

Laying of the Report Report No. 78 of the Director of Audit on the results of value for money audits was laid in the Legislative Council (“LegCo”) on 23 November 2022. The Public Accounts Committee (“the Committee”)’s supplemental report (Report No. 78A) on Chapter 3 of the Director of Audit’s Report was tabled on 19 April 2023.

2. **The Government Minute** The Government Minute in response to the Committee’s Report No. 78A was laid in LegCo on 5 July 2023. The latest position and the Committee’s further comments on these matters are set out in paragraphs 3 to 6 below.

Management of the development at Anderson Road project
(Part 4 of P.A.C. Report No. 78A)

3. Hon SHIU Ka-fai and Hon Carmen KAN Wai-mun declared that they were members of the Hong Kong Housing Authority. Hon Louis LOONG Hon-biu declared that he was a LegCo Member representing the Real Estate and Construction Functional Constituency, and contractors in the sector might have carried out the projects concerned.

4. The Committee was informed in the Government Minute which was laid before LegCo in July 2023 that:

Design of footbridge system under the project

- the Housing Bureau (“HB”), as the policy bureau, would actively supervise the Civil Engineering Development Department (“CEDD”) during their implementation of the public works project in relation to the public housing development. There were clear guidelines within the Administration to delineate the work between HB and CEDD. During the implementation of the public works projects, HB and CEDD had been maintaining close communication. Upon completion of the detailed design, other preparatory work required and consultation with the Panel on Housing of LegCo, HB together with CEDD, would submit funding request to the Public Works Subcommittee for support and the Finance Committee of LegCo for approval. After the commencement of the public works project, HB would continue to monitor the progress so as to complete the project on time and within the approved estimate. Specifically, HB would require CEDD to report regularly on the progress

and expenditure, and would also hold regular meetings in order to identify potential uncertainties as early as possible and handle important issues immediately. HB also required CEDD to provide sufficient justifications and consult HB before making critical decisions. In order to take a more proactive role in supervision, HB had requested CEDD to include the reporting of prospective matters in the regular reports, such as the views received during the implementation of projects as well as CEDD's responses, any variation orders that would potentially lead to cost overrun or programme delays, and claims involving a relatively substantial amount submitted by contractors, etc., so as to allow HB to make early comments and provide guidance and plan for formulation of the most cost-effective solution;

- the Government had formulated a number of measures to strengthen collaboration among different departments in order to effectively solve some cross-departmental problems, or set common goals systematically and compare different options, such as setting up a cross-departmental project steering group, or holding value management workshops. The relevant arrangements had also been stipulated in CEDD's "Engineering and Associated Consultants Selection Board Handbook" and "Project Administration Handbook for Civil Engineering Works". HB would continue to proactively participate in relevant discussions in order to resolve the issues as soon as possible. According to the need of individual projects, HB, the Housing Department ("HD") and CEDD would closely collaborate with each other through regular cross-departmental meetings, exchange information on the project and progress of the public housing development project, so that adjustments could be made to the design parameters, schedule or budget of the public works project to suit the local needs. During project implementation, CEDD would consult the relevant District Councils and organize public engagement activities and workshops in a timely manner, brief the public on the project scope and incorporate public views;
- as in the past, HB would provide guidance to CEDD on controversial district issues. In the implementation of public housing development projects in recent years, HD and CEDD generally consulted the relevant District Councils or district organizations together. This arrangement helped coordinate district consultation and strengthen communications with local communities;
- for projects implemented in recent years, CEDD would obtain public views on the project through various channels, including consultation

with the relevant District Councils, organizing public engagement activities, workshops, meeting with local residents to enhance communication, and collecting public views through the internet, etc. CEDD would brief the public on the contents and progress of the project at different stages of the project as necessary to incorporate public views, so as to better gauge the views of various stakeholders and reflect them in the project design and contractual arrangements, and invite tenders only after the project design had been completed and coordinated with HD, so as to reduce the risks arising from significant design changes after the contract was awarded;

- in the implementation of works projects, all relevant government departments kept in close contact, communicate on the suitable public housing supporting facilities, and facilitate the early confirmation of development parameters of the project sites. CEDD also conducted consultation exercises and further strengthened the communication with the public, and endeavoured to consolidate public views to finalize the design before tendering, so as to reduce the risks arising from significant design changes after the contract was awarded;
- in the event that the scope of certain parts of a project could not be ascertained or may be varied before the award of contract, CEDD would liaise with the relevant policy bureau to discuss appropriate solutions, including the introduction of suitable contract provisions, detailing the additional expenditure covered by the contingencies in the funding application paper so as to minimize the risk of over-spending if such changes emerge in the future;
- works departments would take full account of the views expressed by stakeholders before deciding the contractual arrangements in future. Given the complexity of different parts of a project and the interplay between them, works departments would carefully weigh different options and factors before deciding the contractual arrangements, with a view to achieving the target within a manageable time and cost frame. Works departments would maintain close communication with bureaux at all times and provide full justification for consultation with bureaux when dealing with important decisions;
- for public works projects in recent years, CEDD had requested the consultants to study the procurement options and prepare reports during the feasibility study stage and the investigation and design stage of the

projects to record in detail the procurement considerations and the final adopted options for future reference;

- in recent years, the Government had adopted parallel tendering arrangements, i.e. the selection of works tenders or consultants would commence before securing funding, and the tender return price would be reflected in the funding application document. The arrangements could provide a more concrete project estimate to the Finance Committee and could reduce the risk of cost overrun;

Contract management

- the Geotechnical Engineering Office of CEDD was conducting a pilot scheme to produce a digital 3D model of all the land investigation records to analyze the characteristics, depth and location of different soils and rocks, so that the industry could have more accurate geological information at the preliminary design stage of geotechnical works and be better prepared for the land investigation works required at the subsequent detailed design stage;
- when implementing other works projects in future, CEDD would closely monitor the contractor's performance. Directorate staff would intervene as soon as problems were identified to ensure that the works, including the defects rectification works, were completed on time;
- when handling the assessment of contractors' claims by consultants in future, CEDD would ensure that the consultants list in detail the incidents and assessments involved for CEDD's information and record. The issue was raised in the post-completion reviews;
- under the Development Bureau ("DEVB")'s contractor management mechanism, works departments were required to closely monitor the performance of contractors during the construction period and conduct quarterly performance appraisals for contractors. Poor performance would result in a lower score in the tender assessment report and would affect the contractor's chance of being awarded new public works contracts in future. In addition, if a contractor's performance continued to be unsatisfactory, the Administration might take regulatory actions under the mechanism, including suspension of the contractor's tender status or even removal of the contractor from the Approved List of Public Works Contractors. DEVB would review the performance

assessment mechanism from time to time to meet the needs of public works projects;

- drawing on the experience of the development at Anderson Road project, CEDD would monitor the performance of contractors of various public works projects more closely. Directorate officers would also intervene as early as possible when there were problems with the contractors' performance. Where necessary, CEDD would take appropriate regulatory actions against the contractors in accordance with the DEVB's contractor management mechanism, so as to urge the contractors to take immediate improvement measures to ensure timely completion of the works;

Management of footbridges A to D and post-completion review

- the Highways Department had commissioned the Electrical and Mechanical Services Department ("EMSD") to provide the repair and maintenance services of the lifts at Footbridges A to D, and would continue to work closely with EMSD in monitoring the operation of the lifts;
- EMSD had also adopted the following enhancement measures to continuously enhance the repair and maintenance of the lifts:
 - (a) conduct special inspections: Apart from the registered lift maintenance contractors, EMSD had separately engaged an independent registered lift engineer to conduct random inspections of the lifts, and carry out special inspections when necessary;
 - (b) regular review of the stock of spare parts: The lift maintenance contractors would regularly review the stock of spare parts and had procured more spare parts in order to shorten the time required for repair and maintenance of lifts. In addition, EMSD had been monitoring and inspecting the maintenance performance of the contractors and reviewing the operating condition of the lifts, and would upgrade the relevant lift equipment as necessary;
 - (c) enhancing the Remote Lift Monitoring System for real-time monitoring of lift failures: EMSD had enhanced the Remote Lift Monitoring System to monitor lift failures (e.g. during flooding, activation of alarm, etc.) in real-time. The failure signals would be sent to the maintenance contractors and would also be recorded

in EMSD's server for analysis of outage data and monitoring of the performance of the maintenance contractors;

- (d) strengthening communication with the public: EMSD had strengthened communications with the public, including instructing maintenance contractors to affix maintenance notices at conspicuous locations inside the lifts to inform the public of the weekly inspection schedules and maintenance works, and actively liaise with the District Council members concerned to explain matters related to repair and maintenance of lifts. In addition, maintenance works would be carried out during non-peak hours;
 - (e) adopting the Digital Log-books System for Lifts and Escalators: EMSD had adopted the newly launched Digital Log-books System for Lifts and Escalator for the 17 lifts of footbridges at the development at Anderson Road project to replace the conventional paper log-books since December 2022, thereby enhancing the overall effectiveness of lift management and reliability of services. Through the mobile application or online platform of the system, all stakeholders including the maintenance contractor, the Highways Department and EMSD, could download and view in real-time the past and latest works information of the lifts. EMSD's Trading Fund was currently collecting the maintenance data such as the cause and frequency of breakdown, and maintenance time, etc. through the digital log-book. Such data would be analyzed for monitoring the performance of the contractor and continuously improving the quality of lift services; and
 - (f) installing the intelligent predictive maintenance system: In March 2022, the maintenance contractor concerned had completed the installation of the intelligent predictive maintenance system for the lifts at Footbridge D, such that EMSD could monitor the lifts remotely and analyze the operation of motors, thereby enabling fault prediction and preventive maintenance, so as to reduce the frequency and time required for repair and maintenance works. In view of the satisfactory performance of the intelligent predictive maintenance system, EMSD had completed the installation of the intelligent predictive maintenance system for Footbridges A, B and C in March and April 2023 respectively;
- EMSD was regularly reviewing and updating the terms of the repair and maintenance contracts for lifts to enhance the quality of repair and

maintenance services. EMSD would continue to monitor the performance of the lifts at Footbridges A to D, and closely liaise and collaborate with relevant departments for taking forward follow-up actions as appropriate, with a view to maintaining reliable and efficient lift services;

- the Transport Department, in collaboration with the relevant government departments, had reviewed the usage of Footbridges A to D in 2022 and implemented the following traffic and transport improvement measures in March 2023:
 - (a) added a new bus stop for several bus routes at Shun On Road near the downhill side of Footbridge D and erection of new pedestrian directional signs at On Yan Street for redistribution of the pedestrian flows; and
 - (b) modified the existing lift programmes from energy-saving mode to demand mode with a view to reducing lift waiting time;
- the Transport Department would, in collaboration with the relevant government departments, keep under review the usage of Footbridges A to D, after the completion of nearby developments including community facilities and schools and the above improvement measures, and pursue appropriate supporting transport facilities as well as traffic and transport improvement measures, including adjusting public transport services, to match the needs of local residents when necessary;
- improvement works had been carried out by CEDD at the dripping location to divert the water from the planter to the drainage channel of the footbridge. CEDD would pay attention to the works details in future in order to prevent the recurrence of the water dripping problem; and
- CEDD had included post-completion reviews as a standing item on the agenda of the CEDD Executive Management Meeting to regularly monitor the progress of post-completion reviews to ensure that they were completed in a timely manner.

5. The Committee wrote to the Director of Civil Engineering and Development and the Director of Electrical and Mechanical Services on 8 January 2024 regarding the progress of reviewing the methodology for calculating contingency provisions to enable a more reliable project estimates and the effectiveness of various enhancement

works conducted to the lifts at Footbridges A to D respectively. The replies from the **Director of Civil Engineering and Development** and the **Director of Electrical and Mechanical Services** are in *Appendices 3* and *4* respectively.

6. The Committee wishes to be kept informed of further development on the subject, and provided with time frames, where possible, for actions to be taken on the outstanding matters.