

LCQ7: Implementation progress of public works projects

Following is a question by the Hon Gary Zhang and a written reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (December 4):

Question:

It is learnt that among the public works for which funding approval has been granted by the Finance Committee (FC) of this Council in the current financial year, the implementation progress of some projects has been slow, with works not formally commencing for a protracted period of time. In this connection, will the Government inform this Council:

(1) in respect of the public works projects submitted individually to the FC for vetting and approval and granted funding approval, of the time taken in general from the closure of the tender exercise, approval of funding, to the actual commencement of works, as well as the administrative procedures involved and the time taken for the various procedures;

(2) in the past three years, whether the implementation time of any public works projects submitted individually to the FC for vetting and approval and granted funding approval exceeded the time generally required as mentioned in (1); if so, of the reasons for that;

(3) in each of the years from 2020 to 2023 and this year to date, (i) of the total number of projects for which funding approval has been granted by the FC for carrying out technical feasibility studies, detailed design and/or investigation for public works projects, and the total funding approved (excluding projects committed through block allocations under the Capital Works Reserve Fund), and (ii) among them, of the number of projects for which funding has been sought from the FC for the relevant construction works (set out in the table below); if there are projects for which funding approval has not yet been sought from the FC so far for carrying out the construction works, of the progress of each of such projects;

Year	(i)		(ii)
	Total number of projects	Total amount of funding	
2020			
2021			
2022			
2023			
2024 to date			

(4) of the annual estimated expenditure on works-related block allocations (i.e. Heads 702 to 709 and 711) approved under the Capital Works Reserve Fund in the past five financial years, as well as the actual expenditure as at the end of the financial years concerned (set out in a table); and

(5) of the total estimated annual expenditure on public works projects

submitted individually to the FC and granted funding approval in the past five financial years, as well as the actual expenditure as at the end of the financial years concerned (set out in a table)?

Reply:

President,

The Government has been implementing public works projects in a timely and orderly manner with a view to improving people's quality of living, enhancing the long-term competitiveness and promoting the economic development of Hong Kong. After securing funding from the Finance Committee (FC), depending on the scale of projects, they would be implemented in phases through different works contracts. In addition, the Government has issued internal guidelines in September 2020 requesting that, under normal circumstances, the Controlling Officers should adopt parallel tendering for the procurement of works contracts and works-related consultancies. The objective of parallel tendering is to reflect the returned tender price of works contract/works-related consultancy in the application of Approved Project Estimate from the FC as far as practicable to reduce the risk of cost overrun or unnecessary lock-up of public resources, and to enable responsible departments to early commence works/consultancy services after obtaining funding approval from the FC. In general, the entire procurement process of works contracts and works-related consultancies would normally take about four to six months.

Our responses to the five parts of the question are as follows:

(1) In general, there are different procedures involved in the entire process from tendering to actual commencement of works, including (i) tender invitation – subject to the nature and complexity of the works or consultancy services, the tendering period generally takes about 1.5 to two months; (ii) after tender closing, tender evaluation under the “two-envelope” approach comprises two parts. First, tenderers' technical competence and past performance will be assessed, followed by considering their tender prices. Finally, a combined score for each of the tenders will be derived. The whole process takes about two to 2.5 months; (iii) preparation of final tender report for submission to the Tender Board and obtaining its approval of the tender evaluation recommendation in about 0.5 to one month; and (iv) signing of the contracts by two parties, site handover and commencement of actual site work by the contractor in about 0.5 months.

(2) According to our information, a small number of projects (about 15 per cent) took longer than the above-mentioned time from tendering to actual commencement of works in the past three years. The main reasons include (i) the relevant departments needed to clarify the information of the tender submissions with the tenderers during evaluation of tenders for the projects, and sometimes even needed to seek legal advice to determine the validity of the tenders; (ii) the approval and contract-signing of some projects needed to dovetail with the meetings of the Public Works Subcommittee (PWSC) and the FC; (iii) longer time would be taken to evaluate tenders for projects involving complex nature and technical requirements or when there were a

large number of tender submissions.

(3) During the period from 2020 to 2024 (up to November), (i) the total number of projects and funding approved by the FC for carrying out pre-construction works, and (ii) the number of those projects for which funding has been sought from the FC for the relevant construction works, are as follows:

Year	Projects for pre-construction works approved by the FC		Number of projects for which funding has been sought from the FC for the relevant construction works
	Total number	Total amount of funding	
2020	7	\$1.78 billion	4
2021	5	\$1.5 billion	1
2022	2	\$0.566 billion	0
2023	3	\$1.115 billion	0
2024 (up to November)	1	\$0.263 billion	0

Some of the above-mentioned projects have not yet proceeded to the main construction stage since different planning and design works are being carried out according to the planning for the pre-construction works. These pre-construction works include conducting site investigation, technical impact assessment (such as environment, traffic, drainage, sewerage, water supply, geotechnical engineering, tree, ventilation and visual impact) and engineering design, carrying out consultation with relevant departments and stakeholders, processing statutory procedures (such as the Roads (Works, Use and Compensation) Ordinance and the Water Pollution Control (Sewerage) Regulation), and estimating project cost. When the planning and design of the project are completed, further consultation with the relevant Legislative Council Panel will be conducted before submission to the PWSC for consideration and, ultimately, the FC for funding approval for implementing the project.

(4) and (5) The actual annual capital works expenditure reflects the actual progress of the projects. Therefore, even if the approved project estimates remain unchanged, the actual annual expenditure will be slightly different from the estimated expenditure. The estimated and actual capital works expenditure in the past five financial years (i.e. 2019-2020 to 2023-24) are as follows:

Financial year	Estimated capital works expenditure	Actual capital works expenditure

2019-20	\$64.2 billion (including block allocation \$10.7 billion)	\$65.4 billion (including block allocation \$10.7 billion)
2020-21	\$66.9 billion (including block allocation \$12.1 billion)	\$70.0 billion (including block allocation \$12.0 billion)
2021-22	\$75.6 billion (including block allocation \$13.7 billion)	\$77.1 billion (including block allocation \$13.5 billion)
2022-23	\$87.1 billion (including block allocation \$13.5 billion)	\$87.6 billion (including block allocation \$13.2 billion)
2023-24	\$85.0 billion (including block allocation \$13.6 billion)	\$85.8 billion (including block allocation \$13.2 billion)