

NOTE FOR FINANCE COMMITTEE

**Head 707- New Towns and Urban Area Development
7393CL - Tseung Kwan O development, phase II,
stage IIIA, engineering works**

**Remedial Works Scheme
for Beverly Garden and Tong Ming Court
Necessitated by the Unusual Ground Settlement at Tseung Kwan O**

PURPOSE

This note reports on the arrangement for a remedial works scheme to be charged to **7393CL** “Tseung Kwan O development, phase II, stage IIIA, engineering works”, for the rectification of defects at the ground-level open areas of Beverly Garden and Tong Ming Court as a result of the unusual ground settlement at Tseung Kwan O (TKO).

BACKGROUND

2. Unusual ground settlement in the TKO town centre was first reported in early 1999. Territory Development Department (TDD) commissioned an investigation on the cause of the settlement. The investigation was completed and the findings made public in November 2000. It was found that the unusual ground settlement was due to a significant drawdown of groundwater in the lower soil strata of the reclamation, and the only credible cause of the drawdown was the water inflow into the Strategic Sewage Disposal Scheme tunnel under construction at about 1 km to the south of the TKO town centre. In parallel with the investigation, an assessment of the safety of the buildings in the affected area was carried out and the findings confirmed that all the buildings were safe. None of the defects reported in building units was found to be settlement-related. However, the open areas of two existing housing estates in the town centre area, namely Beverly Garden and Tong Ming Court, might have been affected by the unusual ground settlement.

3. In view of the unique and special circumstances of Beverly Garden and Tong Ming Court, the Administration introduced a remedial works scheme to rectify the defects to the open areas of the two estates. The scheme is an ex-gratia arrangement to ensure early rectification of the defects in the interests of the residents of the two estates and does not imply any admission of legal liabilities on the part of the Government.

4. The Administration submitted an information paper to the LegCo Panel on Housing and the LegCo Panel on Planning, Lands and Works on 30 May 2001 setting out the skeletal framework for the remedial works scheme. We also undertook to report back to the Finance Committee the relevant funding arrangement once details of the scheme have been worked out.

PRESENT SITUATION

5. Since completion of the unusual ground settlement investigation, TDD has continued with the monitoring of the groundwater condition and the ground settlement in the TKO town centre. The latest results confirm that the groundwater in the area affected has recovered almost fully to its original level whereas ground settlement in the town centre has stabilised since mid 2000.

REMEDIAL WORKS SCHEME

Scope

6. The remedial works scheme will include rectification of defects in the open areas of Beverly Garden and Tong Ming Court (including the estates' underground services) caused by the unusual ground settlement. The scheme will not cover any rectification of defects found in the buildings because no defects in the buildings are found to be related to the unusual ground settlement.

Duration

7. The remedial works scheme is for a 10-year period starting from 1 April 1999, which was around the time when the unusual ground settlement was first reported, till the end of March 2009.

/Agency

Agency for the worksBeverly Garden

8. TDD will engage Talent Luck Limited (TLL), the developer of the estate, as the works agent for the investigation, design and execution of remedial works until the expiry of a five-year scheduled defects liability period (SDLP) of Beverly Garden, in around September 2004. This is the most convenient way for carrying out the works under the scheme since TLL is responsible for rectifying scheduled defects under the five-year SDLP. TDD will reimburse the cost of remedial works to TLL through an entrustment agreement, including the cost of remedial works carried out by TLL before the introduction of the remedial works scheme. We are now in the process of preparing the entrustment agreement to that effect. In the unlikely event that the entrustment agreement cannot be successfully concluded for any reason, TDD will engage a new contractor for the works through normal tendering.

9. From September 2004 onwards, TDD will engage the Housing Department (HD) as the works agent for the remedial works until the end of the scheme on 31 March 2009. The cost for any further works will be reimbursed by TDD.

Tong Ming Court

10. TDD has engaged HD as the works agent for the remedial works for Tong Ming Court for the whole period of the scheme with the cost to be reimbursed by TDD.

Present Progress

11. Since announcement of the remedial works scheme in May 2001, TDD has maintained close contacts with the Incorporated Owners of both Beverly Garden and Tong Ming Court. For Beverly Garden, the more urgent remedial works which include defects that might pose immediate inconvenience to the residents have been largely rectified. We attended liaison meetings with the Incorporated Owners of Beverly Garden to report on the progress of remedial works completed. We also agreed the works programme for the remaining works with the Incorporated Owners. For Tong Ming Court, HD has completed all the remedial works for defects posing immediate inconvenience. The repair to defects in the underground watermains will commence in mid 2002.

12. TDD has already set up a joint departmental liaison committee, consisting of representatives of TDD, HD and BD, to facilitate the exchange of information and to monitor the future implementation of the remedial works scheme. Their representatives will attend liaison meetings organized by the Incorporated Owners of Beverly Garden and Tong Ming Court and will report on progress of the scheme at regular intervals.

FUNDING ARRANGEMENT

13. The estimated costs for the scheme are \$12 million for Beverly Garden and \$10 million for Tong Ming Court. These estimated costs have included the expenses already incurred by the developer of Beverly Garden in carrying out remedial works due to unusual ground settlement before the introduction of the remedial works scheme in May 2001.

14. The costs of the remedial works scheme will be charged to **7393CL**, the scope of which includes reclamation to form 31 hectares of land in the TKO town centre where both the Beverly Garden and Tong Ming Court are located. This item was upgraded to Category A in 1992 with an approved project estimate of \$332 million. All the works under the project, except for the works arising from this remedial works scheme, have been completed. The remaining uncommitted funds of \$55.25 million as shown below would be adequate to cover the estimated total costs of the remedial works scheme at \$22 million –

	\$ million (MOD)
Approved project estimate	332.00
Total expenditure up to May 2002	276.75
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Uncommitted funds	55.25
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