

**Special Finance Committee Meeting (Works) on 29 March 2004**  
**Opening Remarks by the Secretary for the Environment, Transport and Works**

Mr Chairman,

Capital Works Programme

In 2003-04, we achieved good progress in the delivery of public works projects. As a result of the Administration's sustained efforts in bringing forward public works and close monitoring of the works as well as less adverse weather conditions, the overall progress of projects has been faster than our original forecast. We estimate that we will spend about \$32 Billion on the Capital Works Programme (CWP) in this financial year, which is 3.3% higher than the original estimate of \$31 Billion.

The Government remains committed to keep up the momentum of its investment in infrastructure. Over the six years from 2003-04 to 2008-09, we will set aside provision of \$29 Billion per annum for public works projects. In 2004-05, the estimated expenditure will be higher at about \$32.9 Billion because the construction of some major infrastructural projects (such as the Hong Kong Shenzhen Western Corridor, Deep Bay Link, Route 8 (formerly Route 9) and the Final Phase of School Improvement Works) will be at full swing.

We will continue to re-engineer the methodology for the planning and implementation of infrastructural projects with a view to improving efficiency and cost effectiveness. In October 2003, we promulgated new procedures to enhance the control of changes to projects so as to minimize disruptions and delay to projects caused by changes in scope that may not be fully justified or necessary. We have also required the Works Departments to vet the preliminary design of major projects to ensure its cost-effectiveness before detailed design can proceed. These improvements would further ensure the timely and cost-effective implementation of the projects.

Enhancing Project Monitoring

The Finance Committee has approved the funding for redeveloping and enhancing the project monitoring functions of the current Public Works Management

System. The new System is scheduled for commissioning by end 2004. This will be an effective project monitoring tool which can provide the most up-to-date information on works projects and alert bureaux/departments early of any problems to enable timely actions to be taken to mitigate any potential delays or additional costs to the projects.

#### Public Private Partnership in Reprovisioning Sha Tin Water Treatment Works

Government will continue to review and explore the feasibility of using alternative approaches for delivering large scale projects under the Public Works Programme, including the Public-Private-Partnership (PPP) approach. In reviewing the in-situ reprovisioning of the Sha Tin Water Treatment Works (STWTW), we have completed a preliminary feasibility study on using PPP for delivering this project which concludes that the PPP approach is feasible and beneficial. As such, we will continue to examine the detailed arrangements for implementing the PPP approach and take into consideration the findings and recommendations of the implementation study before deciding on the approach to be adopted for this project. In this respect, the business sector has indicated its interest and has also provided us with information on relevant experience in other countries for our reference.

#### Excavation Permit Fees Charging Scheme

The Land (Miscellaneous Provisions) (Amendment) Ordinance was enacted in May 2003, and will be effective on 1 April 2004. We hope the Ordinance can achieve its objective in regulating street excavations so as to minimize inconvenience to the public and reduce unreasonable delays in completion, as well as helping to recover the administrative cost of the excavation permit system on a user-pays basis. The Director of Highways will announce the details of the implementation of the scheme later. We hope to join hands with the utility industry to ensure that street excavations be proceeded orderly and completed promptly.

#### Construction Industry Review

Working in close partnership with the Provisional Construction Industry Co-ordination Board, we have sustained strong momentum in implementing the recommendations of the Construction Industry Review Committee in achieving continuous quality improvements. Some major areas on which notable progress has been made include introduction of the Construction Industry Council Bill into this

Council last month, launching of the voluntary subcontractor registration scheme in November 2003 and rolling out of specific measures to enhance construction site safety in the private sector.

Mr Chairman, I, as well as the Permanent Secretary and the Works Directors, will be pleased to answer any questions Honourable Members may have.

Monday, March 29, 2004