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17 July, 2003

Miss Becky Yu
Clerk to LegCo Panel on Environmental Affairs
Legislative Council Secretariat
3/F, Citibank Tower
Hong Kong

Dear Miss Yu,

Decommissioning of Cheoy Lee Shipyard at Penny's Bay

I refer to paras 13-14 of the draft minutes of the meeting of the Panel on Environmental Affairs held on 23 June 2003. On the suggested joint meeting with the Panel on Economic Services and the Panel on Planning, Lands and Works, I would like to provide additional information, following consultation with the Department of Justice.

Regarding the recovery of the costs of decontamination expended by Government, we have referred the matter to the Department of Justice for consideration and advice. We understand that the Department of Justice is taking such actions as are appropriate for the purpose. As the owners of the former Cheoy Lee Shipyard is claiming compensation from Government in relation to the extinguishment of marine rights at Penny's Bay, and such claims are pending determination by the Lands Tribunal, the Department of Justice has advised us that we should not engage in any open discussion on the merits of any course of action for the recovery of the costs of decontamination, the legal position of the parties in that respect, and or the applicable practice, policy and law. Otherwise, the legal interests of Government in relation to the current claims and future legal proceedings on recovery of decontamination costs can be prejudiced.

On the liability issue, the Panel on Economic Services has all along been following it up in the context of the Administration's regular reports to the Panel on the progress of the Hong Kong Disneyland project. As and when appropriate, the Administration will update the Panel on new developments on the issue.

Yours sincerely,

(Y S CHOW)
for Director of Civil Engineering

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| c.c. C for Tourism | (Attn : Mr Andy Chan) | - Fax : 2121 8791 |
| SETW | (Attn : Mr Tsui Wai) | - Fax : 2810 8502 |
| D of J | (Attn : Ms Cathy P M Wong) | - Fax : 2869 0062 |
| DEP | (Attn : Mr Simon Hui) | - Fax : 2591 0558 |

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