

**Legislative Council Public Accounts Committee
Public Hearing on Report No. 70 of the Director of Audit**

Sha Tin Section of Route 8 (Chapter 8)

Opening Remarks by Secretary for Transport and Housing

Chairman,

I would like to thank the Audit Commission (Audit) for its comprehensive audit work and valuable comments with regard to the execution and administration of works contracts by the Highways Department (HyD) and the Civil Engineering and Development Department (CEDD) for Sha Tin Section of Route 8, as well as the usage and management of the concerned road section which fall within the purview of the Transport Department (TD). My thanks also go to the Public Accounts Committee for giving us an opportunity to explain the relevant details.

2. Overall, we accept the recommendations made by the Audit in the Director of Audit's Report (the Audit Report). We are actively directing the relevant departments to take follow-up actions as appropriate. The Transport and Housing Bureau (THB) has been supporting the work of the works departments at policy level. We held meetings and maintained close and regular communication with the management of HyD to understand and monitor the construction progress of Sha Tin Section of Route 8. Besides, THB provided directional guidance on the implementation of the works project as and when necessary with a view to completing the works project smoothly in compliance with the relevant policy and procedures. Since the opening of the concerned road section, THB and TD have been closely monitoring its usage and TD is also responsible for monitoring the performance of the operator of the Tsing Sha Control Area (TSCA), with the aim of introducing measures in a

timely manner to improve the traffic condition and enhance the operational efficiency of the operator.

3. In the light of the recommendations made by the Audit in the Audit Report, I have instructed the relevant departments to conduct a critical review and take improvement measures accordingly. Regarding the administration of works contracts, the Audit Report recommends that works departments should strictly comply with the relevant requirements and guidelines when vetting designs and handling tender queries. As a matter of fact, HyD revised the Structures Design Manual for Highways and Railways in August 2006 and May 2013, stipulating that any design of highway structures by consultants or contractors employed by the Government should be checked independently at an appropriate level by a professional or a team of professionals. Moreover, a working group has been set up by the works departments to review the guidelines on handling tender queries in the Project Administration Handbook for Civil Engineering Works (PAH) which is applicable to all works projects overseen by works departments. Upon completion of the review, the working group will enhance the guidelines on handling tender queries in the PAH.

4. HyD will continue to handle tender queries in accordance with the guidelines set out in the PAH and strictly follow the requirements which are planned to be included in the PAH. At the same time, HyD will extend the existing mechanism for checking tender documents to cover responses to tender queries, so as to enhance the monitoring of and guidance on the responding procedures and relevant content, thereby minimising the potential impact of the responses to tender queries on the works contract caused to the departments.

5. The Audit Report also recommends that in preparing documents for a works contract, the department concerned should strengthen the checking of the works contract and relevant documents, including contract clauses, drawings, Bills of Quantities (BQ) and works schedules of other interface

works. In fact, CEDD revised the PAH in October 2010, requiring that items omission should be minimised as far as practicable and the BQ should undergo a checking process. In response to the recommendation in the Audit Report, HyD will require its staff or consultants to conduct an independent checking for the BQ set out in contracts in future. Furthermore, the working group comprising representatives of works departments that I have just mentioned is currently reviewing the relevant guidelines in the PAH. It intends to expressly require the departments to carefully check the works schedules of the interface works when preparing tender documents for a works contract that involves interfacing works with other contracts, so as to ensure that no conflict will arise between the works. HyD, in preparing tender documents for such type of contracts in future, will continue to comply with the requirements set out in the PAH and check carefully to ensure that the planned programme of the interface works in all contracts are consistent.

6. As regards the recommendations on improving the usage of Sha Tin Section of Route 8 in the Audit Report, TD has commenced a study on the rationalisation of traffic distribution among the three road harbour crossings and the three land tunnels between Kowloon and Sha Tin (including the Eagle's Nest Tunnel and Sha Tin Heights Tunnel at Sha Tin Section of Route 8). We will consult the Panel on Transport about the findings of the study within the current legislative session. Meanwhile, TD has proposed seven improvement items for bus routes operating via Sha Tin Section of Route 8 in the 2018-2019 Bus Route Planning Programmes and is seeking comments from the relevant District Council(s).

7. As for the management of the performance of the TSCA operator, TD and the Government Monitoring Team (GMT), comprising TD and other departments, have jointly taken corresponding actions to improve the management of the operator. Moreover, TD and other members of the GMT have implemented improvement measures according to Audit's

recommendations, including setting out clearly the monitoring responsibility of each GMT member, keeping under review the TSCA operator's performance, and taking timely actions to monitor and follow up on the manning level requirements of all types of staff of the TSCA operator. TD will also review the specification of staff manning level requirement in the tender and contract documents, and set out a clear methodology for calculating liquidated damages in the next contract to be renewed in 2019.

8. I thank the Director of Audit and his colleagues for the independent and professional value-for-money audit review. THB and relevant departments agree with the contents of the Audit Report and accept the recommendations therein. THB will continue to provide guidance and steer to the departments as appropriate at the policy level, and closely monitor the implementation progress and condition of the various improvement measures, so as to ensure that the recommendations are effectively and fully implemented. We aim to further enhance the usage and management of Sha Tin Section of Route 8, and the quality of administration of contracts of other works projects in future.

9. The details of the construction works contracts for Sha Tin Section of Route 8 and the specific measures in relation to traffic management involve the daily operations of the departments and technical issues. Our heads of departments will be pleased to answer questions from Members. Thank you.