

中華人民共和國
香港特別行政區政府
政務司司長辦公室



CHIEF SECRETARY
FOR ADMINISTRATION'S OFFICE
Government of the Hong Kong
Special Administrative Region
of the People's Republic of China

22 January 2014

Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Chairman of Public Works Subcommittee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Dr Lo,

Public Works Subcommittee

Overall planning, budgeting, coordination and control of public works programmes

Thank you for your letter dated 10 January 2014, expressing your concerns on the above subject. The Hon Andrew Leung, Chairman of the House Committee, has also drawn my attention to your concerns at one of our regular meetings.

Let me first assure you that in taking forward the policy of investing in infrastructure to promote economic development and meet social needs, the Administration has been mindful of the need to maintain a sustainable capital works programme having regard to, inter alia, affordability in public finances and the delivery capacity of the construction industry.

Under the principle of prudent management of public finances, our internal resource allocation system seeks to ensure that works departments will not earmark excessive funding for capital works projects lest resources which can otherwise be made available to other initiatives are locked up. As such, the relevant works departments always strive to achieve accurate project cost estimates. Our record in this respect shows that in the past ten LegCo sessions, which had witnessed several economic cycles, of the 600 capital works projects with funding approved by the Finance Committee, only about one out of ten required an increase in the approved project estimate. The amount of increase accounted for 3.4% of the \$620 billion total project cost. Taking into account the fast changing external environment, I hope you will agree that this has demonstrated an acceptable track record of the capability of works departments in estimating project cost and controlling project expenditure.

While our works departments have been exercising their best endeavours in estimating project costs, individual projects may require an increase in the project cost due to unforeseen circumstances, such as difficult underground conditions, volatile construction market, turbulent external economic situation, etc. This is the situation in the case of two major public works projects recently discussed by LegCo Members, namely, the "*Central-Wan Chai Bypass and Island Eastern Corridor Link*" and "*Liantang/Heung Yuen Wai Boundary Control Point and Associated Works – Site formation and infrastructure works*". The relevant bureaux and works departments have accounted for the specific reasons for seeking an increase in the approved project estimates when they consulted the relevant Panels, and have set out the detailed justifications in the relevant PWSC papers. Please be assured that the relevant bureaux and works departments will continue to engage LegCo Members and listen to their views in managing the public works programme.

As to your concern on construction manpower, I understand that the Permanent Secretary for Development (Works) will arrange to brief the Development Panel on the relevant issues in due course.

Yours sincerely,



(Mrs Carrie Lam)
Chief Secretary for Administration

c.c. Hon Andrew LEUNG Kwan-yuen, GBS, JP
Chairman of the House Committee, Legislative Council
Secretary for Development
Secretary for Financial Services & the Treasury
Secretary for Transport and Housing