

LC: CS presents Government Minute in response to Report of Public Accounts Committee No. 70A

Following is the speech (translated from Chinese) by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in presenting the Government Minute in response to the Report of the Public Accounts Committee No. 70 in the Legislative Council today (January 30):

President,

Laid on the table today is the Government Minute (GM) responding to Report No. 70A of the Public Accounts Committee (PAC).

When presenting Report No. 70A on November 14, 2018 to the Legislative Council (LegCo), the Chairman of PAC offered comments on two chapters in the Director of Audit's Report No. 70, namely, "Management of restored landfills" and "Sha Tin Section of Route 8".

I sincerely welcome PAC's Report and am grateful for the time and effort that the Chairman and Members of PAC devoted to investigating these subjects. The Government accepts PAC's various recommendations and sets out in detail the specific responses of the relevant bureaux/departments in the GM. Today, I would like to highlight the key measures that the Government has taken in the two important policy areas and the progress.

Management of restored landfills

Regarding "Management of restored landfills", as pointed out by the Chairman of PAC, there are many site constraints in the 13 closed landfills in Hong Kong. Before we could further develop the sites, various technical difficulties such as ground settlement and continuous generation of landfill gas have to be overcome. Nonetheless, the Environmental Protection Department (EPD) would seriously follow up on the recommendations of PAC with a view to developing the closed landfills for recreational or other suitable afteruse under these constraints.

In 2016, EPD thoroughly reviewed the monitoring system and promptly implemented numerous improvement measures, including stepping up the frequency of irregular inspections, strengthening the training of EPD's on-site staff to enhance their technical knowledge and alertness, and arranging the installation of additional monitoring equipment to more closely monitor the operation of the waste facilities, etc. As regards the monitoring of the contractors of restored landfills, EPD accepts the recommendations made by PAC and will take appropriate follow-up action, including expediting the progress of installing advanced equipment at various restored landfill sites with leachate treatment plants, with a view to automating the monitoring work and detecting cases of non-compliance in a more timely manner; continuous

supervision of the contractors' operation on restoration facilities and their compliance with relevant statutory and contractual requirements; and reviewing the feasibility of including non-compliance with the relevant statutory environmental requirements under the demerit point system of the design-build-operate contracts for the restoration and management of closed landfills in future, etc.

For the Restored Landfill Revitalisation Funding Scheme (the Funding Scheme), EPD is working closely with the two organisations selected under Batch 1 of the Funding Scheme with a view to taking forward the revitalisation projects as soon as possible. EPD will also review Batch 1 of the Funding Scheme to formulate necessary improvement measures to enhance the operation of subsequent batches of the Funding Scheme.

In response to PAC Chairman's recommendations on Kwai Chung Park, Jordan Valley Park and Wan Po Road Pet Garden, relevant bureaux and departments have promptly followed up on the recommendations. I would like to briefly update the progress as follows.

Kwai Chung Park

The Kwai Chung Park (the Park) covers a very large area of over 25 hectares surrounded by slopes on restored landfills, which is unique in Hong Kong and much different from other open space projects. Over the past years, progress was mainly impeded by complicated site conditions, technical constraints and competing priorities for comprehensive development. While there was no shortfall of open space in Kwai Tsing District as a whole according to the recommendations of the Hong Kong Planning Standards and Guidelines, the Leisure and Cultural Services Department (LCSD) has spared no effort to press ahead with the planning work for the Park to the extent possible under the prevailing mechanism. To show the Government's commitment to develop the Park, the Kwai Chung Park project was included in the Five-Year Plan for Sports and Recreation Facilities as announced in the 2017 Policy Address. The Home Affairs Bureau issued the revised Project Definition Statement on May 18, 2018. The Architectural Services Department (ArchSD) has taken immediate action afterwards and submitted the Technical Feasibility Statement to the Development Bureau (DEVB) in November 2018 for approval. LCSD and relevant bureaux and departments will make the best efforts to implement the Kwai Chung Park project to meet the Five-Year Plan. The aim is to finish the preparatory work such as detailed design and consultation with the Kwai Tsing District Council on the design, etc., and seek funding approval from the LegCo in the legislative year 2020-2021 for commencement of works by end-2021.

Jordan Valley Park

ArchSD has shared its experience in the construction of the Jordan Valley Park with relevant organisations with a view to enhancing the management of works projects at restored landfills in future.

Wan Po Road Pet Garden

Drawing on the experience of Wan Po Road Pet Garden project, if the Home Affairs Department is to take up in future any works project in restored landfills, it will implement appropriate measures to address the potential risk of unusual ground settlement at the sites.

Sha Tin Section of Route 8

Regarding "Sha Tin Section of Route 8", Works departments have all along carried out monitoring and management of consultants' performance in strict compliance with the relevant government circulars and handbooks including the Engineering and Associated Consultants Selection Board Handbook and the Architectural and Associated Consultants Selection Board Handbook. Works departments will continue to regularly evaluate the consultants' performance and report to the bureaux in accordance with the relevant requirements. If the performance of a consultant is found to be unsatisfactory, the Government will take appropriate regulatory action including suspension from tendering for consultancy agreements for public works projects. The Government will also review the relevant circulars and handbooks in a timely manner to facilitate effective administration, and continue to discharge its duties, ensuring that the professional services provided by the consultants are up to the standards.

As regards the Sha Tin Section of Route 8 works project, there is certainly room for improvement on the part of the Government in the vetting and monitoring of the consultants' performance. After learning a lesson from this experience, the Government updated the Project Administration Handbook for Civil Engineering Works in August 2018, requiring the consultants of all works departments to consult the works department concerned before issuing official replies to tenderers. At the same time, Highways Department has also updated internal guidelines to improve the process of checking of contract clauses and drawings, in order to increase the accuracy of checking. Apart from checking the tender documents, works departments have to conduct careful checking and pre-tender cross-checking procedures in the preparation of Bills of Quantities, and to use the Building Information Modelling technology for checking where appropriate.

We understand that the Audit Commission and PAC have expressed serious concern over contract negotiation process involved in Contract A. Currently, the Government has put in place a comprehensive monitoring mechanism for vetting and approving works departments' solutions to contractual settlements, including extra-contractual settlements. Even if the Approved Project Estimates are not exceeded in the solutions, works departments are required to follow the prevailing government guidelines/requirements and seek approval from the relevant delegated authorities. Furthermore, works departments should provide copies of approved settlements to the Audit Commission for reference. If the situation warrants, the Audit Commission will conduct audits and, where necessary, report the cases to PAC. DEVB considers that the aforesaid monitoring and reporting mechanism has been working well, and will continue to monitor its operation in order to conduct a review in a timely manner.

President, I would like to sincerely thank the Chairman and all Members

of PAC again for their efforts and guidance. Relevant bureaux and departments will strictly follow their responses in the GM and implement the improvement measures as soon as possible to ensure the proper use of public funds.

Thank you, President.