

LCQ18: Monitoring quality of major public works projects

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 8):

Question:

It has been reported that since the commissioning of the Hong Kong Velodrome (HKV) which was built at a cost of \$1.1 billion, a total of 234 water seepage incidents have occurred in the HKV. Recently when the amber rainstorm signal was in force, there was even a serious accumulation of water in the HKV, which was caused by the automatic opening of the roof windows due to malfunctioning of the fire alarm system. Bemoaning the damage caused to the cycling track in the HKV, a local athlete, who is a winner in the Track Cycling World Championship, posted a message on the Internet that she personally mopped dry the water spots on the cycling track. Responses of members of the public on the Internet and the media have both expressed dissatisfaction with the water seepage incidents. In addition, enhancement works were needed to be carried out at The Grand Theatre of the Xiqu Centre, which was built at a cost of \$2.7 billion but had a utilisation rate of merely 31 per cent, just three months after its opening. Besides, the Central-Wan Chai Bypass (the Bypass) is installed with three sets of air purification system claiming to be the world's largest system which can filter 80 per cent of respirable suspended particulates and nitrogen dioxide from vehicle exhaust. Nevertheless, just several days after the commissioning of the Bypass, the operation of seven out of the 15 fans installed in the air purification system of the East Ventilation Building were suspended due to damage. Some commentators on current affairs have pointed out that various types of quality problems have emerged in major public works projects in recent years on which the Government had spent substantial amounts of public money, and members of the public are in fact "paying money to buy sufferings". In this connection, will the Government inform this Council:

(1) whether it has assessed (i) the negative impacts on the Government's image caused, and (ii) if there has been a blow to the confidence of members of the public in the Government's governance ability and proper use of public money, by the successive emergence of quality problems in the aforesaid public works projects; if it has assessed, of the outcome; if it has not assessed, the reasons for that;

(2) as the Chief Secretary for Administration has recently said that the total infrastructure investments in transport, hospitals, housing developments, etc. in the coming decade are estimated to exceed \$1,000 billion, of the Government's new policies and measures to strengthen its monitoring and control of works projects and to enhance its efforts in holding the government officials in charge of works projects accountable for

the projects, so as to avoid recurrence of quality problems in works projects; and

(3) whether it has reviewed if the Project Strategy and Governance Office is sufficiently empowered and staffed to monitor the costs and quality of the aforesaid works projects which will cost more than \$1,000 billion?

Reply:

President,

The Government has been implementing public works in a moderate and orderly manner to enhance people's quality of living, so as to sustain Hong Kong's long-term competitiveness and promote Hong Kong's economic development. In the next few years, the annual capital works investment is expected to rise to over \$100 billion, including projects such as the Central Kowloon Route and the Hospital Development Plan, while the annual total construction output will increase to over \$300 billion. In addition to this substantial workload, we are facing the challenges of extremely high construction cost and ageing construction work force. To tackle these challenges, we have been working hard on promoting relevant strategies to uplift the construction industry's delivery capacity, improving overall productivity as well as ensuring the works quality for smooth implementation of public works projects.

Our responses to the three parts of the question raised by the Hon Tse are as follows:

(1) We have in place a well-established and very effective works quality supervision system for public works projects. According to the World Economic Forum, Hong Kong is ranked number two in infrastructure. We also understand the public's concern about the performance and quality of public works. As announced in the 2019-20 Budget, in order to boost the overall productivity, quality, safety and environmental performance of the industry, we will lead the construction industry in implementing "Construction 2.0" by advocating innovation, professionalisation and revitalisation to ensure the quality of public works by enhancing the performance of the industry. We are now deepening various measures in "Construction 2.0" for implementation as early as possible to meet the public's expectations for the performance of public works projects. As regards the cases mentioned by the Hon Tse, we understand that the relevant departments have already taken appropriate follow-up actions.

(2) At the moment, we are upgrading the Project Cost Management Office and will rename it the Project Strategy and Governance Office (PSGO) for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance. We will adopt a holistic approach to strengthen cost management and uplift the performance of public works projects by implementing major initiatives along the following directions:

(i) strengthening the existing gateway process for cost management;

- (ii) enhancing project delivery capabilities;
- (iii) leading strategic developments to enhance productivity and cost-effectiveness; and
- (iv) enhancing collaboration with international counterparts and local industry stakeholders.

Besides, to enhance project delivery capabilities, the Government will establish the Centre of Excellence for Major Project Leaders (CoE) to instill in relevant public officers a more innovative mindset and equip them with enhanced leadership skills for delivering public works projects. We have earmarked \$40 million for the first three years of the CoE's operations for around 150 to 200 directorate officers in relevant bureaux and departments. The CoE will start the programme in mid-2019.

The Financial Secretary has mentioned in the 2019-20 Budget Speech that in order to ensure the performance of public works supervision, we will promote digitisation of the supervision system. Pilot projects will be launched to motivate site supervisors and contractors to use innovative technology to collect real-time data on site environment and works progress for record, monitoring and analysis purposes. We have set up a task force to plan and co-ordinate inter-departmental work in this regard.

(3) The PSGO will be a multi-disciplinary office dedicated to enhancing the performance of public works projects. It is headed by a Principal Government Engineer, who will be assisted by a Government Engineer, a Chief Engineer and ten non-directorate professional staff of various professional grades, such as Architect, Engineer, and Quantity Surveyor. We are now seeking the Finance Committee of Legislative Council's approval for the respective directorate grade posts. After the establishment of the PSGO, we will review the project strategy and resources of the PSGO from time to time to ensure sufficient staff and resources are in place to cope with the workload.