, stage 2A, and various campus improvement projects for the new “3+3+4” academic structure.
- With the implementation of the various major projects, the capital works expenditure will increase from the 2009-10 revised estimate of \$45.1 billion to \$49.6 billion in 2010-11. Major works projects expected to start in the next financial year include the Kai Tak Cruise Terminal Building, Harbour Area Treatment Scheme, stage 2A -

upgrading of Stonecutters Island sewage treatment works and preliminary treatment works, and Town Park, Indoor Velodrome-cum-Sports Centre in Area 45 of Tseung Kwan O. The estimated \$49.6 billion expenditure will provide 62 500 full year job opportunities in the construction industry, comprising 6 600 job opportunities for professional/ technical staff and 55 900 job opportunities for workers. In addition, the allocation in 2010-11 for minor works, which are generally more labour intensive, has reached \$8.53 billion.

Manpower Resources in Construction Industry

- It is anticipated that there would be a large number of public works projects coming on stream in the coming years. The Construction Industry Council (CIC) has conducted a manpower research and the findings reveal that the local construction industry at the technical/supervisory and worker level is facing an acute ageing problem and possible skills mismatch in individual trades. In order to tackle the manpower challenges at the technical/supervisory and worker level, the Financial Secretary announced in the 2010-11 Budget that \$100 million has been earmarked to support the CIC to strengthen the training and retraining of the local construction personnel, to enhance the skills and competitiveness of in-service construction workers and to attract more people to join the construction industry through promotion and publicity activities. Furthermore, the Government will, together with the construction

industry, take the lead to improve the practice of the industry by introducing best practices in public works projects to further enhance the safety, working environment and conditions in construction sites. I believe that these measures can help attract fresh blood to the industry and meet the manpower needs of future construction projects. I will consult the views of Members of the LegCo Panel on Development next Tuesday (30 March) with a view to seek funding approval from the Finance Committee shortly for implementation of the measures.

Safety

- The portfolios of the departments under the Development Bureau cover several areas of public safety. Incidents that took place in the past have reminded us of the need to maintain a high degree of vigilance to enhance the protection of public safety in various aspects. To address this, efforts have been made in the following areas.

Lift Safety

- In the past year, the Electrical and Mechanical Services Department (EMSD) has revised the Code of Practice for Lift Works and enhanced its work on inspection, training, procurement arrangement, publicity and public education to raise the lift safety standard of private buildings in Hong Kong. Furthermore, our Bureau and the EMSD have started a comprehensive review of the Lifts and Escalators

(Safety) Ordinance with a view to improving operational efficiency of the enforcement work and tightening up the control of maintenance practices. The three-month public consultation period ended recently on 28 February 2010. We are now consolidating the views collected during the consultation and will formulate a proposal for legislative amendment, taking into account feedback from the industry and the public.

Slope Safety

- With the completion of the 10-year Extended Landslip Preventive Measures Programme mainly targeting at substandard government slopes by the end of 2010, we are now implementing a Landslip Prevention and Mitigation Programme (LPMitP). The LPMitP will be implemented on a rolling and risk management basis to deal with the landslide risks associated with the natural hillside catchments and the remaining man-made slopes. A risk-based priority ranking system will be used to determine the ranking of slopes and slope works will be carried out according to a risk-based priority list.

Tree Safety

- Thanks to the support of Members, we have created two directorate posts, i.e. the Principal Assistant Secretary (Greening, Landscape and Tree Management) and the Head of Tree Management Office, to facilitate full implementation of the improvement measures

recommended in the “Report of the Task Force on Tree Management”. We are conducting open recruitment, both locally and overseas, and in-service recruitment for the two posts. The recruitment for the two posts is expected to be completed in the third quarter of this year.

- Meanwhile, the Greening, Landscape and Tree Management (GLTM) Section, and the Greening and Landscape Office and the Tree Management Office under it were set up on 1 March this year. The GLTM Section will be responsible for overall coordination and providing policy steer to the executive departments in their greening, landscape and tree management work to ensure seamless integration from landscape planning and design in the upstream to tree management in the downstream with a view to building a greener environment for Hong Kong.
- In addition, we will create 33 non-directorate posts in seven executive departments and allocate additional resources to enhance tree management in the coming year. A tree unit will be set up in one of these departments, the Lands Department, in April this year, so that there will be professional staff within the Department for direct execution of tree management work so as to streamline the work process.

Minor Works Safety

- As regards minor works, we have implemented a series of measures to enhance their safety standards. These include, inter alia, such measures as enhancing the preventive maintenance mechanism for buildings through regular or irregular inspection and investigation for early detection and handling of maintenance problems; upgrading the risk assessment capacity for minor works by strengthening training for frontline staff and upgrading the information system of the Repair Call Centre of Government buildings; strengthening the supervision and management of the quality and safety of works projects, including stepping up the inspection of high-risk minor works, and enhancing minor works management procedures and system, etc.

Total Water Management

- In 2009, the total fresh water consumption in Hong Kong was 952 million cubic metres. We expect that with the supply of water from Dongjiang and local sources, our existing water supply arrangement will be adequate to cope with the projected demand up to the year 2030. Nevertheless, there is no room for complacency. To cater for uncertainties such as drastic climatic changes and low rainfall, and to enhance the partnership of Hong Kong with other cities in the Pearl River Delta, Hong Kong should make its contribution to water conservation in the region. In this respect, we have formulated a Total Water Management Strategy for the period up to 2030, with

emphasis on containing the growth of water demand through conservation. To achieve this, we have been stepping up public education to promote water conservation; promoting the use of water saving devices; strengthening the control of leakage through implementation of the replacement and rehabilitation programme for aged water mains and the use of new technology to improve pressure management and leakage detection; and taking forward the extension of the seawater flushing supply system. On the other hand, we are committed to strengthening our work on the protection of water resources and are actively considering water reclamation (including the re-use of grey water and rainwater) and developing a seawater desalination plan to enhance our management on water supply. We will brief the LegCo Panel on Development in May on the progress of the Total Water Management being implemented.

Conserving Central

- The Chief Executive has announced in his 2009-10 Policy Address several innovative projects aiming at conserving Central for our future generations and lifting this distinct area in Hong Kong to a new height. With efforts made in the past half year, we are making good progress for the projects.

- **Central Market** : The Urban Renewal Authority (URA) will rehabilitate and revitalise the Central Market into a “Central Oasis” to provide some much needed space and greenery amidst the hustle and bustle of Central for the working population and residents in Central and the general public. The URA has set up the Central Oasis Community Advisory Committee, and conducted an opinion survey to collect public views. It has also commissioned consultants to conduct a structural investigation of the building. The results and findings will be used in formulating the possible usage of different floors of the building.
- **The Original Site of the Former Central School (Former Police Married Quarters on Hollywood Road)** : The site will be transformed into a creative industries landmark which will provide space for the display and sale of creative products, and studios for different creative sectors, education and training centre related to creative industries, as well as lodgings for visiting artists, etc. The Development Bureau and the Commerce and Economic Development Bureau are inviting proposals from interested organisations.
- **Murray Building** : We will commence the planning process within one to two months to amend the zoning of Murray Building site on the outline zoning plan for hotel use.

- **Central Government Offices Complex** : Based on the recommendation of the heritage consultancy study on the Central Government Offices, the Government has decided that the Main and East Wings will be allocated for use by the Department of Justice. The Antiquities and Monuments Office is taking stock of and reviewing the inventory list of items with historical value in the Main and East Wings. The West Wing which has lower historical and architectural significance will be demolished. Part of the site will be for commercial use. The Planning Department is formulating development guidelines for the West Wing site, and will take into full consideration the recommendations of the consultancy study and various land use and planning factors.
- **Hong Kong Sheng Kung Hui Compound** : The Hong Kong Sheng Kung Hui proposes to redevelop its Compound on Lower Albert Road, Central to provide more diversified non-profit making community services. It will preserve the existing four historic buildings within the Compound and it proposes to move part of its facilities in Central to the existing site of Sheng Kung Hui in Mount Butler. The project is non-profit making and will be highly beneficial to the society in terms of enhanced community services and the promotion of heritage conservation. The Government is following it up with the Hong Kong Sheng Kung Hui and will be taking proactive steps to tie in with the implementation of the project.

- **The Central Police Station Compound** :The Government is actively taking forward the conservation and revitalisation of the Central Police Station Compound project in partnership with the Hong Kong Jockey Club (HKJC). To address the concerns and views of the public on the project (including the height and bulk of the new structure), HKJC is working with its consultants to prepare a revised design.
- **The Former French Mission Building (currently the Court of Final Appeal)** : We will continue to conserve this declared monument after the vacation of the Court of Final Appeal in or after 2014. The future use of the building has yet to be decided at the present stage and we intend to take forward the project through an open process. We welcome views from the community on the most suitable adaptive re-use of the building.

Conclusion

- Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.