



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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1 April 2010

Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

(Attn : Ms Becky Yu)

Dear Ms Yu,

**230DS – Outlying Islands sewerage, stage 1 phase 1 part 2 –
Yung Shue Wan sewerage, sewage treatment works and
outfall**

**234DS – Outlying Islands sewerage, stage 1 phase 2 –
Sok Kwu Wan sewage collection, treatment and disposal
facilities**

Supplementary information

In considering the paper referenced LC Paper No. CB(1)1443/09-10(03) on the above projects on 29 March 2010, the Panel on Environmental Affairs requested for supplementary information on the detailed arrangements for a Design-Build-Operate (DBO) contract. We would like to provide the information below for Members' reference :

Characteristics of a DBO contract

DBO is a form of contract procurement whereby the Contractor is required to design and construct a proposed facility in accordance with all requirements set forth in the Contract by the Government (as the Client). Upon completion, the Contractor will be required under the Contract to operate and maintain the completed facility for a specified period of time. The ownership of the facility will remain with the Government throughout the Contract duration. Upon expiry of the operational phase specified in the Contract, the facility will be handed back to the Government free of any charges in a specified condition.

Funding Arrangement

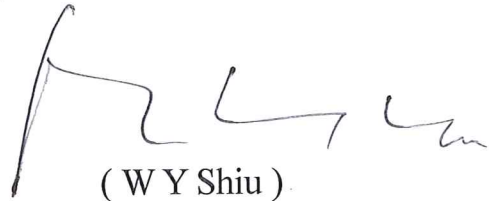
Like other projects adopting the conventional contract procurement approach, the capital cost of a project under DBO arrangement (comprising the costs for design and construction of the facility) will be funded by the Capital Works Reserve Fund. On the other hand, the operating cost (comprising the recurrent costs in operation and maintenance of the facility) will be met by the relevant Head of Expenditure under the General Revenue Account.

Contract Payment Arrangement

For a DBO contract on sewage treatment works, the Contractor will be required to submit separate tender prices for (i) the design and construction of the facility and (ii) the operation of the facility for a specified period of time in the form of a monthly fixed fee and a flow-dependent variable fee. Management of the capital works and disbursement of payments for (i) will be carried out in a manner similar to other works projects employing the conventional contract arrangement. During the operational phase, the Drainage Services Department will disburse monthly payments for the operation and maintenance of the completed facility in accordance with the rate in (ii) above. The actual payment amount will be subject to other applicable contract terms and conditions in relation to performance of the work done and price fluctuation.

I should be grateful for your kind assistance to distribute this letter to all Panel Members before the Public Works Subcommittee meeting to be held on 14 April 2010 please.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large 'W' followed by 'Y' and 'Shiu' in a cursive style.

(W Y Shiu)
for Director of Drainage Services

c.c. SFST
SEN

(Attn.: Miss Sandra Lam)
(Attn.: Mr Elvis Au)

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