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政府總部
發展局
工務科



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Development Bureau
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By Fax and Post
24 October 2016

Distribution List

Dear Sirs/Madams,

Cost Management for Public Works Projects

Thank you for your letter of 28 September 2016 addressed to the Secretary for Development. I am authorized to make a response to you on your views regarding cost management for public works projects.

Hong Kong has faced the grave challenge of high construction cost for some years. This is not only affecting Hong Kong's competitiveness but also undermining the cost-effectiveness of Government's capital works investment to enhance people's living environment and sustain our long term development. The Government has therefore announced both in the 2016 Policy Address and 2016-17 Budget the need to strengthen cost control for public works to ensure public funds are well spent.

We have now established the Project Cost Management Office (PCMO), which is a multi-disciplinary office, to devise, promote, coordinate and spearhead the relevant cost management initiatives for public works projects. It is our plan to implement cost control measures through system

re-engineering and design optimization. In particular, we are promoting the "no frills" and "fitness for purpose" principles in the design of public works projects. This will both encourage and facilitate the project officers to formulate designs that are cost-effective and also creative, aesthetically pleasing, practical and serving the intended functions. The objective is to ensure the sustainability of public finance for the continued investment in infrastructure development for Hong Kong. Notwithstanding, please be rest assured that all these initiatives will be subject to the overriding principle of not compromising functionality, quality and safety of works. There is no question at all of pursuing cost reduction at the expense of living quality, building safety nor environmental friendliness.

I am sure you will agree that it is incumbent upon the professionals to strive for cost-effectiveness while safeguarding the functionality, quality and safety of works, including landscaping and greening for infrastructure. The PCMO has been meeting professional institutions, trade associations and industry stakeholders in this regard to gather views on the relevant cost management initiatives. We are also looking forward to further collaborating with all the professional institutions in promoting and pursuing cost management in the construction industry. We appreciate your suggestions and ideas which are important for achieving collectively a better built environment for Hong Kong.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'John Kwong', written in a cursive style.

(John KWONG)

Head/Project Cost Management Office

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