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**Public Works Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 3rd meeting
held in the Chamber of Legislative Council Building
on Wednesday, 8 November 2000, at 10:45 am**

Members present :

Ir Dr Hon Raymond HO Chung-tai, JP (Chairman)

Hon Albert CHAN Wai-yip (Deputy Chairman)

Hon Kenneth TING Woo-shou, JP

Hon Eric LI Ka-cheung, JP

Hon Fred LI Wah-ming, JP

Prof Hon NG Ching-fai

Hon James TO Kun-sun

Hon CHAN Yuen-han

Hon CHAN Kam-lam

Hon SIN Chung-kai

Hon Andrew WONG Wang-fat, JP

Hon LAU Kong-wah

Hon Mrs Miriam LAU Kin-yee, JP

Hon Emily LAU Wai-hing, JP

Hon Andrew CHENG Kar-foo

Hon LAW Chi-kwong, JP

Hon TAM Yiu-chung, GBS, JP

Hon Abraham SHEK Lai-him, JP

Hon Henry WU King-cheong, BBS

Hon Michael MAK Kwok-fung

Hon WONG Sing-chi

Hon IP Kwok-him, JP

Hon LAU Ping-cheung

Members absent:

Hon Cyd HO Sau-lan
Hon WONG Yung-kan
Dr Hon TANG Siu-tong, JP

Public officers attending

Miss Elizabeth TSE	Deputy Secretary for the Treasury
Mr S S LEE, JP	Secretary for Works
Mr Gordon SIU, JP	Secretary for Planning and Lands
Mr Rob LAW, JP	Director of Environmental Protection
Mr James HERD	Principal Assistant Secretary of the Treasury (Works)
Mr Patrick LI	Principal Assistant Secretary for Education and Manpower
Mr P L KWAN, JP	Director of Architectural Services
Mr Peter P Y LEUNG	Assistant Director of Education (Special Duties)
Mr M L WAN	Principal Assistant Secretary for Housing (Project Management)
Mr Kim SALKELD, JP	Deputy Secretary for the Environment and Food
Mr Donald TONG	Principal Assistant Secretary for the Environment and Food
Mr John COLLIER, JP	Director of Drainage Services
Mr C H LAM	Assistant Director/Sewage Services, Drainage Services Department
Mr C K HON	Chief Engineer/Strategic Sewage Disposal Scheme, Drainage Services Department
Ms Shirley LAM	Principal Assistant Secretary for Transport
Mr R H LLOYD, SBS, JP	Director of Highways
Mr W C CHAN	Deputy Project Manager/Major Works, Highways Department
Mr SIN Kwok-keung	Chief Traffic Engineer/New Territories East, Transport Department
Mr K S CHAN	Regional Highway Engineer/Hong Kong, Highways Department
Mr KWAN Chi-wai	Chief Traffic Engineer/Hong Kong, Transport Department
Mr David F L WONG	Principal Assistant Secretary for Security
Dr LAU Ching-kwong, JP	Director of Civil Engineering
Mr William C W HUI	Civil Secretary, Correctional Services Department

Clerk in attendance:

Miss Polly YEUNG Chief Assistant Secretary (1)3

Staff in attendance:

Ms Pauline NG Assistant Secretary General 1
Ms Anita SIT Senior Assistant Secretary (1)8

HEAD 703 - BUILDINGS

PWSC(2000-01)54 268EP A 24-classroom primary school at junction of Tsing King Road and Tsing Luk Street, Tsing Yi

Mr LAU Ping-cheung declared interest that the firm he worked for might bid for the contracts for the school projects to be considered at this meeting.

2. Miss Emily LAU enquired whether the layout of the proposed school could be altered to reduce the noise impact of road traffic on the classrooms and special rooms of the school. In reply, the Director of Architectural Services (DArchS) advised that the school sponsoring body (SSB) concerned preferred the present layout of the school, the main reasons being that the playground would face the Tsing Yi Park to the northwest of the school and that a secondary pedestrian entrance could be provided to facilitate access to the footbridge across Tsing King Road leading to the Tsing Yi Sports Ground.

3. Mr Albert CHAN recalled that the construction cost of a new secondary or primary school was in the order of \$60 to \$70 million in 1996/1997. Noting that the estimated construction cost of most of the proposed school projects to be considered at this meeting exceeded \$100 million each, he questioned the reasons for the substantial increase over the past few years.

4. In reply, DArchS advised that the estimates for the proposed school projects had been drawn up based on the tender prices of the recent successful bids for school projects. He explained that the increase in the construction cost of new schools over the past few years was mainly attributed to the increase in the size of classrooms, special rooms and various other school facilities under the current standard design and the provision of a greater variety of facilities in recent school projects. The Assistant Director of Education (Special Duties) (AD/E(SD)) advised that pursuant to the Year 2000 design adopted for school projects since 1998, the gross floor area of a new standard school was about 30% larger than that of schools built in the mid 90's and the costs for most works items were thus proportionately higher. At the request of the Chairman and Mr Albert CHAN, the Administration agreed to provide information on the recent tender

results for school projects for members' reference.

5. Miss Emily LAU enquired whether the Administration had any plan to contract out the design of new schools with a view to enhancing the quality and diversity of school designs. In reply, the Principal Assistant Secretary for Education and Manpower (PAS/EM) affirmed that the Administration encouraged greater diversity in school designs. He informed members that the Administration planned to hold a school design competition in 2001 with the object of soliciting new ideas from the private sector on school designs. Furthermore, the Administration would allocate some school sites to SSBs direct, which could then construct their schools by engaging their own consultants. DArchS added that the Architectural Services Department (ArchSD) was working on a series of new school designs in consultation with SSBs. Taking note of the Administration's advice, Miss Emily LAU urged the Administration to provide more opportunities to involve SSBs and the private sector in implementing school projects.

6. Miss Emily LAU recapitulated that at a recent meeting of the Panel on Environmental Affairs (EA Panel), the Administration had informed members that upon implementation of a new strategy for the management of construction and demolition (C&D) materials, only 16% of the C&D materials generated from works projects would be disposed of at landfills. She enquired whether this strategy would be implemented under the present project and other projects to be considered at this meeting. She also noted that for the present project, some 250 cubic metres of public fill would be delivered to public filling areas and about 550 cubic metres of C&D waste would be disposed of at landfills. In this connection, she sought clarification on the percentage of C&D materials to be disposed of at landfills under this project.

7. In reply, DArchS confirmed that the aforesaid strategy would be implemented in the school projects to be considered at this meeting. The major tasks to be undertaken were the sorting of C&D materials at site and the disposal of the materials at public filling areas as far as possible. As regards measures to reduce the generation of C&D materials, he advised that materials excavated during the site formation and foundation works could not be reduced in any practical way. For the construction works, the amount of C&D wastes could be reduced if steel moulds instead of wood moulds were used. However, steel moulds would only be cost-effective for projects involving co-located schools; they would be too costly for stand-alone schools. He also assured members that based on past experience, the amount of C&D wastes generated from school projects was relatively small in comparison with other works projects. He agreed to provide information on the estimated percentage of C&D materials to be disposed of at landfills under this project, and to provide reasons if the percentage substantially deviated from the 16% target of the said strategy. The Deputy Secretary for Environment and Food (DS(EF)) also undertook to provide an information note to explain how the said strategy was being implemented in Government projects and to elaborate on the targets under the strategy.

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Admin 8. Mr LAW Chi-kwong said that according to his understanding, C&D materials generated from local works projects were currently disposed of at public fill areas, at landfills, or recycled. He requested the Administration to provide information on the usual percentages of C&D materials to be disposed of/recycled in different ways under different types of works projects. The Administration agreed to provide the information.

Admin 9. At Miss Emily LAU's request, the Administration agreed to include information on the percentage of C&D materials generated in a project to be disposed of at landfills in future submissions to PWSC.

Admin 10. Mr Albert CHAN suggested that the public address systems for new schools should be improved to reduce the noise impact of school activities on noise sensitive receivers nearby. In response, DArchS said that it was inevitable that school activities would cause certain noise impact as some of these activities were carried out at open playgrounds. Where air-conditioning was not available, the windows of assembly halls had to be left open, thus emitting some noises during gatherings. Mr Albert CHAN commented that there were various means to reduce the noise impact without affecting schools' operation, such as installing several alarm bells of a lower volume in lieu of one single loud alarm bell. The Chairman concurred with Mr CHAN that the noise impact of school activities was a cause of concern for residents in the vicinity. At his request, the Administration agreed to explore feasible improvement measures in this regard.

11. The item was voted on and endorsed.

PWSC(2000-01)55	286EP	Primary school in Kwai Chung Estate Redevelopment
	287EP	Primary school in Area 1, Tai Po

Admin 12. Noting that the proposed two schools would be used for conversion of existing half-day schools into whole-day operation, Miss Emily LAU enquired whether the relevant SSBs had been duly consulted on the school design and conversion arrangements. The Assistant Director of Education (AD/E(SD)) advised that the proposed schools had not been allocated to SSBs at this stage but the Administration was liaising with the existing half-day primary schools in Tai Po and Kwai Chung for the purpose. He further advised that the Administration intended to allocate new schools to SSBs as early as possible so that the views and preferences of SSBs concerned could be fully taken into account in planning new school projects. Currently, allocation of most new schools to SSBs could be confirmed two to three years before the scheduled completion of the relevant school projects. At Miss Emily LAU's request, the Administration agreed to provide, where practicable, information on the major views of the SSBs concerned in future school projects proposals for members' reference.

13. Mr CHENG Kar-foo informed members that at a recent meeting of the Tai Po District Council, District Council members had expressed grave concern about the serious shortage of soccer pitches in the Tai Po district. He noted that although the sites of the proposed two schools were of the same size, only the school in Kwai Chung would be provided with a mini-soccer pitch. He therefore enquired whether the layout of the school in Tai Po could be altered to enable the provision of a mini-soccer pitch as well.

14. In reply, PAS/EM said that the Administration had taken heed of members' advice to provide a greater variety of facilities in new schools wherever practicable. He explained that although the site areas of the two proposed schools were the same, they were of different shapes. While the school site in Kwai Chung allowed the provision of a mini-soccer pitch in addition to the standard provision of basketball courts, the school site in Tai Po could not cater for such provision. DArchS advised that although the current plan was to provide three basketball courts (two on ground level and one at the rooftop of the assembly hall block) for the school in Tai Po, a mini-soccer pitch instead of two basketball courts could be designated at the playground if that was the preference of the SSB concerned. In this connection, AD/E(SD) advised that the School Allocation Committee would allocate the proposed schools to SSBs in June 2001 and there would still be ample time to make alterations to the layout of the playgrounds of the schools to accommodate the preferences of the SSBs concerned.

15. Mr Andrew WONG enquired whether the playgrounds of the two proposed schools would be open for public use as he understood that schools located in public housing estates usually allowed residents of the housing estates to use their playgrounds. In reply, PAS/EM advised that it was Government policy to encourage schools to share the use of their facilities with the community and at the same time, make use of community facilities for student activities. AD/E(SD) supplemented that some schools constructed years ago in public housing estates were not provided with their own playgrounds and thus had to make use of the playgrounds of the respective housing estates for student activities. Under the current standards of facility provision for schools, all new schools including those located within public housing estates would be provided with their own playgrounds.

16. Mr Albert CHAN noted that for seven out of the eight school projects to be considered at this meeting, the estimated piling cost was higher than the respective standard piling cost. He thus enquired about the basis of the standard piling cost for school projects. In reply, DArchS advised that the standard piling cost was derived having regard to the relevant prices of the successful bids for recent school projects and based on the assumption that a total of 112 piles each of 30 metres long would be used for the foundation of a school. However, in the light of the different ground conditions of individual sites, the piling cost for each projects would inevitably vary.

17. Mr Albert CHAN queried the explanation given and pointed out that the projected piling costs for the projects proposed were almost all higher than the standard cost and none of them was lower. It seemed to suggest that the standard cost was not reflecting the actual prices of successful bids, in particular the costs of recent school projects. He suggested that the Administration should review the standard costs having regard to the actual costs incurred in recent projects. The Chairman commented that as the ground conditions of each site were different and therefore, the piling cost could vary substantially from one project to another, it might not be appropriate to include an item on "standard piling cost" in school project proposals.

18. In response, DArchS explained that other than the piling cost, variance between the standard cost and the estimated cost in respect of other works items of school projects was usually small and was attributed to a few common factors such as the size of external areas and the need to provide air-conditioning and/or insulated windows. Currently, as a standard design was adopted for most new schools, the Administration considered it appropriate to set out in school project proposals the standard costs drawn up on the basis of the standard design for members' reference. He however pointed out that this presentation format would be reviewed when more diverse school designs were introduced in the coming one to two years.

19. Miss Emily LAU reiterated her concern about the management of C&D materials and requested the Administration to provide information on the respective percentages of the C&D materials disposed of in different ways under this project. The Administration agreed to provide the information.

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20. The item was voted on and endorsed.

PWSC(2000-01)53	237ES	Secondary school at Kai Lai Road, Kowloon Bay
	252EP	Primary school at Wang Chiu Road, Kowloon Bay
	276EP	Primary school at Kai Lai Road, Kowloon Bay

21. In reply to Mr Fred LI's enquiry about the demand and supply of primary school places in the Kwun Tong district, AD/E(SD) advised that the proposed two primary schools together would help eliminate the shortfall of school places in the district by 2002/03. As regards the provision of whole-day primary schooling, he advised that while the target of providing whole-day primary schooling for 60% of primary students of public sector schools by 2002/03 could be achieved on a territory-wide basis, the situation in the Kwun Tong district would be slightly behind this schedule. However, further new schools would be planned for the district in the coming years with a view to achieving the longer-term target of providing whole-day primary schooling for all pupils in public sector schools by

2007/08.

22. Mr Fred LI expressed concern that since the playground of proposed school 237ES was adjacent to Kai Lai Road, students staying in the playground might be subject to excessive air pollution generated by road traffic. In response, DArchS advised that a three-metre high solid boundary wall would be constructed at the eastern and southern sides of the whole school site and this would serve to abate the noise and air impacts of road traffic on the schools. He also advised that the present layout of proposed schools 237ES and 276EP, which had been allocated to the same SSB, had been agreed to by the SSB concerned.

Admin

23. Mr Fred LI observed that the same colour scheme had often been used for co-located schools and commented that different colour schemes should be used for co-located schools to foster a sense of identity amongst the students of each of the schools. In response, DArchS advised that as new schools in future would be allocated to SSBs at an early stage, the colour schemes as well as other design details would be worked out between ArchSD and the SSB concerned. The Administration took note of Mr Fred LI's comment that ArchSD should try not to use the same colour scheme for closely located schools.

Admin

24. On the reason for locating the green corner at the southeastern corner of the site instead of at a place easily accessible by all the three proposed schools, DArchS explained that given the need to locate the mini-soccer pitch at the centre of the site and other constraints, there was no feasible alternative for locating the green corner. He however informed members that ArchSD was discussing with the SSB of proposed school 252EP the provision of another, though smaller, green corner within the boundary of the school. As proposed schools 276EP and 237ES would be operated by the same SSB, there should be no problem for the two schools to share the use of the green corner currently shown on the layout plan. Mr Henry WU expressed support for providing another green corner for school 252EP. At his request, DArchS agreed to discuss this with the SSB and provide the final layout plan of the proposed schools for members' reference in due course, if the SSB preferred to have a green corner for 252EP.

Admin

25. Miss Emily LAU and Mr LAU Ping-cheung expressed support for the provision of a green corner for schools and asked the Administration to consider including this facility into the standard provision for future school projects. In response, AD/E(SD) said that the provision of a green corner would be actively considered if the site area of the school concerned was not smaller than the standard size. In reply to Mr LAU Ping-cheung's enquiry about the involvement of landscape architects, DArchS advised that all along, where ArchSD was responsible for the design of a school project, any green corner or landscaping features included in the project would be designed by in-house landscape architects.

26. Miss Emily LAU enquired whether the playground areas of the three proposed schools could be co-located at the centre of the whole site so that these

areas could be merged to form a larger single playground when desired. In reply, DArchS advised that ArchSD had discussed such an idea with the SSBs concerned but the SSBs considered that it would be more conducive to fostering a sense of belonging amongst students if each school would have its own playground area. Moreover, as a large public sports ground would be constructed at a nearby site, the schools could make use of the sports ground for holding large-scale events.

27. In reply to Mr Henry WU's enquiries, DArchS advised that for management reasons and as space was available, it was considered more desirable to provide separate carparking spaces for school 252EP instead of requiring the school to share the covered carpark with schools 237ES and 276EP. On Mr Henry WU's enquiry on the cost of furniture and equipment (F&E), PAS/EM confirmed that under the existing policy, the F&E cost for a new school was borne by the SSB concerned. This cost would however be borne by the Government if a new school was used for conversion of an existing bi-sessional school into whole-day operation.

Admin 28. Miss Emily LAU re-stated her request for information on the percentage of C&D waste to be disposed of at landfills for all the school projects considered at this meeting, and requested that all such information be made available before the relevant Finance Committee meeting (i.e. 1 December 2000).

29. The item was voted on and endorsed.

HEAD 711 - HOUSING

PWSC(2000-01)56	170ES	Secondary school in Area 109, Tin Shui Wai
	267EP	Primary school in Area 109, Tin Shui Wai

30. Mr TAM Yiu-chung expressed concern about the shortfall of primary school places in Tin Shui Wai and enquired about the progress of the school construction programme to meet the projected demand for school places in Tin Shui Wai. In reply, AD/E(SD) advised that according to the Administration's estimate, a total of 18 to 19 additional primary schools were required to meet the demand for school places in the Yuen Long district by 2007/08. Currently, seven primary school projects in the district had been upgraded to Category A and were scheduled for completion in 2001 to 2002. The Administration planned to submit proposals on the outstanding school projects to this Subcommittee and the Finance Committee in the next two to three years. He further advised that the demand for primary school places in the Yuen Long district would reach its peak in 2004/05 and thereafter, the demand would stabilize. Because of the lead time required for the planning and construction of new schools, the Yuen Long district would be slightly behind schedule in achieving the target of providing whole-day

primary schooling to 60% of the pupils in public sector schools by 2002/03, but the provision of whole-day primary schooling in the district could catch up in a few years' time as additional schools would be built to achieve the longer-term target of providing whole-day primary schooling to all the pupils in public sector schools by 2007/08.

31. In reply to Mr Henry WU's enquiry about the provision of shared facilities for the proposed schools, DArchS advised that the provision of a 100-metre running track was requested by the SSB concerned. He also confirmed that in discussing the school designs with SSBs, ArchSD would provide various options of active and passive facilities for consideration by SSBs and ArchSD would accommodate SSBs' requirements and preferences as far as practicable.

32. Miss Emily LAU said that she was in support of providing a greater variety of sports and recreation facilities for schools as this was in the interest of the students. She would therefore support the provision of the running track for the proposed schools. In this connection, she also enquired whether the Administration would consider other facilities such as the provision of a swimming pool as a shared facility for co-located schools. In reply, AD/E(SD) said that the priority of the school construction programme in the coming few years was to meet the projected increase in the demand for school places and to achieve the short-term and long-term targets on whole-day primary schooling. While the Administration would include non-standard facilities as shared facilities for co-located schools where space and funds permitted, the construction and maintenance costs of a swimming pool were relatively high compared with other sports and recreation facilities and therefore, would not be considered as a priority shared facility at this stage. However, members' views on the provision of different facilities in school projects would be conveyed to the School Design Committee, the members of which comprised representatives from both the public and the private sectors. He also advised that the Administration had all along encouraged SSBs to provide non-standard facilities for students on a self-funding basis. In this regard, the Chairman suggested that the subject of facility provision in schools might be further discussed at the relevant Panel(s), if members so wished.

33. The item was voted on and endorsed.

HEAD 704 - DRAINAGE

**PWSC(2000-01)61 320DS Strategic Sewage Disposal Scheme
Stage I : completion of sewer tunnel
system from Kwai Chung to
Stonecutters Island**

34. The Chairman informed members that the present proposal had been discussed at the EA Panel on 25 October and 1 November 2000 and the minutes

of the meeting on 25 October had already been issued to all Members.

35. At the invitation of the Chairman, Prof NG Ching-fai, Chairman of the EA Panel, reported that at the said EA Panel meetings, the Administration had informed members that the most difficult part of project 320DS had been substantially completed and the whole project was approaching completion. The uncommitted funds for the project was at a low level of some \$8 million. If additional funding was not available, the Government would not be able to settle payments for claims and would have to abandon the works under the project. The Administration had also informed members at the EA Panel meetings that the International Review Panel (IRP) was expected to release its report on the Strategic Sewage Disposal Scheme (SSDS) by end November 2000. He further reported that at the Panel meetings, some members had expressed concern that the works under 320DS might be related to the Tseung Kwan O subsidence problems and hence, the remaining works of 320DS might aggravate the problems. In response to the concern, the Administration had advised that the investigation report on the subsidence problems would be available by the end of this year. He concluded that members of the EA Panel in general agreed that as there had been substantial discussion on the policy issues arising from the present funding proposal, members would have no objection to the Administration's submission of the present proposal to this Subcommittee and FC for consideration. Prof NG said that members also noted that they would be able to peruse the report of the IRP before the FC meeting scheduled to consider the item (i.e. 1 December 2000) if it was available by then.

36. The Deputy Secretary for the Environment and Food (DS(EF)) highlighted that project 320DS covered the completion of two western tunnels (Tunnels F and G) for conveying sewage from Tsuen Wan, Kwai Ching and Tsing Yi to the treatment works at Stonecutters Island. He informed members that Tunnel F, which was the most difficult to construct amongst the six transfer tunnels under SSDS, had been fully excavated with only the lining works remaining. In fact, the excavation works for all the six transfer tunnels under the SSDS had been fully completed the day before. Other remaining works under project 320DS were the completion of the riser shaft at the Stonecutters Island Sewage Treatment Works, which would serve all the six transfer tunnels. Based on the current progress, the Administration was confident that the SSDS Stage I works could be fully completed within the year 2001, and the facilities could then be put into operation to provide treatment for 70% of the sewage produced in the urban areas. He also stressed that the IRP, in its letter to the Director of Environmental Protection attached at Enclosure 7 to the discussion paper, was of the view that technically, all Stage I tunnels could be completed as currently scheduled and recommended that all scheduled Stage I tunnels be completed as soon as possible.

37. Miss CHAN Yuen-han said that according to recent media reports, apart from project 320DS with which the present proposal was concerned, additional funds would also be required for some other SSDS Stage I projects. She therefore sought confirmation on the total amount of additional funds required for

completion of the SSDS Stage I programme.

38. Mr Henry WU echoed the concern of Miss CHAN. He recalled that at the said EA Panel meetings, the Administration informed members that while some contract claims under the SSDS Stage I programme were yet to be settled, it was estimated that all the SSDS Stage I projects could be completed within the overall approved project estimate (APE) of \$8.3 billion for the programme. He said that he would support the present proposal if the Administration could assure members that the overall APE of \$8.3 billion would not be exceeded on completion of the SSDS Stage I programme.

39. In response, DS(EF) said that there were 19 projects under the SSDS Stage I programme. For project 320DS, the Administration was confident that with the provision of an additional \$115.0 million as proposed, the project could be fully completed. He acknowledged that certain claims under other Stage I projects were not yet settled and thus the final amount of funds required for these projects were not known at this stage. Additional funds would likely to be required for one project connected with the Stonecutters Island treatment works. He explained that as the 19 projects had progressed to fairly advance stages, the Administration was in a position to reasonably estimate that on completion, the total costs of all the projects would not exceed the overall APE of \$8.3 billion.

40. The Chairman stated his personal view that he did not consider it appropriate for the Administration to give any guarantee on the final overall costs of the SSDS Stage I projects at this stage, as there could still be new claims arising from some of the projects. Moreover, as litigation in respect of certain claims were still underway, the Administration's estimation on the final overall costs might jeopardize the Government's position in the litigation. He however shared members' concern about the need to exercise strict cost control over the projects.

41. In this connection, DS(EF) informed members that certain claims arising from the SSDS Stage I projects were under arbitration at present and the Administration was pursuing the arbitration vigorously to protect the Government's interest. Hence, at this stage, the Administration had to be cautious in making any statement about these claims.

42. Mr Abraham SHEK Lai-him said that he supported the present proposal in view of the serious consequences that would result from the lack of additional funds to complete the project 320DS. He also appreciated that for such a large-scale and complicated sewerage programme, it was difficult for the Administration to give a guarantee at this stage that the overall APE of \$8.3 billion for the SSDS Stage I programme would not be exceeded. He however pointed out that in the event of exceeding the overall APE, the Administration must provide detailed explanation and full justification. In reply to Mr SHEK's enquiry about the financial position of other SSDS Stage I projects, DS(EF) advised that the latest project estimates of all the 19 SSDS Stage I projects had

been set out in Enclosure 5 to the discussion paper, and the Administration would continue to update members on the progress of these projects.

43. Mr LAU Ping-cheung noted from Enclosure 2 of the discussion paper that the cost of \$45.0 million arising from the additional works for replacing the mucking system had been settled by the Government under the terms of the contract. He queried whether the Administration had created a situation of fait accompli by settling the said cost prior to seeking the approval of FC for additional funds. In response, DS(EF) confirmed that the cost for replacing the mucking system had been settled under the terms of the contract and the faulty mucking system was one of the issues subject to the aforesaid arbitration.

44. Mrs Miriam LAU commented that the Administration had not handled the mucking system forfeited by the original tunnel contractor with due prudence. She considered that when entering into the contract with the new contractor, the Administration had not made appropriate arrangements to transfer the legal ownership of the forfeited mucking system to the new contractor. If such arrangements had been made, the Government would not have to bear the responsibility for the replacement cost of the defective mucking system. In this regard, she asked whether the Administration had reviewed the case and taken positive steps to avoid the recurrence of similar problems.

45. In response, DS(EF) said that as arbitration over the forfeiture of contracts by the original contractor was still underway, it would not be appropriate to respond to comments about the Administration's failure or otherwise to handle the forfeited mucking system properly. DDS explained that the Government owed a duty to the defaulting contractor to utilize as far as practicable the latter's forfeited plant for completing the remaining works. The new tunnel contract imposed a requirement on the completion contractor to maintain and utilize the mucking system and the contractor had duly complied with the requirement. It was not until the equipment was put under full load that failures started to occur. He assured members that the forfeiture procedures were subject to review on a regular basis and the Drainage Services Department would discuss the matter with the Works Bureau in the light of the experience drawn from this incident.

46. Mrs Miriam LAU reiterated her grave concern about the issue of legal liability for the equipment forfeited by the original contractor and urged the Administration to critically review the relevant procedures. In response, S for W confirmed that there were established policy and procedures on the handling of forfeiture of works contracts by contractors. He agreed to review the relevant policy and procedures in the light of the experience in this incident and report to the Panel on Planning, Lands and Works in due course.

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47. Mr Albert CHAN expressed the view of Members of the Democratic Party (DP) that the Administration should be held partly responsible for the problems arising from the project. He elaborated that at the planning stage, the Administration had not taken the concerns raised by outside experts seriously.

On contract matters, the Administration had not exercised due diligence and sought adequate legal support in drawing up both the original contract and the completion contract. Hence, the Government had been placed in a disadvantaged position in the first place under these contracts. Furthermore, the Administration had not been able to handle crisis situations effectively in the course of the project. Members of DP were disappointed that so far, the Administration had failed to fully address the issue of responsibilities for the delay and additional cost for the project. As such, Members of DP found it difficult to support the present proposal.

48. In response, DS(EF) said that the Administration had to respect the due process of the arbitration on the forfeiture of the original contract and thus should not make public comments on the responsibility issues before the outcome of the arbitration was known. Similarly, the Administration could not at this stage accept any public pronouncement on the Administration's failures in relation to the project.

49. Miss Emily LAU sought confirmation on whether the report of the IRP on the SSDS and the investigation report on the TKO subsidence problems would be made available to members before the relevant Finance Committee meeting to consider the present proposal.

50. In response, S for W advised that the technical details of the investigation report on the TKO subsidence problems had largely been completed and the Administration intended to release the report within one to two months, probably in early December 2000. He further said that while there had been grave concerns from various sectors about the possibility of completing the sewage tunnels under the SSDS, the current progress revealed that the tunnels could be successfully completed. If the required additional funds for completion of 320DS were not available, the Government would have to abort the project and would then be liable for breach of contract. He urged members to take these factors into account in considering the funding request.

51. DS(EF) stressed that the project in question was mainly concerned with two western sewage tunnels. The works under the project had no direct relevance to the TKO subsidence problems. On the IRP, he pointed out that its main task was to advise the Government on the way ahead upon completion of the SSDS Stage I programme, and indeed, the IRP had formed the view that all scheduled Stage I tunnels should be completed as soon as possible. He also pointed out that while the Administration would expect the IRP to complete its report by late November 2000, the Administration was not in a position to guarantee on behalf of the IRP the exact timing of the completion of the report as the IRP conducted its work independently.

52. On the timing of submitting the present proposal to FC, the Deputy Secretary for the Treasury advised that this item was currently scheduled to be considered by FC on 1 December 2000. The established practice was for the

Administration to issue the relevant discussion and information papers one week before the meeting. Hence, there might not be sufficient time to meet this schedule if the policy issues arising from the aforesaid two reports had to be further discussed before consideration of the present proposal by FC. She also referred members to comments made by representatives from the policy bureaux concerned that the two reports might not have a direct bearing on the present proposal.

53. Miss Emily LAU suggested that the present proposal be submitted to FC at the next scheduled meeting on 15 December 2000 instead of 1 December 2000 so that members could have the opportunity to peruse the two reports before making a decision on the present proposal at the FC. Prof NG Ching-fai concurred with Miss LAU's suggestion and remarked that the two reports would facilitate members to attain a better understanding of the issues arising from the project in question.

54. Regarding the deadline before which additional funds must be made available, DDS said that if extra funding was not available by mid December 2000, the Government would not be able to settle payments for claims as they were certified by the Consulting Engineer. The Consulting Engineer was obliged to deal with claims arising from the project in a timely manner and the Government was bound by the contract to honour certified claims within a reasonable period. The Chief Engineer/Strategic Sewage Disposal Scheme advised that the required additional funds had to be made available by mid December 2000. Currently, the remaining APE for project 320DS was around \$8 million and the amount of payment that might have to be made to settle certified claims by mid December was some \$20 million. S for W pointed out that if payment was not made in 21 days after the certification of claims, the Government would be required to pay interests, and if payment was not made in 42 days, the Government would be held in breach of contract and would be liable for all the losses incurred by the contractor as a result of the breach.

55. Taking note of the Administration's advice on the urgency of the matter, Prof NG Ching-fai suggested that this item be submitted to FC on 8 December 2000 instead of 15 December 2000 as suggested by Miss Emily LAU. Members noted that as no FC meeting had been scheduled for 8 December 2000, it would be necessary to obtain the agreement of the FC Chairman to hold an additional meeting on that day. The Administration indicated that it had no objection to deferring consideration of this item to 8 December 2000.

56. Mr LAU Ping-cheung, Mr Andrew WONG and Mr TAM Yiu-chung opined that as the present proposal had been discussed at length at the EA Panel and at this meeting, the Subcommittee should make a decision on the proposal for FC's consideration. The issue of responsibility and related concerns arising from the project should be pursued at the relevant Panel(s) or other appropriate forum. Mr Andrew WONG also remarked that PWSC should only decide whether they would recommend to FC the proposal as put forward by the Administration; the

discretion as to when the proposal should be put to FC rested with the Administration.

57. Summing up the discussion, the Chairman recapitulated that the Administration had no objection to members' suggestion of submitting the proposal to FC on 8 December 2000 instead of 1 December 2000. In response to the request made by some members at this meeting, the Administration had indicated that although it was not in a position to confirm the exact timing of the availability of the reports, it would endeavour to provide members with the report of the IRP and the investigation report on the TKO subsidence problems before consideration of the present proposal by FC.

Admin

(Post-meeting note: The Administration subsequently advised that having reviewed the latest developments of the case, there was no need to hold an additional FC meeting on 8 December 2000 just for this item. Instead, the Administration would put up the proposal at the FC meeting on 15 December 2000.)

58. Before putting the item to vote, the Chairman confirmed that the Subcommittee would vote on the item as proposed by the Administration vide PWSC(2000-01)61. The item was put to vote and endorsed by the Subcommittee. Mr Albert CHAN said that Members of DP would not take a position on the proposal until at the relevant FC meeting.

59. The Chairman instructed that due to time constraints, consideration of the remaining items PWSC(2000-01)60, 59 and 62 on the agenda would be carried over to the next meeting of the Subcommittee scheduled for 22 November 2000.

60. The meeting ended at 1:00 pm.

Legislative Council Secretariat
29 November 2000