

**House Committee of the Legislative Council**

**Long Term Accommodation for the Legislative Council**

**PURPOSE**

Pursuant to a review of our public spending priorities, the Government has decided to defer the Tamar development project, which comprises the new Legislative Council Complex (LegCo Complex). This paper sets out the justifications for the Government's decision, and reiterates that the Government's longer-term plan remains to develop the Tamar site into a prime civic centre, with the Central Government Complex (CGC) and the LegCo Complex as its core components.

**BACKGROUND**

2. The Tamar development project comprises the development of a new CGC, a new LegCo Complex, an Exhibition Gallery and a Civic Place at the Tamar site. In view of the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003, the Government decided in late May 2003 to temporarily put the Tamar project on hold in order to review public spending priorities following the outbreak. The Government has completed the review in mid November 2003 and decided to defer the project.

3. The Government had informed the Chairman of the Legislative Council Commission (the Commission) of the decision vide a

letter to her of 19 November 2003, before we made it public. The Chief Secretary for Administration and the Director of Administration have also attended the meetings of the Commission, to explain to Members the justifications for the decision.

## **JUSTIFICATIONS**

4. Having regard to the prevailing political climate and its financial position in the wake of the outbreak of SARS, the Government has come to the view that it is not the right time to proceed with the Tamar project. Given the current and forecast levels of budget deficit, the Government considers that it would not be in public interest to proceed with this project until public finances, as well as public acceptability of major capital spending on office accommodation, change for the better.

5. In arriving at the decision, the Government has reviewed its current financial position taking into account the impact of the outbreak of SARS, as well as the targets of achieving fiscal balance and containing government operating expenditure at \$200 billion by 2008-09 as set by the Financial Secretary earlier on. Proceeding with the Tamar development will no doubt put pressure on our efforts to meet these targets given the substantial additional capital and recurrent expenditure arising from the project.

6. In respect of non-recurrent expenditure, while we are committed to spending an average of \$29 billion a year on public works projects for the next five years, we have critically reviewed the capital works projects now underway and other initiatives in the pipeline, and have come to the conclusion that the Tamar project is of a lower priority

as compared with some other major infrastructural projects. Nonetheless, the decision to defer the Tamar project will not affect government offices building projects which had already secured funding approval from the Finance Committee of LegCo. We have no plans in hand to develop other government offices building projects.

### **Way Forward**

7. The major consideration underpinning the Government's decision to defer the Tamar project is its current and forecast financial position, but not the lack of a suitable site. It remains the Government's longer-term plan to develop the Tamar site as Hong Kong's prime civic centre, for the development of the CGC and the new LegCo Complex. We believe it is the best site for this development.

8. The Government appreciates that for Members and the LegCo Secretariat, the current accommodation is less than satisfactory. We will explore with the Commission viable measures to resolve any short-term and medium term accommodation problems of the Council, and to meet the Council's possible need for additional accommodation and facilities.