

LCQ19: District Council District Minor Works

Following is a question by the Hon Lau Kong-wah and a written reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (December 15):

Question:

It has been reported that in recent years, quite a number of infrastructural projects have expeditiously been launched, and various kinds of construction works projects have also commenced along with the gradual recovery of the economy, rendering construction companies unable to cope with these projects. Some District Councils (DCs) members have pointed out that this year, quite a number of construction companies are uninterested in making petty profits and they refuse to bid for district minor works under DCs, causing postponement and even suspension of such projects. In this connection, will the Government inform this Council:

(a) of the respective numbers of district minor works projects under DCs in Hong Kong which have been postponed in the past five years because no construction company had bid for them or contractors had quoted excessively high project costs; the number of projects suspended as a result; and how long such projects have been postponed on average;

(b) of the current number of projects which have been granted funding but have not yet commenced because tenders have not been invited for them; the major reasons for that; the districts in which such projects are located; and the number of projects which are awaiting allocation of funding have been postponed consequentially; and

(c) whether the authorities will introduce measures to expedite the launching of district minor works under DCs, e.g. lowering the qualifications of contractors bidding for such works, so that more small and medium construction companies can take part in such tenders?

Reply

President,

Despite the launching of many major infrastructural projects in recent years, since

District Minor Works (DMW) projects carried out by District Councils (DCs) are mainly undertaken by contractors of a smaller scale, the award of these projects to contractors has not been affected.

My reply to the three parts of the question is as follows:

(a) Since the full implementation of the DMW Programme in the 18 districts in 2008, DCs have approved a total of more than 2400 projects. None of these projects had to be postponed or shelved because of insufficient number of contractors participating in the tendering exercises or tender prices considered to be too high.

(b) Like other works projects, after the estimate of a DMW project is approved, it usually takes some time to complete the necessary preparation work in accordance with the approved scope of the project before tender submissions can be invited. Such preparation work includes revising detailed designs and plans, preparing tender documents, etc. At present, the 18 districts have about 220 projects with project estimates approved and pre-tendering preparation work underway. Unless there are unforeseeable technical problems (e.g. the site in question being temporarily expropriated for conducting urgent repair), which will result in changes in the project scope and construction period, we expect the tendering exercises of these projects to all proceed as scheduled.

While the tendering exercises of these projects are yet to start, other works projects that are at their preliminary planning stage can still proceed with the planning work and funding application in accordance with the established procedures without being delayed.

(c) We have done our best to expedite the pre-construction preparation work of DMW projects. For instance, all the District Offices have vigorously followed up on inter-departmental consultation work. Besides, we encourage the District Councils to set up a working group to follow up on project planning and detailed design for each project item. This will help resolve problems promptly without having to recourse to deliberation at District Council meetings.

As regards the contractors of DMW projects, for any DMW project with a cost estimate of not more than \$4 million, we will invite contractors on the list of approved contractors maintained by the Home Affairs Department to submit tenders. These are mainly contractors of a smaller scale. If the cost estimate of a project exceeds \$4

million, only contractors on the list of contractors maintained by the Development Bureau are eligible to submit tenders.

To ensure project quality, contractors who are interested in applying for inclusion in the above lists should meet certain eligibility criteria and have a good track record in the following aspects as proof of their capability in undertaking such projects:

- experience of the contractor's management in works projects;
- relevant qualifications and experience of technical personnel;
- financial soundness of the company (including adequate capital and working capital);
- number of projects completed and experience gained; and
- any record of non-compliance of relevant legislation.

Contractors are welcome to apply for inclusion in the lists. As there is no upper limit on the number of approved contractors, interested contractors who meet the requisite criteria may be included in the lists. To ensure project quality, we have no intention of lowering the eligibility threshold.

Ends/Wednesday, December 15, 2010

NNNN