



Web site 網址 : <http://www.cedd.gov.hk>
E-mail 電子郵件 : vfychan@cedd.gov.hk
Telephone 電話 : (852) 3842 7000
Facsimile 傳真 : (852) 2369 4980
Our ref 本署檔號 : () in SDO2-30-4140-CE-94-98-AUD-C
Your ref 來函檔號 : CB4/PAC/R76

南拓展處
South Development Office

九龍油麻地海庭道11號
西九龍政府合署南座6樓
6/F, South Tower,
West Kowloon Government Offices,
11 Hoi Ting Road,
Yau Ma Tei, Kowloon

by Post

10 June 2021

Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

(Attn: Ms. Wendy JAN)

Dear Sirs,

Public Accounts Committee

Consideration of Chapter 6 of the Director of Audit's Report No. 76

**Site formation and associated infrastructure works for development
near Choi Wan Road and Jordan Valley**

With reference to your letter dated 7 June 2021 attaching the enquiries of the Public Accounts Committee on Chapter 6 of the subject Audit Report, we provide our written responses to and/or information on the issues set out in the **Appendix**. The soft copy (in Microsoft Word format) of the responses will be emailed to you separately.

Yours faithfully,

(Victor CHAN)

for Director of Civil Engineering and Development

Encl.

c.c.
STH
SFST
D of Audit

Internal
DCED, DDCED, AD/A, CE/HQ, H(GEO)

PAC's Enquiries	CEDD's Responses
<p>1) With reference to the response from the Director of Civil Engineering and Development (CEDD) dated 2 June 2021 to question no. 1, please advise :</p> <p>(a) For the 422 days of extension of time granted to Contractor A, how many resident site staff (RSS) did the government employ through the consultants? As RSS salary was paid on monthly basis according to the remuneration mechanism stipulated in the consultancy agreement, how much salary was paid to the RSS in the concerned 422 days? and</p> <p>(b) Did CEDD have any mechanism to ensure that the extension of time granted by the Engineer was fair and reasonable?</p>	<p>The Government engaged the consulting firm (the Consultants) to design and supervise the construction of the "Site formation and associated infrastructure works for development near Choi Wan Road and Jordan Valley" project (the Project). Pursuant to the relevant clauses of the consultancy agreement, during the construction stage, the Consultants undertook the role of the Engineer for the works contracts and was responsible for the contract management and employment of a team of resident site staff (RSS) to supervise the construction works of various contracts under the Project, including Contracts A, B and C. For the 2 parts of this question, our responses are as follows :</p> <p>(a) Under the Project, the original completion date of Contract A was 3 November 2005, which was subsequently granted by the Engineer in accordance with relevant contract provisions an extension of time of 422 days, thereby extending the completion date of Contract A to 30 December 2006. During this period, Contract B commenced on 21 December 2005 and was completed in March 2010. Accordingly, for the majority of the 422 days of extension of time granted to Contract A, the RSS team supervised the construction works of both Contracts A and B concurrently.</p> <p>According to the records, during the concerned 422 days, the RSS team employed by the Consultants was downsized from 42 persons in November 2005 to 30 persons in December 2006, involving a total salary</p>

**Note by Clerk, PAC: See Appendix 16 to this Report for the reply dated 2 June 2021 from Director of Civil Engineering and Development.*

<p>PAC's Enquiries</p>	<p>CEDD's Responses</p>
	<p>expense of about \$22 million. This was about 6% of the total works value of about \$356 million completed in the same period under Contracts A and B. This percentage was comparable to the ratio of construction cost and RSS payment stated in the approved project estimate, and was considered reasonable. Since Contract A and Contract B were under the same Project, and the RSS team supervised the works of the two contracts at the same time, the Consultants did not have a separate account on the RSS resources for supervising Contract A only.</p> <p>(b) During the construction stage of a project, the Consultants undertake the role of the Engineer to manage works contracts, follow contract provisions to handle and assess the contractors' claims and associated substantiation impartially and reasonably, and exercise professional judgement in putting forward any recommendation to the works department for consideration. In respect of assessment of claim for extension of time, the Engineer shall, based on the relevant contract provisions, assess various key factors, including whether (i) the contractor is liable for the impacts on the progress of works; (ii) critical activities are affected and the extent of impacts; and (iii) the contractor has carried out reasonable measures to mitigate the impact on time. The works departments of the Government will examine the extension of time proposed by the Engineer to ensure the proposal be fair and reasonable, prior to the granting of extension of contract period by the Engineer.</p>

Appendix

PAC's Enquiries	CEDD's Responses
	<p>The Consultants shall exercise professional skill, care and diligence in delivering their services, and act fairly and impartially in managing the works contract between the Employer (i.e. the Government) and the contractor. If the works department finds that the Engineer does not perform satisfactorily in assessing extension of time of the contract, it will duly reflect the Consultants' performance in the performance report and suitably take follow up actions according to the relevant provisions of the consultancy agreement.</p>