

財經事務及庫務局



LC Paper No. PWSC77/19-20(02)

**FINANCIAL SERVICES AND THE
TREASURY BUREAU**

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21 January 2020

Clerk to Public Works Subcommittee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong
(Attn: Ms Doris LO)

Dear Ms LO,

**Provision for Capital Works Reserve Fund block allocations in 2020-21
Items relating to the Police Force set out in PWSC(2019-20)23**

Regarding the agenda item “Provision for Capital Works Reserve Fund block allocations in 2020-21” of the Public Works Subcommittee (LC Paper No. PWSC(2019-20)23), seven Members expressed in a joint letter dated 13 January 2020 that no details had been provided for some projects relating to the Police Force and requested that such projects be singled out for separate deliberation. The Government’s consolidated reply, prepared in consultation with relevant policy bureaux/departments, is given below.

As shown on the “full list of items proposed to be funded by Capital Works Reserve Fund block allocations for 2020-2021” (“the list”) submitted by the Government regarding the above agenda item, two projects under Subhead 3004GX “**Refurbishment of government buildings for items in Category D of the Public Works Programme**” and 16 projects under Subhead 3101GX “**Minor building works for items in Category D of the Public Works Programme**” are related to the Police Headquarters in Wan Chai (“PHQ”). The nature, scope of works and dates of commencement in respect of these 18 projects, involving four separate buildings in the PHQ (Arsenal House, Arsenal House East Wing, Arsenal House West Wing and Caine House), are all different. The cost estimate of each of these projects does not exceed \$30 million and they all fall within the limit for the subheads concerned. Details of the projects are as follows:

Item	Scope of Works
Subhead 3004GX	
1. Refurbishment of emergency lighting systems at public area, East Wing in Hong Kong Police Headquarters	To refurbish the existing emergency lighting systems etc.
2. Refurbishment of lighting systems for 4/F, East Wing in Hong Kong Police Headquarters	To refurbish the existing lighting systems etc.
Subhead 3101GX	
3. Improvement works at 3/F, Arsenal House East Wing, Hong Kong Police Headquarters	To enhance related air-conditioning, lighting and fire services systems etc.
4. Security improvement with associated fitting-out works at 27/F, Arsenal House West Wing, Hong Kong Police Headquarters	To enlarge and upgrade the existing conference rooms and interview rooms etc.
5. Reshuffling of office areas at the Hong Kong Police Headquarters	To provide cellular rooms and repartitioning etc. at 26/F and 27/F.
6. Relocation of railway district base from North Point Police Station to Caine House	To renovate offices at the basement of North Wing, Caine House and carry out related fitting-out works at G/F etc.
7. Enhancement works at 19/F, Arsenal House West Wing, Hong Kong Police Headquarters	To alter the existing layout, enhance the air-conditioning and fire services systems etc.
8. Improvement works at 3/F, Arsenal House East Wing, Hong Kong Police Headquarters	To re-arrange the office setting, enhance the fire services installations, air-conditioning systems, lighting systems, electrical and network installations etc.

9. Fitting-out works at Arsenal House, Hong Kong Police Headquarters	To alter the existing layout, enhance the air-conditioning and fire services systems etc. at 8/F.
10. Security improvement with associated fitting-out works at 3/F, 4/F and 5/F, Arsenal House West Wing, Hong Kong Police Headquarters	To enhance some of the building services installations in the central equipment rooms, offices and workshops etc.
11. Fitting out of accommodation at Caine House, Hong Kong Police Headquarters	To refurbish and alter existing rooms or layout, and carry out fitting out works at G/F, 4/F and 7/F.
12. Enhancement of power supply for Arsenal House East Wing, Hong Kong Police Headquarters	To improve and upgrade the existing power supply systems etc.
13. Fitting-out works at 5/F, Arsenal House East Wing, Hong Kong Police Headquarters	To alter the existing rooms, enhance the existing offices etc.
14. Fitting-out works at 18/F of Arsenal House, Hong Kong Police Headquarters	To improve the existing office layout and equipment which includes providing sufficient power points, TV ports and LAN ports and enhancing the lighting and air-conditioning systems etc.
15. Fitting-out works at 11/F of Arsenal House West Wing and 8/F of Arsenal House, Hong Kong Police Headquarters	<ul style="list-style-type: none"> - To improve the existing fixture, partition and access. - To construct and provide new emergency exits, exhaust systems, fire compartments, build-in laboratory benches, storage cabinets, shelves, fume hoods etc.
16. Fitting-out works at 7/F of Arsenal House, Hong Kong Police Headquarters	To install constant temperature and humidity control air conditioning system etc.

17. Fitting-out works at 28/F of Arsenal House West Wing, Hong Kong Police Headquarters	To repartition, redesign and enhance office equipment which includes providing sufficient power points, TV ports and LAN ports and enhancing the lighting and air-conditioning systems etc.
18. Upgrading of central control and monitoring systems for electricity saving at Main Wing, Arsenal House, Hong Kong Police Headquarters	To improve the existing central control and monitoring system for enhancing efficiency in electricity saving etc.

In the letter, the Members also expressed concerns about the police facilities in Kong Nga Po. The Government plans to co-locate in Kong Nga Po police training facilities, so as to release existing and planned sites for police facilities in the Kwu Tung North and Fanling North New Development Area for other uses. To implement the plan, in addition to the main works, the Government needs to carry out detailed design and investigation for site formation and infrastructure works (Subhead 7100CX) and pay compensation and ex-gratia allowances relating to land resumption (Subhead 1100CA), as well as consultancy fees for quantity surveying consultancy service and environmental impact advisory consultancy service (Subhead 3100GX).

Item No. 7E67CL under Subhead 7100CX is about detailed design and site investigation for the site formation and infrastructure works for police facilities in Kong Nga Po. The project has been completed and account is being finalised. It will be removed from the list upon the settlement of account. On the basis of the detailed design and site investigation, the Government obtained funding approval from the Finance Committee (FC) on 3 May 2019 to carry out the site formation for the Kong Nga Po site and the main construction works for the infrastructure. The relevant contract commenced on 27 November 2019. Land clearance works have started and item Nos. 4 and 5 under Subhead 1100CA are about the compensation and ex-gratia allowances involved.

Item No. 279LP under Subhead 3100GX is about consultancy fees for quantity surveying service and environmental impact advisory service for police facilities in Kong Nga Po. The quantity surveying consultancy service is required for preparation of the main building works contract tender, which includes preparing tender documents and assisting in tender assessment. The consultancy service is anticipated to be commenced between the second and the third quarters of 2020. As for the environmental impact advisory service

which is required to conduct a supplementary preliminary environmental review to ensure the compliance with the requirements stated in the approved environmental permit. Such service is expected to be commenced between the first and the second quarters of 2020.

The Government has been committed to promoting economic development and improving people's livelihood through launching public works projects. The block allocations mechanism has long been established. In accordance with the resolution of the Legislative Council on the establishment of the Capital Works Reserve Fund (CWRF), the Financial Secretary is responsible for the administration of the CWRF. The block allocations mechanism was established on the basis of the CWRF, under which specific subheads are created to enable the Government to respond promptly to the ever-changing needs of the community by implementing, under duly delegated authority from the legislature, more than 10 000 important works projects of a smaller scale and pre-construction activities every year.

The operation of the block allocations mechanism involves elaborate procedures and considerations of the use of public funds, including assessment of project priorities and management of works progress and contract accounts, etc. The idea of establishing the mechanism as well as the creation of new subheads and the amendments made over the years were initiated by the Government and then introduced to the legislature for deliberation and approval. The aim is to ensure the practicability of the mechanism and avoid any adverse impact on the operation of the CWRF, while giving due respect and recognition to the legislature's functions to scrutinise and endorse proposed amendments. Furthermore, the block allocations arrangement is a pragmatic and effective approach as it enables the FC to focus its time and resources on vetting more important and higher valued projects. Singling out individual items for deliberation by the PWSC and the FC runs contrary to the intention of establishing the block allocations mechanism, which is to enable the FC to make more effective use of meeting time, and will seriously undermine the efficiency in scrutinising and approving proposals. The Government opposes to the singling out of some projects for separate deliberation and opines that voting should be on the basis of block allocation in accordance with the existing mechanism.

The FC convened a special meeting to discuss the block allocations mechanism in late 2017, during which Members expressed many different views, including the singling out of controversial items for separate deliberation. The Government responded by providing the above justifications and gained the understanding of Members. As a result, the current practice under the block allocations mechanism was maintained.

In administering and expending monies from the CWRF, the Government has been

acting in strict accordance with the authority delegated by the FC. The existing practice of delegation of authority is a precise and effective arrangement, with which the Government can administer the CWRP effectively and ensure proper use of monies to achieve the purpose of the CWRP in financing capital works projects, while complying with all the conditions and restrictions imposed by the FC.

The relevant departments and controlling officers for the subheads will endeavor to answer Members' enquiries at meetings, and are ready to provide written replies after the meetings.

Yours sincerely,

(Original signed)

(Margaret HSIA)
for Secretary for Financial Services
and the Treasury

c.c. Hon CHAN Kin-por, Chairman of the Finance Committee
(Attn: Ms Anita SIT, Clerk to the Finance Committee)

Secretary for Security
Commissioner of Police