



香港特別行政區政府 The Government of the Hong Kong Special Administrative Region
渠務署 Drainage Services Department

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10 June 2021

(Urgent by email: wyjan@legco.gov.hk)

Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road,
Central, Hong Kong
(Attn.: Ms. Wendy JAN)

Dear Ms. JAN,

Public Accounts Committee

Consideration of Chapter 7 of the Director of Audit's Report No. 76

Upgrading and operation of Pillar Point Sewage Treatment Works

Thanks for your letter dated 7 June 2021 regarding the captioned.

I attach the Appendix stating our response (in Chinese and English) for your attention please.

Yours sincerely

(LEUNG Wing-yuen)
for Director of Drainage Services

Encl.

c.c. Secretary for the Environment (email: sen@enb.gov.hk)
Secretary for Financial Services and the Treasury (email: sfst@fstb.gov.hk)
Director of Audit (email: john_nc_chu@aud.gov.hk)

Director of Audit's Report No. 76 – Chapter 7

" Upgrading and Operation of Pillar Point Sewage Treatment Works"

DSD's Response to Enquiries (10 June)

- 1) With reference to the response from Director of Drainage Services to Q2 of 26 May 2021, please clarify whether the Contractor would bear all the cost of the repair works of protective coating? Was the Government liable for any additional cost?

DSD's Response :

Contractor A had appointed an expert from the Mainland (Sun Yat-sen University) and an overseas expert (from the United States) to carry out investigation on the peeling off of concrete protective coating. Findings of the investigation revealed that the peeling off of the original protective coating could have possibly been attributable to the presence of some foreign substances that were not commonly found in domestic sewage. With a view to mitigating the critical risks to the sewage treatment operations, the Department then issued an Employer's Change to Contractor A to apply other protective coating replacement materials for repair works at three critical locations with a coverage of about 6% of the total protective coating area of entire sewage treatment works. Upon completion of these repair works, the responsibility for the maintenance of the protective coating of the entire sewage treatment works remains with Contractor A in accordance with the contract requirements. Since the adoption of the concrete protective coating replacement materials constituted a change to the works in the Contract, the Department would be responsible for an additional payment of about \$3.1M for such change, which comprises mainly the price difference of the two protective coating materials. Other than that, the Government was not liable for any additional cost in this connection.

- 2) With reference to the response to Q3 of the same document, the Department stated that random checking on the components of equipment or material testing could be conducted when required. If any non-compliance was identified, the Contractor would carry out the replacement works promptly and could be held responsible for giving inaccurate information or making false statements, so as to enhancing the deterrence.

***Note by Clerk, PAC:** *See Appendix 18 to this Report for the reply dated 26 May 2021 from Director of Drainage Services.*

Please advise whether the Contract had stated any penalty action to be taken should the Contactor was held responsible for giving inaccurate information or making false statements? Please provide details? If not, how would the Department set out the penalty action?

DSD's Response :

There are contract provisions stipulating that, if the components of equipment or materials were found not in compliance with the contract requirement, Contractor A shall immediately replace and rectify with suitable components or material, and shall bear the cost of such replacement or rectification works. Contractor A shall also be liable to any financial loss or damages suffered or likely to be suffered by the Department. Furthermore, the Department would duly reflect and record such deficiencies in their quarterly contractor performance report.

In addition, giving inaccurate information or making false statements would be regarded as misconduct. According to the contract, should there be any evidence indicating Contractor A's staff have committed such misconduct, the Department could require Contractor A to remove the concerned person off site and he/she shall not be employed under this project again. For cases of suspected crimes, the Department would consider making reports to the relevant authorities for follow up.

- 3) With reference to the response to Q5 of the same document, paragraph 3.8 (b) and Table 4 of the Audit Report mentioned about the matter relating to "consistent minor breaches". Please advise how the Department could effectively supervise to reduce the number of "consistent minor breaches" by the Contractor?

DSD's Response :

In accordance with the contract terms, Contractor A shall comply with the general requirements stated in the Contract, including site tidiness, plant security, landscaping maintenance, equipment serviceability or minimizing down time of units, etc. The Department would conduct inspection from time to time on Contractor's A performance in fulfilling these general requirements. Under Performance Notices would be issued when Contractor A was found to be in violation to those general requirements, which would be recorded in Contractor A's KPI performance of the month under the category of "consistent minor breaches" and payment deductions would be made in accordance with the contract

***Note by Clerk, PAC:** *See Appendix 18 to this Report for the reply dated 26 May 2021 from Director of Drainage Services.*

provisions and such deficiencies would also be duly reflected in their quarterly contractor performance report. Apart from these, the Department would continue to monitor and carry out additional checking on those “consistent minor breaches” items, and meet with Contractor A to review the cause of the breaches and discuss ways for improvement, with a view to minimizing their recurrence.