

## **LCQ5: Ex-Municipal Council projects**

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Following is a question by the Hon Cheung Hok-ming and a reply by the Secretary for Home Affairs, Dr Patrick Ho, in the Legislative Council today (November 30):

### *Question:*

Regarding the 169 outstanding ex-Municipal Council projects, 23 of them had been shelved or deleted after consultation with the relevant District Councils. As for the remaining projects, the Government decided in January this year to bring forward 25 of them for priority implementation. In this connection, will the Government inform this Council:

- (a) whether these 25 projects have to compete with other public works projects for government funding, or will be funded under a special account so that they can be completed as early as possible;
- (b) of the updated implementation timetable and arrangements for the remaining hundred-odd projects, and the number of those which are scheduled to commence within the coming five years; and
- (c) whether it has considered setting up a special funding account to ensure that the projects mentioned in (b) will be implemented and completed as soon as possible; if not, the measures taken by the authorities to expedite the implementation of such projects?

### *Reply:*

Madam President,

- (a) When making funding allocation arrangements for the projects under the annual Capital Works Resource Allocation Exercise, the Government will give full consideration to the justifications, readiness and technical feasibility of individual projects, its overall affordability and the priority accorded by bureaux and

departments to projects under their policy areas so as to ensure that public resources are put to optimal use. The resource allocation mechanism has operated for many years and is applicable to all government projects. Hence, the 25 Leisure and Cultural Services (LCS) projects announced for priority implementation early this year must also be considered together with other capital projects in the annual Resource Allocation Exercise in accordance with the established procedures.

Although the Government has not put aside a special sum of money for LCS projects, it has all along been committed in taking forward LCS projects. Since the establishment of the Leisure and Cultural Services Department (LCSD), 56 projects have been completed as at mid-November 2005, involving a total project cost of \$9,500 million. There are now 16 projects under construction, which are expected to be completed within the coming years at a project cost of \$1,200 million. Another 44 projects have received funding and will commence construction shortly at a project cost of \$4,700 million. These huge sums of project costs have fully demonstrated that the Government has attached importance to leisure and cultural facilities and made commitments in this area. In 2005 alone, we have already earmarked public works expenditure of about \$2,600 million for 15 projects out of the 25 priority projects and reserved additional resources to meet the operating expenses of these facilities. Nine of these projects are expected to commence construction in 2007 the earliest while the remaining projects will also commence construction one after another at a later stage.

As for the remaining ten projects, the project nature is more complex. Taking the ecological park at Tso Kung Tam Valley, Tsuen Wan, as an example, we are required to set the project scope without compromising conservation of the natural ecological environment. District organisations and green groups have to be consulted in the process. Upon completion of the planning work of these projects and their related technical feasibility studies, we will secure earmarked funding as early as practicable and submit funding application to the Public Works Sub-committee and the Finance Committee. The tentative construction commencement dates of these ten projects will lie between 2009 and 2010.

(b) Among the present 139 outstanding ex-Municipal Council (ex-MC) LCS projects, 12 of them have been deleted and 16 have already been completed. There are 18 projects which have received funding (including those under construction or soon to commence construction) and 21 projects (including those taken from the 25 priority projects) are under active pre-construction planning work. Two other projects have

also been listed as "Private Sector Finance" pilot projects. The remaining 70 projects together with four projects requested by the District Councils (DC) to be reactivated from the "put-on-hold" list, making a total of 74 projects are put under review.

Under the coordination of the Home Affairs Bureau (HAB) and with the assistance of other bureaux and government departments concerned, we are now making full efforts to implement the 25 priority projects announced in early 2005 and have already advanced the tentative implementation schedules for 21 of them. Nine projects will commence construction in 2007 while other projects will also be launched one after another in the years following 2007. In the 2005 Resource Allocation Exercise, we have succeeded in bidding earmarked funding for 15 projects, which involve estimated capital costs and recurrent costs of about \$2,600 million and \$122 million respectively.

It is estimated that the 74 outstanding ex-MC projects will involve a total capital cost of about \$10 billion. The HAB will continue to supervise and urge the LCSD to review these 74 projects and consult the DCs. The consultation exercise is expected to be completed by early 2006. Upon the completion of the DC consultation, we will report to the relevant LegCo Panel. We will base on the result of the LCSD's preliminary internal review and propose selecting ten-odd justified projects for implementation. Subject to DC support, we will initiate the pre-construction planning process and apply for funding to carry out the construction works. Nevertheless, the 25 priority projects will still be high on our agenda. Apart from following up the ex-MC projects, we will also propose constructing other LCS facilities according to local needs and apply for the necessary resources for their implementation.

(c) As we have pointed out in our reply to item (a), all capital projects must obtain funding in accordance with the established mechanism and procedures, including firstly the confirmation of the technical feasibility of the project, clear definition of the project scope and estimation of project expenditure, etc. Only through such a process can we ensure the optimal use of public resources.

We will learn from the experience of handling the 25 priority projects and shorten the time required in the pre-construction preparation and planning process of the remaining projects wherever possible so that the projects can commence construction as soon as possible. Once the scope, nature and costs of individual projects have been confirmed, we will bid the necessary funding as early as

practicable and apply to the Public Works Sub-committee and the Finance Committee for funding approval.

Thank you, President.

Ends/Wednesday, November 30, 2005

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