

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



**GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU**

12TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

OUR REF : L/M(2) to HAB RMU 4-45/8/4
YOUR REF: CB1/F/2/6(III)
TEL NO. : (852) 3509 8013
FAXLINE : (852) 2511 3448

By E-mail & Fax
Fax No.: 2978 7569

6 May 2013

Clerk to Public Works Subcommittee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn.: Ms Annette Lam)

Dear Ms Lam,

**Public Works Subcommittee
Follow-up to Meeting on 13 March 2013**

**Capital Works Reserve Fund
Head 707 Subhead 7017CX**

At the meeting of the Public Works Subcommittee (PWSC) held on 13 March 2013, the Administration was requested to provide information on the overall arrangements regarding the implementation of works projects under the Signature Project Scheme (SPS) and the responsibilities of partner organisations under SPS. The information is given below.

Implementation arrangements of SPS

Partner Organisations

2. In implementing the works projects under SPS, District Councils (DCs) may enlist government departments or engage non-profit making organisations (NPOs), business organisations or statutory bodies as partner

organisations. If non-government departments are to be selected as partners, the selection process must be fair and transparent, and conducted in accordance with the guidelines issued by the Home Affairs Department (HAD). The partners engaged should be approved charitable institutions or trusts of a public character under section 88 of the Inland Revenue Ordinance (Cap. 112). If a business organisation is selected, the relevant business organisation should first form an NPO with independent management and account before entering into partnership with the Government on the SPS project. If the partner organisation is a statutory body, the proposal should be permissible under the enabling Ordinance of the statutory body. If possible, the statutory body should first form an NPO with independent management and account. If an NPO cannot be formed, it should be ensured that the statutory body would keep separate books of account and records of the project for subsequent auditing and inspection.

Funding

3. Same as other capital works projects, works items under SPS will have to go through technical feasibility study, detailed design, impact assessments, etc. before they are submitted to the Finance Committee (FC) for funding approval. In this regard, the Administration has earmarked \$200 million to fund, among other things¹, preliminary studies and consultancies for SPS works projects, and proposed to create a dedicated block allocation to support DCs in identifying, planning and addressing technical aspects of their proposed works projects at the planning stage. Once the funding for individual SPS projects has been approved by FC, all the expenditures for the project, including construction works and non-works activities such as publicity, would be charged to the allocation of \$100 million for each district.

4. Partner organisations may contribute to the capital and/or initial recurrent costs of the projects. They may manage, maintain and/or operate the projects after completion and if the project would generate earnings, such earnings have to be ploughed back to the project in accordance with the objective(s) stated in the project proposal.

¹ The \$200 million will also be used to fund consultancy studies for more complex non-works projects, employment of non-civil service contract staff and central publicity on SPS.

Management and maintenance

5. The management and maintenance responsibilities for SPS works projects will be sorted out before consultation with the relevant Legislative Council (LegCo) Panel and submission to PWSC/FC for funding approval. If DCs partner with government departments, the established government procedures applicable to capital works projects shall apply. If DCs partner with NPOs, the roles and responsibilities of NPOs in relation to management and maintenance should be specified in the agreements to be signed with the NPOs.

Recurrent consequences

6. For works projects to be managed and maintained by government departments, the recurrent consequences (RC) would be sorted out within the Administration before consultation with LegCo Panel and submission to PWSC/FC.

7. If the management and maintenance roles are to be taken up by an NPO, the DC must be satisfied that the project is self-sustainable, i.e. the revenue generated from the project itself should be able to meet the RC, or the NPO has agreed to shoulder the RC of the completed project in the long run. Where necessary and on the pre-requisite that the completed works would become self-sustainable only after a few initial years of operation, a sum of not more than 5% of the project cost could be set aside out of the \$100 million reserved for each district. This fund could be used on a one-off basis to subsidise the start-up, operation, management and/or maintenance of the works for up to a maximum of two years after project commissioning. The relevant requirements would be stated in the submissions to PWSC/FC.

Responsibilities of partner organisations

8. A partner organisation may assume the role of advisory agent and/or delivery agent of a project from inception to completion of construction. It may also undertake the maintenance, management and/or operation roles, depending on the project nature and agreement to be entered into with the partner organisation. Whether a partner organisation would be responsible for the management and maintenance costs, and whether it would bear the asset replacement cost would depend on the terms of the agreement to be entered into with the organisation concerned.

9. Following funding approval by LegCo, the Government will enter into formal agreement with the partner organisation on an SPS project. The agreement would set out the contractual obligations on the implementation, management and maintenance of works to ensure effective operation of the completed works and facilities.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anna Yuen'.

(Ms Anna Yuen)
for Secretary for Home Affairs

c.c. Secretary for Financial Services and the Treasury
(Attn: Ms Joyce HO)
Director of Home Affairs (Attn: Mr. Eric K S HUI)