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Clerk to Public Works Subcommittee Legislative Council Secretariat Legislative Council Complex 1 Legislative Council Road Central, Hong Kong

(Attn: Ms Doris WY LO)

Dear Ms LO,

Follow-up actions of Public Works Subcommittee meeting on 25 May 2019 [PWSC (2019-20)5]

In the meeting on 25 May 2019, the Public Works Subcommittee requested the Administration to provide supplementary information about the studies related to artificial islands in the Central Waters. The Development Bureau hereby provides the requested information.

Yours sincerely,

Original signed (Jacky WU) for Secretary for Development <u>c.c.</u>

Director of Civil Engineering and Development (Attn: Mr Andy LOK)

LEGISLATIVE COUNCIL PUBLIC WORKS SUBCOMMITTEE

Studies related to Artificial Islands in the Central Waters [PWSC (2019-20)5]

Follow-up Actions Arising from the Public Works Subcommittee Meeting on 25 May 2019

In the meeting of the Public Works Subcommittee (PWSC) on 25 May 2019, PWSC requested the Administration to follow up the matters below:

- (i) The Administration is required to provide supplementary information to advise whether the proposed studies related to artificial islands in the Central Waters will explore the impacts on the implementation of the Lantau Tomorrow Vision if there emerge economic fluctuations in Hong Kong in the long run so as to prepare a contingency proposal; if negative, the reasons for that.
- (ii) As for public works projects with feasibility studies carried out within the current and the previous terms of the Government, the Administration is required to provide supplementary information, in tabular form, on the following:
 - (a) The projects with study findings or recommendations not adopted by the Administration; and
 - (b) In the case where the study findings did not recommend the implementation of the relevant public works projects, the projects that the Administration thereby decided to shelve / not to proceed.
- 2. For the two matters above, the Development Bureau hereby replies as follows:
 - (i) Hong Kong is facing an acute shortage of land supply. We propose studying the development of the artificial islands near Kau Yi Chau having considered the long-term development needs of Hong Kong. This is also in line with the recommendations made by the Task Force on Land Supply (TFLS). As pointed out in the Government's response to the TFLS's recommendations in February 2019, the policy direction of increasing land supply on a sustained basis should be upheld regardless of the short-term economic fluctuations.

Under the studies related to artificial islands in the Central Waters, we would carry out relevant financial assessments, including construction cost, land value and the direct contribution to the economy, in respect of the recommended development proposal.

The Government has all along put in place a stringent audit and monitoring mechanism for the approval of funding for public works and the use of public funds. We will make proper arrangements according to the scale of the plan and having regard to different considerations, such as how to implement the plan in phases as well as the expenditure and revenue involved, to ensure that the project expenditure is fiscally affordable by the Government. With regard to future financial arrangements, we will continue to abide by the principle of prudent financial management, to invest for the future and alleviate people's burdens as well as consult the Legislative Council in due course.

- (ii) According to the information provided by the works departments, no public works project with feasibility studies completed within the current and the previous terms of the Government falls within criterion (a) or (b) below:
 - (a) Findings or recommendations of the feasibility study were not adopted by the Administration; or
 - (b) The Administration decided to shelve / not to proceed with the public works project because the feasibility study did not recommend its implementation.

Development Bureau September 2019