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31 December 2020

Legislative Council Finance Committee Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

(Attn: Ms Ada LAU)

Dear Ms LAU,

**Finance Committee  
Follow up item at the meeting on 4 December 2020**

In respect of the Finance Committee's request to the Administration at the meeting on 4 December 2020 for provision of information, having consulted the Civil Engineering and Development Department and the Planning Department, the Development Bureau hereby provides consolidated responses.

Yours sincerely,

(Original signed)  
( Thomas HUI )  
for Secretary for Development

c.c.

Director of Civil Engineering and Development (Attn: Mr Raymond IP)

Director of Planning (Attn: Mr NG Kim-wai)

**Finance Committee**  
**Follow up item at the meeting on 4 December 2020**

At its meeting on December 4, 2020, the Finance Committee requested the Administration to provide information on the following matters:

FCR(2019-20)27

Explain what financing options will be included in the studies related to artificial islands in the Central Waters (including the pros and cons of the options), and the cost control measures proposed by the Government to implement the artificial islands in Kau Yi Chau (if the project will be supported by the Legislative Council in the future) to prevent underestimation of costs and overestimation of returns; Committee member requested the Government to provide a breakdown of the finance study in the style of paragraph 17 of document PWSC (2019-20)5.

2. Having consulted the Civil Engineering and Development Department and the Planning Department, the Development Bureau hereby provides a coordinated response as follows :

We will conduct financial assessment in the studies related to artificial islands in the Central Waters, including the estimation of project cost, the land values and the direct contribution to the economy. We will also adopt an open mind in exploring different models and financing options to implement large-scale infrastructure projects. With the information obtained from the studies, we will facilitate the community to understand the financing of large-scale infrastructure projects. As the financial assessment is part of the planning and engineering studies, we do not have an estimate of its breakdown.

In the aspect of cost control, the Government has always had a stringent mechanism of review and supervision for budget and expenditure of public works projects. The Development Bureau upgraded the Project Cost Management Office to the Project Strategy and Governance Office in April 2019, and further implemented strategic measures. Based on the principles

of "fitness-for-purpose and no frills", cost effectiveness is ensured through optimization of project design.

**Development Bureau**  
**December 2020**