

**Secretary for Development's Speaking Notes
for the LegCo Special Finance Committee Meeting
on 23 March 2011 (Wednesday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau. The Controlling Officers under my purview have provided replies to 147 written questions raised by Members accounting for the use of resources in the works portfolio. They are here to respond to any further questions that Members may wish to raise.
- In 2011-12, the allocation for the Development Bureau for its recurrent expenditure on works portfolio is \$8,480.02 million, representing an increase of \$241.64 million or 2.9% as compared with the revised estimate of \$8,238.38 million for 2010-11.
- In 2011-12, we will increase 15 civil service posts, which will be deployed mainly for the support of various works projects and related works.
- Now, I would like to brief Members on several priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

- The Government continues to press ahead with construction projects of various scales, including the ten major infrastructure projects and other major to minor works to promote economic

development, create employment opportunities and enhance the long-term competitiveness of Hong Kong.

- Our capital works expenditure rose substantially from \$20.5 billion in 2007-08 to the revised estimate of \$49.6 billion in 2010-11. Progress of the works projects is very satisfactory. The revised estimated expenditure is expected to be met in full. The estimated capital works expenditure for 2011-12 will reach a record high of over \$58 billion, providing 63 600 job opportunities, comprising about 6 700 job opportunities for professional and technical staff and about 56 900 job opportunities for workers. The funding allocation in 2011-12 for minor works also stays high at \$8.36 billion.
- Our efforts to forge ahead with infrastructure development have helped to lower the unemployment rate of the construction sector from the peak of 12.8% in the first quarter of 2009 to 5.4% in the latest quarter.

Manpower Resources in Construction Industry

- To cope with the delivery of public works projects coming on stream in the next few years, we are taking positive steps to address the aging and skill mismatch problem of the construction workers. In this connection, we secured a one-off funding of \$100 million from the Finance Committee of the Legislative Council in May last year to support the Construction Industry Council (CIC) to enhance training and trade testing for prospective fresh blood and local in-service construction personnel. To this end, the CIC has, with the positive support of employers of respective trades, launched various initiatives

including the “Enhanced Construction Manpower Training Scheme”. The average age of the trainees joining the scheme is 32 and close to 30% of them are aged below 25. This indicates that the scheme can really attract trainees of younger age. Moreover, the above allocation will also be used to enhance promotion and publicity activities and to provide information on the industry to let more people know about the career prospect of the trade, so as to encourage more newcomers, especially young people, to the industry.

- To uplift the image of the industry, the Government has introduced various measures in public works contracts to improve the practices of the industry. These measures include improving the site operating environment, safeguarding construction site safety, improving site cleanliness and tidiness, and requiring contractors to provide uniform for site personnel. With the joint efforts of the industry and the Government, we believe we can maintain a highly-skilled and multi-skilled workforce for the continual development of Hong Kong.
- The Construction Workers Registration Authority (CWRA) and the CIC have been working closely since their establishment in 2004 and 2007 and the CIC has played an important role in the workers registration system. We proposed the amalgamation of the CIC and the CWRA so as to enhance the efficiency and effectiveness of the industry through realizing the benefits brought about by synergy. The proposal was supported by the CIC, the CWRA and the Panel on Development of the Legislative Council. We are making legislative amendments to the relevant ordinances for the proposed amalgamation.

Increasing Land Supply

- Hong Kong has been developing land through various means to meet our needs for housing and economic development. In the process of land development, many difficulties were encountered. We need a new way of thinking to review our existing land use and explore new ways to increase the supply of land, including reclamation on an appropriate scale outside Victoria Harbour and rock cavern development. The Financial Secretary has mentioned in his Budget Speech that about \$300 million will be allocated to the Development Bureau to initiate public discussion about the feasibility of these new options by carrying out relevant studies and public engagement exercises in the next few years. The consultation will cover how to enhance the use of rock caverns, how to re-use the public fill generated from the local construction industry every year in reclamation works, and the treatment and disposal of contaminated sediments, in an environment-friendly manner, from local dredging works in designated areas of new reclamations.
- On reclamation, the Government has previously considered proposed sites in the western part of the New Territories and the northern part of Lantau Island. In the public engagement exercise to be conducted in due course, apart from reviewing these sites, we will conduct at the same time a comprehensive site search outside Victoria Harbour to identify other suitable locations. We will consider a number of factors, including engineering feasibility, cost-effectiveness and public acceptability, before deciding on how to implement the proposal.
- On enhancing the use of rock caverns, the Civil Engineering

and Development Department commenced a strategic planning and technical study in March 2010 to explore the feasibility of constructing major rock caverns for developments. The study will be completed soon. We will consult the Panel on Development of the Legislative Council on the above findings. Further planning and engineering studies will commence after the public engagement exercise.

- In support of the efforts to revitalise industrial buildings, we are considering purchasing an industrial building for conversion into an office building for the relocation of the New Territories West Regional Office of the Water Supplies Department (WSD). Apart from injecting new impetus into an old industrial area, the original site of the WSD office in the central commercial area in Mong Kok will also be vacated to allow for its more effective use. We plan to adopt green design and introduce environment-friendly and water conservation measures for the conversion works as far as possible. The experience gained will provide practical reference for incorporating green features in retrofitting buildings. This is also in line with the Government's policy in promoting green buildings. We plan to submit the proposal to the Panel on Development of the Legislative Council in April and will launch the project right after funding approval from the Finance Committee in due course.

Risk Management

- The portfolios of the departments under the Development Bureau cover several areas of public safety. Incidents that took

place in the past have reminded us of the need to maintain a high degree of vigilance to enhance the work in the following areas.

Lift Safety

- In the past year, the Electrical and Mechanical Services Department has enhanced its work on inspection, training, procurement arrangement, publicity and public education to raise the lift safety standard of private buildings in Hong Kong. Furthermore, to enhance the regulation of lift and escalator safety, the Bureau has almost completed the drafting of a bill to repeal in whole the existing Lifts and Escalators (Safety) Ordinance (Cap. 327). We plan to introduce the bill to the Legislative Council in the second quarter of 2011 with a view to enhancing lift and escalator safety at the earliest opportunity.

Water Supply and Water Leakage

- In 2010, the total fresh water consumption in Hong Kong was 936 million cubic metres. We expect that with the supply of water from Dongjiang and local sources, our existing water supply arrangement will be adequate to cope with the projected demand up to the year 2030. Nevertheless, there is no room for complacency. To cater for uncertainties such as drastic climatic changes and low rainfall, and to enhance the partnership of Hong Kong with other cities in the Pearl River Delta, Hong Kong should make its contribution to water conservation in the region. In this respect, we have formulated a Total Water Management Strategy for the period up to 2030, with emphasis on containing the growth of water demand through conservation. To achieve this, we have been stepping up public education to promote

water conservation; promoting the use of water saving devices; strengthening the control of leakage through implementation of the replacement and rehabilitation programme for aged water mains and the use of new technology to improve pressure management and leakage detection; taking forward the extension of the seawater flushing supply system; actively considering water reclamation; and keeping in view the technological development in seawater desalination overseas.

Flooding

- The Government has been carrying out comprehensive assessment of the drainage capability of all the districts in the territory and drainage improvement programmes have been formulated to alleviate the risks of flooding.
- On improvement against the risk of flooding in the urban area, we are now implementing three drainage tunnel projects: Hong Kong West Drainage Tunnel, Tsuen Wan Drainage Tunnel and Lai Chi Kok Drainage Tunnel at a total cost of \$6 billion. These projects are expected to be completed one after another from 2012 to 2013. The Drainage Services Department is planning to take forward a project for the provision of an underground stormwater storage tank in Happy Valley to further relieve the flooding risks in the low-lying areas in Happy Valley including the Racecourse. We plan to seek funding approval this year for the construction works which are expected to be carried out by phases from end of 2011 to early 2018.
- Following the development in the New Territories, we commenced a consultancy study in 31 March 2008 to review the

Drainage Master Plans for Yuen Long and North District of the New Territories, which were completed in 1998 and 1999 respectively. The consultancy study is expected to be completed in 2011 and will provide recommendations on flood prevention. Works projects will be proposed for implementation after completion of the study.

Slope Safety

- We launched a Landslip Prevention and Mitigation Programme (LPMitP) in 2010 to dovetail with the Landslip Prevention Measures Programme which is due for completion in late 2010. The LPMitP will be implemented on a continuous and risk management basis to deal with the landslide risks associated with the natural hillside catchments and the remaining man-made slopes. A risk-based priority ranking system will be used to determine the ranking of slopes and slope works will be carried out according to a risk-based priority list.

Tree Safety

- Established in March last year, the Greening, Landscape and Tree Management Section is underpinned by the Greening and Landscape Office (GLO) and the Tree Management Office (TMO) work. Two offices work in close co-operation to promote a holistic greening approach embracing adequate space allocation for new planting, proper selection of planting species as well as quality landscape design and planting practices in the upstream and proper vegetation maintenance in the downstream, with due emphasis on protection of public safety as a priority consideration.

- Based on the experience of tree risk assessment work last year, the TMO conducted a new round of assessment in collaboration with the tree management departments early this year. It will continue to step up audit checks on the trees managed by departments to ensure that all tree management work is conducted in a professional and prudent manner in preparation for the onset of wet season to better protect public safety. We will also continue to encourage community surveillance of trees in the territory through various channels, e.g. enhancing public education. Recently, with the assistance of the Chi Lin Nunnery, we have carried out the maintenance work for the two old trees at the Central Government Offices and the Murray Building respectively. We will, on the basis of the experience gained, strengthen the maintenance work for the trees under the Register of Old and Valuable Trees.

Heritage Conservation

- The Financial Secretary announced in his 2011-12 Budget that an additional funding of \$500 million has been earmarked for the implementation of more revitalisation projects of government-owned historic buildings to show the Government's continuous commitment to conservation of historic buildings. Besides preservation of historic buildings and enhancement of the urban cultural landscape, the revitalisation projects can also bring much benefit to local economy.
- Good progress has been made for the various revitalisation projects launched by our Bureau in recent years. The Savannah College of Art and Design (SCAD) Hong Kong Campus at the

North Kowloon Magistracy under Batch I of the Scheme has been in operation with student intake since September last year. The remaining five projects (including the revitalisation of the Old Tai O Police Station into a boutique hotel, the revitalisation of Lui Seng Chun in Yau Tsim Mong into a Chinese Medicine and Healthcare Centre, the revitalisation of the former Lai Chi Kok Hospital in Sham Shui Po into the Jao Tsung-I Academy, the revitalisation of Mei Ho House in Sham Shui Po into a youth hostel, and the revitalisation of Fong Yuen Study Hall in Ma Wan into a Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum) are expected to be commissioned from late 2011 to 2012. As for the three projects under Batch II (including the revitalisation of the Old Tai Po Police Station into the Green Hub for sustainable living, the revitalisation of the Blue House Cluster in Wan Chai into a cluster with diversified community services, and the revitalisation of Stone House at Hau Wong Temple New Village in Kowloon City into a themed cafeteria-cum-Visitor Information Centre), funding approval will be sought from the Legislative Council this year for the works to be carried out.

- The Central Police Station Compound will be revitalised into a centre for heritage, art and leisure. The Hong Kong Jockey Club is carrying out the planning work prior to construction and we expect the project can start in late 2011 at the earliest.
- As for the project to transform the Former Police Married Quarters into “PMQ” by the Development Bureau in collaboration with the Architectural Services Department and the Musketeers Foundation, funding approval is expected to be sought in mid-2011 and the project is expected to commence in

mid-2012. The conservation and revitalisation of the Haw Par Mansion is a new attempt and the revitalised facilities will be operated in commercial mode. We are now inviting tenders for the project.

- Our Bureau plans to launch the Batch III of the Revitalising Historic Buildings through Partnership Scheme (the Scheme) in mid-2011. Submissions for the proposals of projects under the new Batch will be invited. These projects include King Yin Lei at Stubbs Road, the Former Fanling Magistracy under Batch II of the Scheme in which no suitable proposal has been selected, and other government-owned historic buildings being identified. Among them, King Yin Lei is the first privately-owned historic building that is preserved in the form of land exchange. With our efforts for nearly three years, it has been successfully restored. We will organise an open day in April for the public to appreciate this declared monument at a close distance and to understand its restoration process. Details for the open day will be announced shortly.
- The Development Bureau and the Antiquities and Monuments Office will continue to proactively reach out to private owners and offer assistance (including technical advice and financial assistance for the maintenance of historic buildings as well as the offer of economic incentives for heritage-cum-development projects) to encourage and facilitate the preservation of their historic buildings.

Conclusion

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.
