

**Extracts of the Government Minutes in response to Recommendations made by the Public Accounts Committee (PAC) on “Acceleration of works in the Strategic Sewage Disposal Scheme (SSDS) Stage I”**

- Appendix A      Extract from “The Government Minute in response to the PAC Report No. 32 dated July 1999” – October 1999
- Appendix B      Part III of PAC Report No.33 (The Government Minute in response to the PAC Report No. 30) – February 2000
- Appendix C      Extract from “The Government Minute in response to the PAC Report No. 33 dated February 2000” – May 2000
- Appendix D      Extract from An Account of the Progress made on Matters Outstanding in “The Government Minute in response to the Report of the PAC No. 33” – September 2000

**THE GOVERNMENT MINUTE**

**in response to the**

**REPORT NO. 32 OF  
THE PUBLIC ACCOUNTS COMMITTEE**

**dated July 1999**

**Government Secretariat: Finance Bureau**

**13 October 1999**

**THE GOVERNMENT MINUTE IN RESPONSE TO THE  
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 32  
DATED JULY 1999**

**REPORT ON THE RESULTS OF VALUE FOR  
MONEY AUDITS**

**Chapter 1 - Acceleration of works in the Strategic Sewage Disposal Scheme Stage I**

The remaining works of Strategic Sewage Disposal Scheme (SSDS) Stage I comprise the construction of six deep sewage transfer tunnels with a total length of 23.6 km. Excavation of the tunnel from Kwai Chung to Tsing Yi was completed in January 1999. The other five tunnels are under active excavation using five tunnel boring machines (TBMs). As of end September 1999, 13.2 km or 56% of the total length had been excavated. Based on experience with the works to date, which has included several unexpected equipment breakdowns, as well as the possibility of having to undertake additional precautionary ground treatment in some locations, it is now estimated that completion of works on all tunnels will be in the second half of 2001. The remaining western tunnels is 68% complete, and is likely to be finished several months in advance of the eastern tunnels. This will double the sewage flow to the Stonecutters treatment works from 25% to 50% of the total sewage flow from the area covered by the SSDS scheme. The other works under the project have been substantially completed. In particular, the Stonecutters Island Sewage Treatment Works constructed under SSDS Stage I has been in operation since mid-1997. At present, sewage collected from Northwest Kowloon, which constitutes 25% of the total flow to be collected in the catchment areas of the project, is receiving chemically enhanced primary treatment at Stonecutters Island before being discharged through the 1.7 km long Stage I outfall to the west of Victoria Harbour.

2. As regards the Committee's recommendations, we have taken the following action —

- (a) we accept the recommendation that we should critically assess the risk and cost of contract arrangement for time-critical projects. We shall ensure that this requirement is followed in addition to the general guidance given in the Project Administration Handbook (Chapter 5). In future, the Drainage Services Department (DSD) will also advise the relevant policy bureaux and the client departments of the potential cost and risk involved at an early stage of implementing such projects. DSD will issue a circular on this subject to supplement the guidance given in the Project Administration Handbook;

- (b) for projects involving substantial underground work, DSD will conduct more comprehensive site investigations to reduce as far as possible uncertainties posed by the variability of the ground conditions although it is not possible to wholly eliminate such uncertainties by pre-construction investigation. For tunneling works such as those to be implemented in the next stage of the SSDS, working groups with the participation of the Geotechnical Engineering Office and tunneling experts will be set up to plan the detailed requirements of site investigation; and
- (c) it is already a standing Public Works Programme procedure that, during implementation of public works projects, works involving costs which would exceed the approved estimate should not be committed prior to the approval of additional funds. We shall ensure that this requirement is observed and that project managers will fully assess the potential extra cost of such works taking into account all known risks.

3. We are monitoring very closely the remaining tunneling work of the SSDS Stage I to ensure completion at an early date without compromising safety. We are also making regular progress report to the relevant panels of the Legislative Council.

**REPORT OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON  
THE REPORTS OF THE DIRECTOR OF AUDIT  
ON  
THE ACCOUNTS OF THE GOVERNMENT OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
FOR THE YEAR ENDED  
31 MARCH 1999  
AND THE RESULTS OF  
VALUE FOR MONEY AUDITS (Report No. 33)**

*February 2000*

*P.A.C. Report No. 33*

In addition, the D of J would conduct reconciliation between records of file allocation and actual files held by each counsel on a monthly basis and upon transfer of officers out of the Units. The D of J had taken various measures, such as maintaining a schedule of re-registration of the charging orders and a regular files brought-up system, to ensure timely re-registration and appropriate enforcement of charging orders;

- with the installation of the Work Management System, managers were provided with up-to-date information about work assignments and progress of cases handled by each counsel. This would enable the D of J management to monitor the civil litigation cases in a more effective way; and

#### **Adopting cost recovery as a long term option**

- the Administration would continue to keep in view the feasibility and cost-benefit of moving towards cost recovery in the provision of legal services by the D of J to other departments as a long term objective.

4. The Committee noted the measures taken by the Administration to address the issues raised by the Committee on the subject and that Audit would follow up the issues in the normal course of audit.

5. **Acceleration of works in the Strategic Sewage Disposal Scheme Stage I** (Chapter 3 of Part V of P.A.C. Report No. 30). The Committee were informed that:

- the Administration had accepted the Committee's recommendation that the works department concerned should critically assess the risk and cost of contract arrangement for time-critical projects. The Administration would ensure that this requirement was followed in addition to the general guidance given in the Project Administration Handbook. In future, the Drainage Services Department (DSD) would also advise the relevant policy bureaux and the client departments of the potential cost and risk involved at an early stage of implementing such projects. The DSD would issue a circular on this subject to supplement the guidance given in the Project Administration Handbook;
- for projects involving substantial underground works, the DSD would conduct more comprehensive site investigations to reduce as far as possible uncertainties posed by the variability of the ground conditions although it was not possible to wholly eliminate such uncertainties by pre-construction investigation. For tunneling works such as those to be implemented in the next stage of the Strategic Sewage Disposal Scheme (SSDS), working groups with the participation of the Geotechnical Engineering Office and tunneling experts would be set up to plan the detailed requirements of site investigation;
- it was already a standing Public Works Programme procedure that, during implementation of public works projects, works involving costs which would exceed the approved estimate should not be committed prior to the approval

of additional funds. The Administration would ensure that this requirement was observed and that project managers would fully assess the potential extra cost of such works taking into account all known risks;

- the remaining works of the SSDS Stage I comprised the construction of six deep sewage transfer tunnels with a total length of 23.6 km. Excavation of the tunnel from Kwai Chung to Tsing Yi had been completed in January 1999. The other five tunnels were under active excavation using five tunnel boring machines. As of end September 1999, 13.2 km or 56% of the total length had been excavated. Based on experience with the works to date, which had included several unexpected equipment breakdowns, as well as the possibility of having to undertake additional precautionary ground treatment in some locations, it was now estimated that completion of works on all tunnels would be in the second half of 2001. The remaining western tunnels was 68% complete, and was likely to be finished several months in advance of the eastern tunnels. This would double the sewage flow to the Stonecutters Island Sewage Treatment Works from 25% to 50% of the total sewage flow from the area covered by the SSDS scheme. The other works under the project had been substantially completed. In particular, the Stonecutters Island Sewage Treatment Works constructed under the SSDS Stage I had been in operation since mid-1997. At present, sewage collected from Northwest Kowloon, which constituted 25% of the total flow to be collected in the catchment areas of the project, was receiving chemically enhanced primary treatment at Stonecutters Island before being discharged through the 1.7 km long Stage I outfall to the west of Victoria Harbour; and
- the Administration was monitoring very closely the remaining tunneling works of the SSDS Stage I to ensure completion at an early date without compromising safety and was also making regular progress report to the relevant panels of the Legislative Council.

6. The Committee wish to be kept informed of the progress of the remaining works of the SSDS Stage I and note that consideration will be given to conducting an audit review in due course to ascertain the full cost of the SSDS Stage I and the factors leading to the budget overrun.

~~7. Maintenance and procurement of government vehicles (Chapter 5 of Part V of P.A.C. Report No. 30). The Committee were informed that:~~

~~**Maintenance of vehicles**~~

- ~~the Electrical and Mechanical Services Trading Fund (EMSTF) had reduced its level of vehicle maintenance service charges by 5% to 15% with effect from April 1999 depending on the types of vehicles (as against the original target of 5% each year with an overall productivity improvement of 15% over a three-year period). The EMSTF was actively reviewing the organisation of its workshops in order to further streamline the staffing structure and improve the cost-effectiveness of its services;~~

**THE GOVERNMENT MINUTE**

**in response to the**

**REPORT NO. 33 OF  
THE PUBLIC ACCOUNTS COMMITTEE**

**dated February 2000**

**Government Secretariat: Finance Bureau**

**10 May 2000**

**THE GOVERNMENT MINUTE IN RESPONSE TO THE  
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 33  
DATED FEBRUARY 2000**

**REPORT ON THE RESULTS OF VALUE FOR  
MONEY AUDITS (Report No. 30)  
MATTERS OUTSTANDING**

**Acceleration of works in the Strategic Sewage Disposal Scheme Stage I**

Drainage Services Department is preparing a technical circular on actions needed to ensure that the risk and cost of contract arrangement for time-critical projects are critically assessed.

2. The remaining works of Strategic Sewage Disposal Scheme (SSDS) Stage I comprise the construction of six deep sewage transfer tunnels with a total length of 23.6 km. Excavation of the tunnel from Kwai Chung to Tsing Yi and that from Tseung Kwan O to Kwun Tong was completed in January 1999 and November 1999 respectively. The other four tunnels are under active excavation using four tunnel boring machines (TBMs). As of end February 2000, 18.5 km or 79% of the total length was excavated. The progress of part of the tunnelling works has suffered some delay as a result of a major mechanical breakdown in one of the TBMs and the need to carry out additional ground treatment at some locations. Nevertheless, based on experience with the works to date, it is estimated that works on all tunnels could still be completed in the second half of 2001. The other works under the project have been substantially completed. In particular, the Stonecutters Island Sewage Treatment Works has been in operation since mid-1997. At present, sewage collected from Northwest Kowloon, which constitutes 25% of the total flow to be collected in the catchment areas of the project, is receiving chemically enhanced primary treatment at Stonecutters Island before being discharged through the 1.7 km long Stage I outfall to the west of the Victoria Harbour.

**An account of the progress  
made on matters outstanding in the  
Government Minutes  
in response to the  
Reports of the Public Accounts Committee**

- **No. 32 of October 1999;**
- **No. 33A of March 2000;**
- **No. 33 of May 2000; and**
- **No. 33B of June 2000**

**Extract from Annual Progress Report on Matters Outstanding in  
the Government Minute of PAC Report No. 33**

**Acceleration of works in the Strategic Sewage Disposal Scheme Stage I**

*(Chapter 3 of Part V of PAC Report No. 30 and Chapter 1 of Part V of PAC Report No. 32)*

68. In August 2000, Drainage Services Department issued a technical circular to advise staff to critically assess the risk and costs of contract arrangements for time-critical projects.

69. The remaining works of Strategic Sewage Disposal Scheme Stage I comprise the completion of six deep sewage transfer tunnels with an overall length of 23.6 km. Excavation of three tunnels, from Kwai Chung to Tsing Yi, Tseung Kwan O to Kwun Tong, and Kwun Tong to To Kwa Wan, was completed in January 1999, November 1999 and April 2000 respectively. The other three tunnels are under active excavation using three tunnel boring machines. As at end September 2000, approximately 22.4 km or 95.0% of the total overall length have been excavated. The progress of part of the tunnelling works suffered some delay due to the need to carry out additional ground treatment at certain locations, and the traversing of a longer-than-expected fault zone in the tunnel from Tsing Yi to Stonecutters Island. Based on experience, we estimate that works on all tunnels can still be completed by the second half of 2001.

70. Other works under the project are substantially completed. In particular, the Stonecutters Island Sewage Treatment Works have started operation since mid-1997. At present, sewage collected from Northwest Kowloon, which constitutes 25% of the total flow to be collected in the catchment areas of the project, is receiving chemically enhanced primary treatment at Stonecutters Island before being discharged through the 1.7 km long Stage I Outfall to the west of the Victoria Harbour.