

財經事務及庫務局
(庫務科)



FINANCIAL SERVICES AND
THE TREASURY BUREAU
(The Treasury Branch)

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By fax and email

12 July 2018

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
[email address: aychu@legco.gov.hk]

Dear Mr Chu,

Chapter 1 of the Director of Audit's Report No. 70

Management of restored landfills

Thank you for your letter dated 28 June 2018 to Secretary for Financial Services and the Treasury.

I append below the required information –

(a) Monitoring of non-governmental bodies' afteruse facilities at restored landfills

The project proponents are required to follow the prevailing requirements for public works projects funded under Capital Works Reserve Fund. For the pre-construction studies and design of the proposed projects requiring funding support from the Government, the project proponents shall seek funding approval from the Finance

Committee (“FC”) (via the Public Works Subcommittee (“PWSC”)) of Legislative Council (“LegCo”), or from this Bureau under delegated authority (where the relevant cost estimate is below \$15 million). For the main works under the projects, again depending on the relevant cost estimate, the project proponents shall seek funding approval from FC (via PWSC), or from this Bureau under delegated authority as appropriate. Under the Funding Scheme, the total capital grant is subject to a cap of \$100 million (in money-of-the-day prices) per project.

(b) Construction of Jordan Valley Park

As laid down in the Stores and Procurement Regulations (“SPRs”), procuring departments are responsible for drawing up tender specifications to meet their specific procurement needs, defining the contract requirements and conducting tender exercises in a manner meeting the government procurement principle of maintaining open and fair competition. Procuring departments are also responsible for project implementation and contract management. If and when there are any changes to the contract requirements after contract award, procuring departments should execute variations to contracts according to the authority provided in Appendix V(B) to SPRs.

In accordance with SPR 375(a), upon conclusion of tender evaluation, the procuring departments should prepare a tender report containing a clear recommendation in the standard format for consideration by the relevant tender board. As set out in the standard tender report format at Appendix III(I) to SPRs, apart from the usual information required, procuring departments should also include in the tender report any special circumstances applicable to the tender recommendation. In general, when considering whether to initiate a change to the tender requirement at the tender stage or to pursue the change at the post-tender stage through a contract variation, the procuring departments should take into account the need to maintain open and fair competition, as well as relevant operational considerations.

The Central Tender Board (“CTB”) will consider the tender report for a works contract with a value exceeding \$100 million¹. For the case in question, CTB was not informed of the need to change the design of the project in the tender report submitted by the Architectural Services Department (“ArchSD”) in November 2007. We note in paragraph 3.48 of the captioned Audit Report that ArchSD considered that the building location issue could be resolved at the post-contract stage and therefore did not inform CTB of the change in design.

¹ The CTB threshold for works tenders was increased from over \$30 million to over \$100 million since May 2016.

I should be grateful if you could relay the above information to Members of the Public Accounts Committee for reference.

Yours sincerely,



(Miss Pat Chung)
for Secretary for Financial Services
and the Treasury

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