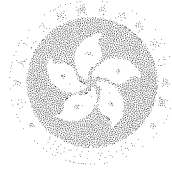


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**FINANCIAL SERVICES AND THE
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來函檔號 Your Ref. :

18 May 2015

Ms Sharon Chung
Chief Council Secretary (1)2
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Chung,

**Follow up to Public Works Sub-committee meeting on 13 May 2015
Construction of West Kowloon Government Offices**

During the discussion of the item ‘74KA - Construction of West Kowloon Government Offices (“WKGO”)’ at the Public Works Sub-committee (“PWSC”) meeting on 13 May 2015, Members requested the Government to provide supplementary information on various subjects. Our reply is set out below.

(1) Public art display area to be provided at WKGO

To promote the development of public art in Hong Kong, we have reserved an area of around 200 m² at the ground level of WKGO for artwork display to provide more opportunities for local artists and those engaged in creative work to showcase their works for public appreciation. The Leisure and Cultural Services Department (“LCSD”) has been making vigorous efforts to launch various art

displays and programmes in different kinds of public spaces. The Art@Government Buildings Project (“AGB Project”) rolled out in 2010 brings works of art into government buildings, including the newly completed Trade and Industry Tower in the Kai Tak Development Area, to foster the development of public art in Hong Kong. Apart from creating an artistic ambience in government buildings, the AGB Project also offers users and visitors a new artistic experience.

In the light of the experience of public art display programmes including the AGB Project, the Home Affairs Bureau and LCSD will study feasible options for the specific modus operandi (including the selection of works for public display) of the public art display area at WKGO.

(2)(a) Assessment of price adjustment factors

In estimating the provision for price adjustment, we adopt the latest price adjustment factors to convert the cost estimates of capital works projects from constant prices into money-of-the-day (“MOD”) prices. The adjustment factor is derived from the Government Economist’s latest set of assumptions based on the trend rate of change in prices of public sector buildings and construction output for the relevant contract period. In the process, we take full account of all the relevant factors, including annual and quarterly survey data on the trend rate of change in prices of public sector buildings and construction output, the overall situation in the labour market, the latest trend of labour wages and prices of construction materials in the construction industry, as well as trends in global and local economic performance. To reasonably reflect the prevailing status, the price adjustment factors are updated every six months. Regular updates are also provided to PWSC for reference on the latest set of price adjustment factors for converting the cost estimates of capital works projects.

As the price adjustment factors are derived from making reference to many factors, it is essential to strike a balance between different price trends for forming a generalized price index with an assumption basis of a long term price trend. Short-term market changes, such as short-term fluctuations in commodity prices and economic cycles or price fluctuations in individual cases, will therefore not have an immediate impact on the price adjustment factors.

(2)(b) Enhancing monitoring on the use of public funds allocated for capital works projects

There are established mechanisms in the Government to ensure the prudent use of public funds on capital works projects. The relevant controlling officers should ensure that works expenditure stays strictly within the approved project estimate (“APE”) for each works project and in strict accordance with the scope of the project as approved by Finance Committee (“FC”) or under delegated authority. Where the APE and/or the approved scope of a project in Category A require a substantial change, the relevant policy bureau should seek approval from FC or the delegated authority.

To facilitate monitoring of project implementation by the Legislative Council, the Government has been providing PWSC with regular reports on the major contracts awarded on capital works projects, significant deviations between accepted tender prices and estimated provisions in the APE and information on projects completed. The annual Estimates also report the actual and estimated expenditure of Category A projects having anticipated expenditure in the estimate year.

Internally, we have put in place mechanisms governing the prudent use of public funds on capital works projects, including the requirement to seek relevant authorities’ approval on the schedule of accommodation (“SoA”) and procurement of furniture and equipment (“F&E”) items. Specifically, relevant user departments are required to seek approval from the Government Property Agency (“GPA”) or the Property Vetting Committee (“PVC”) on the SoA of new government buildings. As part of the laid-down procedures, user departments are required to seek approval from the Financial Services and the Treasury Bureau, GPA or delegated authorities on the purchase of F&E items for use in new government buildings. In considering the SoA and F&E requirements, the relevant authorities will duly vet and consider the request against the relevant rules and the operational needs of the user departments to ensure that the request is justified.

As regards the observations and recommendations set out in the reports of the Audit Commission and the Public Accounts Committee on the new Civil Aviation Department (“CAD”) headquarters project, relevant bureaux and departments have taken appropriate follow-up actions accordingly. The Government will draw lessons to be learnt from the new CAD headquarters project in managing

similar departmental specialist building projects in the future. Among other things, to ensure better control over deviations from approved SoA, the Architectural Services Department has implemented an electronic data sheet information system to collect and review the fitting-out requirements of user departments for their accommodation more effectively and confirm that the fitting-out requirements tally with the approved SoA. On F&E provisions, FSTB and GPA have put in place the practice of issuing a full and final approved F&E list for each project for each user department to facilitate post implementation checking. Briefings have also been held to give officers dealing with accommodation matters in departments a better and clearer understanding of the principles and regulations on the provision and management of government accommodation as laid down in the Government's Accommodation Regulations ("ARs") and impress on them the need to strictly observe these ARs.

(3) Cost estimates on construction of an additional floor of underground carpark

For general indicative purpose, we may make reference to the construction cost information prepared by quantity surveying consultants in Hong Kong. According to a report issued in March 2015, the construction unit cost per m² of a basement carpark up to 2 levels is HK\$17,400 to HK\$24,000+ at Q4 2014 price level and HK\$8,600 to HK\$10,200 per m² for an above-ground multi-story carpark. For basements exceeding two levels, the cost of construction will generally be further increased. Using the HK\$24,000+ figure as the basis of estimation, the cost of constructing another level of basement with a construction floor area of approximately 2,000 m² to accommodate 50 parking spaces will be in the order of about HK\$48M+. In the case of the proposed WKGO, in view of the close proximity of the site to the sea and two underground railways lines, the feasibility of adding another floor of underground carpark cannot be determined at present; even if feasible, the additional cost will be higher than \$48M.

(4) Optimising land utilisation for government, institution or community facilities

Please refer to the paper prepared by Development Bureau and Planning Department at Annex I.

(5) Improving pedestrian accessibility

WKGO is within 10 minutes' walking distance (500 – 600 m) of the Olympic MTR station and 15 minutes' walking distance (1,000 m) of the Yau Ma Tei MTR station.

There are also many bus and mini-bus routes in the vicinity of WKGO. The nearest public transport interchange (Park Avenue) is within 3 minutes' walking distance (200 m). This inter-change currently serves as the terminus or inter-change stop for 7 bus and 2 mini-bus routes. There are also stops for various bus and mini-bus routes along Hoi Wang Road and its vicinity, which facilitate commuting to the nearby MTR stations and other districts throughout the territory.

The Government has plans to provide lifts at the footbridge across Ferry Street and Waterloo Road (which is on the pedestrian route from the Yau Ma Tei MTR station to WKGO) to improve accessibility for pedestrians. The construction works are scheduled to commence later this year for completion in 2018.

TD will later review the traffic situation in the district in relation to the commissioning of WKGO, including pedestrian and vehicular flow, public transport services and transport facilities. Appropriate feasible measures will be introduced as necessary with due regard to actual needs. These may include carrying out traffic engineering works and adjusting public transport services (e.g. strengthening bus and mini-bus services). We will consult the Yau Tsim Mong District Council in a timely manner.

(6) Study on provision of additional parking spaces at WKGO

In response to Members' concerns over the provision of parking space at WKGO, we have conducted a further study. We now propose that on top of the original provision of 92 underground parking spaces, we provide an additional 50 open air parking spaces at the ground level, an increase exceeding 50% over the original provision. After reviewing the original design, we have decided to further revise the design for the ground level of the building. Revisions include altering the ground level vehicular passageway and converting a portion of the greening and

lay-by areas for parking purposes. This will enable us to substantially increase the number of additional parking spaces from 20 (as proposed at the last PWSC meeting on 13 May) to 50. We have tried our very best to optimise the use of available space at the ground level and hope we have struck a right balance between addressing Members' concerns on the one hand, and concerns of the local community on the other over the volume of external vehicular traffic.

(7) Plans for increasing the provision of health care facilities for the elderly

Information provided by the Food and Health Bureau, the Social Welfare Department and the Department of Health is set out at Annex II.

Yours sincerely,



(Frankie LUI)

for Secretary for Financial Services
and the Treasury

c.c. Secretary for Development
Secretary for Food and Health
Director of Architectural Services
Government Property Administrator
Director of Planning
Director of Leisure and Cultural Services
Commissioner for Transport
Director of Health
Director of Social Welfare

Optimising Land Utilisation for Government, Institution and Community (“G/IC”) Facilities

Mechanism and Procedures

It is the Government’s established policy to optimise site utilisation of G/IC facilities. Arrangements are in place to ensure that relevant government bureaux and departments take steps to economise the use of land resources and optimise the utilisation of G/IC sites -

- (a) The Planning Department (“PlanD”) will conduct an independent assessment of the appropriate development parameters including height and plot ratio (“PR”), having regard to the surrounding planning context, prevailing planning parameters, site characteristics, development restrictions/constraints and the nature of the proposed G/IC facilities. More specifically, typical considerations include:
 - (i) *Surrounding planning context* - including the surrounding land uses and zonings, the road and railway networks, neighbourhood setting including waterfront and foothill setting, the local environment, building height (“BH”) profile, character of the community including area of local attraction or historical significance, etc.;
 - (ii) *Prevailing planning parameters* - the permissible PR, BH, site coverage, the urban design framework and guidelines for the surrounding areas;
 - (iii) *Site characteristics* - including the topography and formation level, the area and site configuration;
 - (iv) *Development restrictions/constraints* - including the transport and traffic, environmental, ecological, infrastructure, visual and air ventilation restrictions and constraints;
 - (v) *Nature of the use* - including the type, character, operation and activities of the use and its relation with and

implications on the neighbouring uses;

- (b) The Architectural Services Department (“ArchSD”) will conduct an initial assessment on whether the proposed user requirements could be accommodated and the PR likely to be achieved; and
- (c) If the proposed development cannot fully achieve an optimal degree of site utilisation, the Government Property Agency (“GPA”) will advise the project proponent to further enhance site utilisation by exploring different measures, such as incorporating more facilities to the development, reducing the site area, identifying suitable joint user(s), etc. There had also been cases where the project proponent searched for another site, or used the reserved site on an interim basis whilst allowing room for possible full scale development of the site in future.

2. In case the project proponent considers it necessary to take forward the project notwithstanding that the site potential cannot be optimised according to GPA’s initial assessment, there is a mechanism in place whereby the project proponent is required to refer the case to a committee convened by the Treasury Branch of the Financial Services and the Treasury Bureau for a decision. The committee will consider the case taking into account all relevant factors, including whether the site has other competing uses, the operational justifications for early implementation of the project, environmental considerations and efforts made to enhance utilisation of the site potential, etc.

Development Intensity for G/IC Facilities

3. The Government is mindful of the need to maximise the utilisation of land resources for G/IC facilities. For instance, G/IC facilities that may co-locate with other developments would be considered for incorporation into new residential and commercial developments, where appropriate. Where standalone G/IC facilities are to be developed as capital works projects, mechanisms are already in place as set out above to optimise the site utilisation.

4. From the planning and urban design perspective, certain G/IC facilities together with other open-air or low-rise facilities in areas zoned “Open Space” and “Amenity Areas” often serve as buffer zones and visual and spatial relief in the urban core among high density developments to create design variations, and are often placed on visual or wind corridors to improve ventilation and visual permeability. Hence, facilities on these G/IC sites would not normally be developed to the same intensity and height as surrounding residential or commercial developments. Moreover, openness is required for some facilities such as schools, sports centres, community and cultural centres, either to provide appropriate educational environment, civic landmark and space for outdoor activities, or as urban relief in a densely populated neighbourhood.

5. As the Hong Kong Planning Standards and Guidelines do not stipulate the development parameters (e.g. PR, BH, site coverage, etc.) for G/IC facilities, when determining the reference PR for such G/IC facilities, more weight will be given to the above urban design considerations and special user requirements. PlanD would consult ArchSD on the special user requirements and design considerations and GPA on possible joint users. However, for development of other facilities that are similar to private developments, such as government offices and departmental quarters, PlanD will also make reference to the PR of surrounding developments and the relevant planning context and considerations in determining the optimal PR.

6. Project departments may also consult the relevant District Council (“DC”) on their projects.

Specific case of West Kowloon Government Offices (“WKGO”)

7. In view of the surrounding planning context, prevailing planning parameters, site characteristics, development restrictions/constraints and the nature of the WKGO, a maximum PR of 8 and a maximum BH of 80mPD was recommended for the WKGO project. More specific considerations are as follows -

- (a) The WKGO is situated in Southwest Kowloon planning area

and near to the waterfront. The site is surrounded predominantly by low-rise to medium-rise G/IC uses and medium-rise residential uses¹;

- (b) According to the Air Ventilation Assessment conducted for the area, the WKGO is located at an important air path between the harbour and the core Yau Ma Tei and Mong Kok area. The subject development may block the south-westerly wind from entering the inland and the area at Charming Garden. Suitable design measures should be incorporated to ameliorate the impact²;
- (c) A maximum total PR of 8 is imposed on the “Commercial” zone within the same Outline Zoning Plan to restrict traffic growth.

8. Local consultation on the WKGO project was carried out by GPA and District Office (Yau Tsim Mong) in 2013. During the consultation, Yau Tsim Ming DC requested the Government to reduce environmental impacts, including the BH of the project, as far as possible. Subsequently, GPA proposed, and PlanD agreed, that a “high and low blocks” design should be adopted for WKGO, with two towers respectively at 70mPD and 78mPD.

**Development Bureau
Planning Department**

May 2015

¹ The BHs of the existing buildings (the Charming Garden) to the north and the community college development to the east which are ranging from 67.8mPD to 77.3mPD.

² ArchSD agrees to incorporate suitable design measures to ameliorate the impact in the detailed design stage. In the preliminary design of the WKGO, an air path is reserved in-between the north and south towers, for enhancing air permeability into the Hoi Ting Road.

**Plans for Increasing the Provision of
Health Care Facilities for the Elderly**

Residential and Day Care Services

The Social Welfare Department (“SWD”) provides a variety of subsidised community care services to help elderly persons age in place. Among these are day care services for frail elderly persons provided at Day Care Centres for the Elderly (“DEs”) and Day Care Units for the Elderly (“DCUs”), which cover personal and nursing care, rehabilitation exercise, meal, escort service, etc. While most elderly persons prefer ageing in the community, some frail elderly persons would need institutional care for health or family reasons. In view of the ageing population and the high demand for subsidised residential care places, SWD has been making strenuous efforts to increase the provision. The setting up of new Contract Residential Care Homes for the Elderly (“RCHEs”) is a major initiative in this regard. SWD has earmarked sites in 11 development projects for the construction of new Contract RCHEs, Contract RCHEs with DCUs and DEs. Details are at Appendix 1 & 2.

2. The waiting time for subsidised residential care places for the elderly is affected by a number of factors, for example, whether the applicant specifies a particular RCHE, the special preference of applicants in terms of the location, diet and religious background of the RCHEs, whether the applicant accepts subsidised places provided under the Enhanced Bought Place Scheme/the Nursing Home Place Purchase Scheme, whether the applicant has requested joining family members and/or relatives in a particular home, the turnover rate of individual homes, etc. It is therefore difficult to estimate the expected decrease in the number of applicants on the waiting list for subsidised RCHEs or the waiting time to be shortened.

Health Services for the Elderly

3. At present, there is one Elderly Health Centre (“EHC”) located in each of the eighteen districts. The EHC at Yau Tsim Mong District is located on 1/F, Yau Ma Tei Jockey Club Polyclinic, 145 Battery Street, Yau Ma Tei. The EHC is planned to be relocated to the ex-Mong Kong Market site. The clinic service and environment will be improved after reprovisioning.

4. Moreover, additional manpower resources have been / will be provided to two EHCs with the highest demands for first-time health assessments. A new clinical team has been set up and commenced operation in March 2015 in Lek Yuen EHC. It is estimated that 1 700 additional health assessments can be conducted by this team by the end of 2015. Another new clinical team will be established in 2016 in Wan Chai EHC. DH will closely monitor the waiting time of all 18 EHCs closely and flexibly deploy the manpower resources as appropriate.

**Food and Health Bureau
Social Welfare Department
Department of Health**

May 2015

Appendix 1

Additional Residential Care Places and Day Care Places Provided in New Contract RCHEs / RCHEs with DCUs / DEs (from 2015-16 to 2017-18)

From 2015-16 to 2017-18, six new Contract RCHEs / RCHEs with DCUs and a new DE providing a total of 713 residential care places and 98 day care places are expected to commence service. Details are as follows –

	District	Location	Number of Subsidised Residential Care Places		Number of Non-subsidised Residential Care Places	Number of Subsidised Day Care Places
			Nursing Home Places	Care-and-Attention Places		
1.	Sham Shui Po	Ex-Cheung Sha Wan Police Married Quarters (Contract awarded in July 2014)	81	9	60	0
2.	Yau Tsim Mong	Hoi Fai Road (Contract awarded in November 2014)	81	9	60	0
3.	Wan Chai	Cross Street	50 [Note]	6	37	20
4.	Sham Shui Po	Pratas Street	72 [Note]	8	20	0
5.	Tsuen Wan	West Rail Tsuen Wan West Station	86 [Note]	10	24	20
6.	Sha Tin	Shui Chuen O	54 [Note]	6	40	-
7.	Wan Chai	Kennedy Road	-	-	-	58
Total			424	48	241	98
			713			

Note: Including one designated residential respite care place.

Appendix 2

11 Sites Earmarked for the Construction of New RCHEs, RCHEs with DCUs and DEs

	Location and District	Estimated number of residential care places (including both subsidised and non-subsidised places)^{Note 1}	Estimated number of places of day care centres/units for the elderly (DEs/DCUs)^{Note 2}
1	Tung Chung Area 56, Tung Chung	100	0
2	Un Chau Street / Hing Wah Street / Fuk Wing Street, Sham Shui Po	100	0
3	West Rail Long Ping Station (North), Long Ping, Yuen Long	125	DE: 60 DCU: 20
4	Ex-Kwong Choi Market, Tuen Mun	100	DE: 60
5	Ex-Kwai Chung Police Married Quarters, Kwai Chung	100	DCU: 20
6	Anderson Road, Kwun Tong	100	DCU: 20
7	Government Joint User Complex at Lei King Wan, Sai Wan Ho, Eastern	100	0
8	Choi Yuen Road, Sheung Shui (subject development in this paper)	100	DE: 40
9	Shek Mun Estate Phase II, Sha Tin	150	DCU: 30
10	Fo Tan, Sha Tin Areas 16 & 58D	100	DE: 60
11	Queen's Hill, Fanling	100	DE: 60

Note 1: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the projects. One designated residential respite care place will be included in the subsidised places of each project.

Note 2: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the projects.