

CHAPTER 5

THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

CAPITAL WORKS RESERVE FUND

GOVERNMENT SECRETARIAT

Finance Bureau

GOVERNMENT DEPARTMENTS

Government Property Agency

Architectural Services Department

Construction of government office buildings

CONSTRUCTION OF GOVERNMENT OFFICE BUILDINGS

Contents

	Paragraphs
SUMMARY AND KEY FINDINGS	
PART 1: INTRODUCTION	
Government office accommodation policy	1.1 – 1.4
Audit review	1.5 – 1.6
CSWGO project	1.7 – 1.9
STGO project	1.10 – 1.12
PART 2: ALLOCATION OF CSWGO OFFICE SPACE TO ANOTHER MAJOR USER DEPARTMENT	2.1
Initial allocation of 10th to 18th floors of the CSWGO to the ArchSD	2.2 – 2.5
Re-allocation of 10th to 18th floors of the CSWGO to the RVD and other government departments	2.6 – 2.7
Need to prepare fitting-out plans again	2.8 – 2.9
Reasons for not relocating the BD to the CSWGO	2.10
<i>Audit observations on allocation of CSWGO office space to another major user department</i>	2.11
<i>Audit recommendations on allocation of CSWGO office space to another major user department</i>	2.12
<i>Response from the Administration</i>	2.13
PART 3: FITTING-OUT WORKS IN THE CSWGO FOR THE MEDICAL EXAMINATION BOARD	3.1
Relocation of the MEB to the CSWGO	3.2
Abortive design and fitting-out works for the MEB	3.3 – 3.4
Reasons for not informing the GPA earlier of the decision not to relocate the MEB	3.5

	Paragraphs
<i>Audit observations on fitting-out works in the CSWGO for the MEB</i>	3.6 – 3.8
<i>Audit recommendations on fitting-out works in the CSWGO for the MEB</i>	3.9
<i>Response from the Administration</i>	3.10 – 3.12
PART 4: PROVISION OF A FOOTBRIDGE FOR THE CSWGO	4.1
Decision to construct the footbridge	4.2 – 4.7
Construction of the footbridge before obtaining approval	4.8 – 4.11
<i>Audit observations on provision of a footbridge for the CSWGO</i>	4.12 – 4.13
<i>Audit recommendations on provision of a footbridge for the CSWGO</i>	4.14 – 4.15
<i>Response from the Administration</i>	4.16 – 4.17
PART 5: MODIFICATION OF THE HOARDING WORKS OF THE STGO	5.1
Practice Note for Authorised Persons and Registered Structural Engineers No. 224	5.2 – 5.3
Hoarding specified in the STGO Contract	5.4
Modification works of hoarding of STGO construction site	5.5 – 5.6
<i>Audit observations on modification of the hoarding works of the STGO</i>	5.7
<i>Audit recommendations on modification of the hoarding works of the STGO</i>	5.8
<i>Response from the Administration</i>	5.9
Appendix A: Chronology of key events	
Appendix B: Acronyms and abbreviations	

CONSTRUCTION OF GOVERNMENT OFFICE BUILDINGS

Summary and key findings

A. **Introduction.** The Government's policy for the acquisition and allocation of government office accommodation is to relocate government departments from leased accommodation to government-owned accommodation, and as far as practicable from prime locations of high rental value to non-prime locations of low rental value (para. 1.1).

B. **Audit review.** Audit has recently carried out a review of the construction of government office buildings (para. 1.5). The audit findings are summarised in paragraphs C to G below.

C. **Change in the allocation of office space of the Cheung Sha Wan Government Offices (CSWGO).** In late 1995, the Government Property Agency (GPA) planned to relocate the Architectural Services Department (ArchSD), which was accommodated in the Queensway Government Offices (QGO), to the CSWGO. The ArchSD would be the major user department of the CSWGO. However, the GPA's selection of the ArchSD deviated from the government accommodation policy because the ArchSD was occupying government-owned (instead of leased) accommodation at the QGO. In March 1998 (i.e. 14 months after the award of the CSWGO Contract), having considered the Secretary for the Treasury's views, the GPA took action to find other government departments, which were occupying leased accommodation, to move into the 9 floors of office space earmarked for the ArchSD at the CSWGO. The ArchSD would continue to stay in the QGO. The fitting-out plans prepared for the floors to be occupied by the ArchSD became abortive. Furthermore, the Rating and Valuation Department (RVD), which had been selected at short notice as the major user department to replace the ArchSD, was undergoing an organisational reform and there were changes in its schedule of accommodation. The submissions of the RVD's fitting-out plans were delayed. The ArchSD assessed that the prolongation cost would be \$3.27 million. Audit considers that the additional cost could have been avoided if the GPA had given priority to relocating those departments occupying leased accommodation of high rental value to government-owned accommodation (paras. 2.3, 2.7 and 2.11).

D. **Abortive design and fitting-out works in the CSWGO for the Medical Examination Board (MEB) of the Department of Health (DH).** Since early 1997, the DH had been aware of the development of an outsourcing proposal of allowing trading fund departments to engage private practitioners to conduct medical examinations. In January 1999, the Civil Service Bureau (CSB) sought the DH's view on the proposal of extending the outsourcing of the medical examination services on a wider basis. In May 1999, the DH had no objection to the proposal. In July 1999, the CSB, the Finance Bureau, the DH and the Government Supplies Department indicated that they had no in-principle objection to extending the outsourcing of the medical examination services to other government departments. However, it was only in December 1999, i.e. two months after the completion of the fitting-out works for the MEB in the CSWGO, that the DH informed the GPA of the

outsourcing proposal. In January 2000, the DH informed the GPA that the relocation of the MEB to the CSWGO was not necessary in view of the outsourcing of the medical examination services. The ArchSD estimated that the cost of fitting-out works of \$3.7 million completed for the MEB was rendered abortive. Audit considers that the abortive fitting-out works could have been avoided or substantially reduced if the DH had taken more proactive action to deal with the situation (paras. 3.3, 3.4, 3.7 and 3.8).

E. Provision of a footbridge for the CSWGO. The proposal of providing a pedestrian link between the CSWGO and the adjacent commercial building was first discussed between the Lands Department and the GPA in November 1996, i.e. after tenders for the CSWGO Contract had been received. After the award of the CSWGO Contract, the GPA decided to include the footbridge as additional works. The GPA considered that the footbridge was an integral part of the CSWGO construction project and would make the CSWGO more accessible. Audit considers that in planning projects for the construction of government office buildings, the GPA should always identify the integral parts of a building and include them in the contract documents before letting the contract (para. 4.12).

F. In April 1997, the GPA requested the ArchSD to instruct Contractor A to make provision for the construction of the footbridge in the structural design of the foundation of the CSWGO. In May 1997, the ArchSD instructed Contractor A to proceed with the design of the footbridge. In October 1999, the construction works of the footbridge were completed. However, it was only in November 1999 that the Director of Architectural Services endorsed the issue of a variation order at an estimated cost of \$2.9 million for the design and the construction of the footbridge. While in this case there was no claim for extension of time for the completion of the works, the ordering of additional works without contractors' agreement will invariably lead to time and cost claims from the contractors. Audit considers that the ArchSD should have agreed the design fees and the construction cost of the footbridge with Contractor A before ordering the works. Audit also considers that in future, staff of the ArchSD should obtain proper prior approval from the relevant authorities before instructing contractors to carry out additional works (paras. 4.3 and 4.13).

G. Improvement needed in preparation of contract documents for the hoarding works. In May 1998, the Buildings Department (BD) issued Practice Note for Authorised Persons and Registered Structural Engineers (PNAP) No. 224 on "Superstructure Works — Measures for Public Safety" in order to give better protection to the public near construction sites with superstructure works. PNAP No. 224 requires the construction of a double-deck hoarding with a projected, up-turn catch-platform overhanging a small part of the carriageway. In July 1999, the ArchSD awarded a contract for the construction of the Shatin Government Offices (STGO). Based on the ArchSD's standard drawings included in the STGO contract documents, a single-deck hoarding, instead of a double-deck hoarding, was specified for the construction site. In July 2000, the ArchSD discovered that there was a discrepancy between the hoarding specified in the STGO Contract and the BD's hoarding requirements in PNAP No. 224. Subsequently, the ArchSD had to instruct Contractor B to modify the hoarding constructed for the STGO construction site. If the ArchSD had taken action to ensure that its standard drawings and plans were in line with the latest requirements of the BD, the BD's most up-to-date requirements of hoarding would have been incorporated into the contract documents before the award of the STGO Contract (paras. 5.2 to 5.5 and 5.7).

H. **Audit recommendations.** Audit has made the following main recommendations that:

- (a) the Government Property Administrator should:
 - (i) in planning for the allocation of office space of new government office buildings, give priority to relocating government departments occupying leased premises, particularly those in high rental areas, to government-owned accommodation. This will achieve the Government's policy objective of accommodating departments in government-owned accommodation and will achieve savings in rental (para. 2.12(a)); and
 - (ii) after the award of a contract for the construction of a new government office building, avoid making changes of user departments in that building (para. 2.12(b));
- (b) the Secretary for the Treasury, in consultation with the Government Property Administrator, should amend the Accommodation Regulations so that government departments are required to inform the GPA immediately of any changes which may affect departments' allocated accommodation in a government office building under construction. This will enable the GPA to consider alternative uses of the office space (para. 3.9(b));
- (c) before the letting of a contract for the construction of a government office building, the Government Property Administrator, in consultation with the Director of Architectural Services, should critically review the need for essential facilities in planning the design of the government office building and should include all essential facilities in the contract documents (para. 4.14(a) and (b)); and
- (d) the Director of Architectural Services should:
 - (i) in a design-and-build contract, if changes are considered necessary after the commencement of the design, critically assess the effects of the changes on time and cost, and agree in advance with the contractor the extra time and cost involved before issuing variation orders (para. 4.15(a));
 - (ii) ensure that the ArchSD staff obtain proper prior approval from the relevant authorities before instructing contractors to carry out additional works (para. 4.15(b)); and
 - (iii) regularly review and update the ArchSD's standard drawings and plans for building works so as to ensure compliance with the relevant current building works requirements issued by the BD (para. 5.8(a)).

I. **Response from the Administration.** The Administration has generally agreed with the audit recommendations (paras. 2.13, 3.10, 3.11, 4.16, 4.17 and 5.9).

PART 1: INTRODUCTION

Government office accommodation policy

1.1 The Government's policy for the acquisition and allocation of government office accommodation (Note 1) is to relocate government departments from leased accommodation to government-owned accommodation, and as far as practicable from prime locations of high rental value to non-prime locations of low rental value, subject to any specific departmental location requirements. The Government aims to house departments in government-owned accommodation because:

- (a) it is more cost-effective (Note 2);
- (b) it has security of tenure; and
- (c) it can better meet users' special requirements, especially those involving extensive and expensive fittings.

1.2 To meet the need for additional office space, the Government usually has the following options:

- (a) construction of office buildings to meet long-term accommodation needs, if suitable sites are available;
- (b) purchase of office accommodation from private developers, if resources permit and the market situation is favourable; and
- (c) leasing of the required accommodation to cater for departments' specific location requirements, and for departments' immediate or short-term accommodation needs which cannot be met from the existing stock of government premises.

Note 1: *Government office accommodation includes general office and departmental specialist accommodation, such as health care centres.*

Note 2: *According to the Government Property Agency, government-owned accommodation is more cost-effective in terms of the payback period. The payback period for purchased accommodation is about 15 to 20 years and the payback period for constructed accommodation is even shorter.*

1.3 The Secretary for the Treasury has the overall policy responsibility for accommodation matters. The Government Property Agency (GPA), being the Government's executive agency in the planning of accommodation and the administration of government properties, advises the Secretary for the Treasury on all policy and administrative matters concerning government properties. In addition, the GPA assumes a coordination role for obtaining funds for the construction of new joint-user government buildings and in the allocation of office space to government departments (Note 3). The Architectural Services Department (ArchSD) is responsible for the construction of government buildings.

1.4 In recent years, several government office buildings have been constructed or are being planned for construction to meet the general shortfall of government office accommodation, and to allow redevelopment of government buildings occupying underutilised sites.

Audit review

1.5 Audit has recently carried out a review of the construction of government office buildings. The objectives of the review are:

- (a) to evaluate the economy and effectiveness with which the GPA and the ArchSD have planned and administered projects for the construction of government office buildings; and
- (b) to ascertain whether there is room for improvement in the planning and administration of projects for the construction of government office buildings in future.

1.6 Audit reviewed projects for the construction of government buildings in the past five years. There were two projects for the construction of joint-user government office buildings: the Cheung Sha Wan Government Offices (CSWGO) project and the Shatin Government Offices (STGO) project. Details of these two projects are given in paragraphs 1.7 to 1.12 below.

CSWGO project

1.7 *Justifications for the CSWGO project.* In March 1995, the GPA accepted the recommendation of a preliminary project feasibility study (PPFS) completed by the ArchSD on the construction of a purpose-built government office building at the junction of Cheung Sha Wan Road

Note 3: *The allocation of space of new government office buildings to departments is subject to acceptance by the departments concerned. The accommodation requirements of the departments concerned are also subject to detailed vetting by the GPA.*

and Yen Chow Street in Kowloon. According to the PPFS, the CSWGO would provide office space:

- (a) for meeting identified and projected demand for general office space;
- (b) for relocating departments occupying office buildings at underutilised sites (such as those in the Canton Road Government Offices) in order to release the sites for redevelopment;
- (c) for relocating departments occupying leased premises so that rental expenditure could be reduced; and
- (d) for accommodating the Department of Health's requirement for a primary health care centre.

1.8 ***Funding approval.*** In July 1996, the Finance Committee (FC) of the Legislative Council approved the recommendation of the Public Works Subcommittee (PWSC) to upgrade the project "Cheung Sha Wan Government Offices Building" to Category A (Note 4) of the Public Works Programme. The project included the design and the construction of a joint-user government office complex together with a primary health care centre at the junction of Cheung Sha Wan Road and Yen Chow Street.

1.9 ***Award of contract.*** In January 1997, the ArchSD awarded a design-and-build contract (hereinafter referred to as the CSWGO Contract) to Contractor A for the construction of the CSWGO. The CSWGO would provide a total net usable floor area of 41,800 square metres. In October 1999, the works of the CSWGO were substantially completed.

STGO project

1.10 ***Justifications for the STGO project.*** In February 1997, the GPA accepted the recommendation of a PPFS completed by the ArchSD on the construction of a purpose-built regional government office building at Pai Tau Street in Shatin. According to the PPFS, the STGO would provide office space:

Note 4: *Public works projects are classified into several categories under the Public Works Programme. Category A projects are projects which are ready in all aspects for tenders to be invited and for construction works to proceed, and which have approved project estimates.*

- (a) for accommodating government departments occupying leased offices scattered around different locations in Shatin and the northern part of the New Territories; and
- (b) for relocating the government departments accommodated in the Tung Lo Wan Hill Road Government Offices building which was located at an underutilised site in Tai Wai. This would release the site for redevelopment.

1.11 ***Funding approval.*** In December 1998, the FC approved the recommendation of the PWSC to upgrade the project “Shatin Government Offices Building” to Category A of the Public Works Programme. The scope of works included the construction of a joint-user government office complex at Pai Tau Street in Shatin.

1.12 ***Award of contract.*** In July 1999, the ArchSD awarded a design-and-build contract (hereinafter referred to as the STGO Contract) to Contractor B for the construction of the STGO. The STGO would provide a total net usable floor area of 25,400 square metres. The works of the STGO are scheduled for completion in October 2001.

PART 2: ALLOCATION OF CSWGO OFFICE SPACE TO ANOTHER MAJOR USER DEPARTMENT

2.1 This PART examines the GPA's process of allocation of office space of the CSWGO to government departments. The audit has revealed that there are lessons to be learnt in the planning for the allocation of office space to government departments.

Initial allocation of 10th to 18th floors of the CSWGO to the ArchSD

2.2 As mentioned in paragraph 1.7 above, in March 1995, the GPA accepted the recommendation of the PPFS on the construction of the CSWGO. The PPFS had identified a number of potential government departments to be relocated to the CSWGO. The Buildings Department (BD), which was then accommodated in the Murray Building, was one of the potential departments identified in the PPFS to be relocated to the CSWGO. At that time, the GPA was aware that the BD would be relocated in late 1995 from the Murray Building to leased accommodation of about 11,400 square metres in Mongkok.

2.3 In November 1995, instead of relocating the BD to the CSWGO (see para. 2.10 below for details), the GPA planned to relocate the ArchSD, which was accommodated in the government-owned Queensway Government Offices (QGO), to the CSWGO. **In July 1996, in the tender documents for the CSWGO Contract, the ArchSD was indicated as one of the government departments to be relocated to the CSWGO.** The ArchSD would occupy the 10th to 18th floors (i.e. 9 floors) of the CSWGO. As the total net usable floor area of the CSWGO was about 41,800 square metres, the ArchSD, which required an area of 16,800 square metres (i.e. about 40% of the total net usable floor area of the CSWGO), would be the major user department of the CSWGO.

2.4 As mentioned in paragraph 1.9 above, the CSWGO Contract was a design-and-build contract. Under the design-and-build form of contract, the Government defined the scope and requirements of the project in the Employer's Requirements of the contract documents. As the selected tenderer, Contractor A:

- (a) would be responsible for the detailed design and the construction works;
- (b) was required to employ suitably qualified design checkers to check the design of the works; and
- (c) was also required to prepare a programme showing his proposal of the sequence, method and timing of carrying out the works, and to prepare design documents for checking by the design checkers.

The ArchSD appointed a Chief Architect as the Supervising Officer of the CSWGO Contract. The Supervising Officer was responsible for ensuring that the design checks had been properly carried out and that the Employer's Requirements had been complied with before giving consent to the commencement of the detailed design and the construction works.

2.5 In January 1998, the ArchSD, as one of the departments to be relocated to the CSWGO, gave its layout requirements to Contractor A to enable him to prepare the fitting-out plans. **In February 1998, the Supervising Officer received the fitting-out plans of the 10th to 18th floors for review.**

Re-allocation of 10th to 18th floors of the CSWGO to the RVD and other government departments

2.6 In February 1998, the Secretary for the Treasury held a meeting with the Government Property Administrator to discuss the government offices building programme. **The Secretary for the Treasury said that, as a matter of principle, the GPA should give priority to relocating government departments occupying leased premises when deciding which departments should be relocated to new government office buildings.** Therefore, the Secretary for the Treasury did not agree that the ArchSD, which was housed in the QGO, should be relocated to the CSWGO while there were other government departments still occupying leased offices in high rental areas. The Government Property Administrator explained that the original plan was to use the 11 floors of vacant office space in the QGO (Note 5), which would become available after the relocation of the ArchSD to the CSWGO, to meet the expansion needs of the Department of Justice and the Judiciary. The Secretary for the Treasury doubted whether the Department of Justice and the Judiciary could take up all the 11 floors, and said that unless they had severe space shortfall in the QGO, they should be asked to tolerate the congestion problem for a few more years. The Government Property Administrator said that the relocation of part of the Department of Justice to the Murray Building (after the Planning Department and the Lands Department had been relocated from the Murray Building to the North Point Government Offices) should be able to alleviate the space shortage problem in the QGO to some extent.

2.7 In March 1998, having considered the Secretary for the Treasury's views, the Government Property Administrator decided to allocate the office space of the 10th to 18th floors of the CSWGO to four other government departments instead of to the ArchSD. These four departments, including the Rating and Valuation Department (RVD) which would become the major user department of the CSWGO, were then occupying leased premises. In March 1998, the GPA informed the departments concerned of the decision and requested them to provide their accommodation requirements. Upon being informed, the Commissioner for Rating and Valuation expressed surprise that, at such a short notice, the RVD had to be relocated to the CSWGO. About 70% of the net usable floor area earmarked for the ArchSD in the CSWGO would be occupied by the RVD. In the same month, the GPA informed the ArchSD that the space originally reserved for the ArchSD in the CSWGO would be used to house other departments, and that the ArchSD would

Note 5: *Since late 1986, the ArchSD has been occupying 11 floors of the QGO with a total floor area of 14,130 square metres.*

continue to stay in the QGO. Figure 1 on the centre pages is a cross-section of the CSWGO. It shows the floors subsequently allocated to the RVD and other user departments.

Need to prepare fitting-out plans again

2.8 As a result of the change of allocation to other user departments, the fitting-out plans for the 10th to 18th floors of the CSWGO prepared for the ArchSD became abortive. The four user departments (which replaced the ArchSD) had to prepare new fitting-out plans in accordance with their accommodation requirements. Therefore, Contractor A had to revise the master programme so that the preparation for the new fitting-out plans could fit into the sequence of construction. In late March and early April 1998, the ArchSD and the GPA held two meetings with Contractor A to discuss the implications of the change of the user departments for the 10th to 18th floors. The GPA also informed Contractor A that, as the RVD was undergoing an organisational reform, changes in its schedule of accommodation were anticipated and that the early input from the RVD might not be available. Following these two meetings, the master programme and the scheduled dates for the Supervising Officer's approval of the fitting-out plans for the 10th to 18th floors of the CSWGO were revised.

2.9 Due to the late change of user departments, there was a delay in the submissions of the fitting-out plans of the 13th to 18th floors to the Supervising Officer for review. The ArchSD considered that the timely preparation of fitting-out plans was on the critical path of the construction programme, and that Contractor A should be entitled to an extension of time (EOT). In January 1999, the ArchSD granted EOT to Contractor A. In May 2000, the ArchSD assessed that the related prolongation cost would be \$3.27 million.

Reasons for not relocating the BD to the CSWGO

2.10 In the PPFS of March 1995, the BD was originally identified as one of the government departments to be relocated to the CSWGO. In June 2001, Audit asked the GPA why the ArchSD, instead of the BD, was subsequently selected as one of the departments to be accommodated in the CSWGO. In response, the GPA said that:

- (a) in December 1995, the BD was relocated from the Murray Building to leased accommodation at Pioneer Centre in Mongkok. This enabled the Murray Building to be refurbished to meet the increasing office space needs of bureaux and to de lease some expensive accommodation nearby. The BD, while reluctantly accepting the leased accommodation in Mongkok, had expressed concern in February 1995 that the relocation from the Murray Building to Pioneer Centre should not be temporary. In late 1995, it was expected that the CSWGO would be completed by the end of 1998. Therefore, the GPA considered it not worthwhile to relocate the BD from Pioneer Centre to the CSWGO only three years after its relocation to Pioneer Centre, or else the fitting-out works for the BD at Pioneer Centre would be rendered abortive;
- (b) in April 1995, the ArchSD requested additional office space to meet its expansion needs. If the ArchSD had been relocated to the CSWGO, the office space it occupied in the

QGO could be used to meet the expansion needs of the Department of Justice and the Judiciary, both of which had to be near the High Court;

- (c) in February 1998, the position changed. The Department of Justice and the Judiciary could tolerate the shortfall in office accommodation in the short term. Some office space had also been found for the Department of Justice in the refurbished Murray Building. Accordingly, in March 1998, the GPA decided to let the ArchSD stay in the QGO and relocate other government departments occupying leased accommodation to the CSWGO; and
- (d) the GPA selected the RVD because the RVD occupied substantial and expensive leased accommodation in Causeway Bay. The relocation of the RVD could save rental expenditure of \$68 million a year.

Audit observations on allocation of CSWGO office space to another major user department

2.11 The initial choice made in March 1995 of relocating the BD (which would in late 1995 be relocated to leased accommodation in Mongkok) to the CSWGO conformed with the government accommodation policy of relocating government departments from leased accommodation to government-owned accommodation (see para. 1.1 above). Audit noted the GPA's rationale for not subsequently relocating the BD to the CSWGO (see para. 2.10(a) above). However, the selection of the ArchSD to replace the BD deviated from the government accommodation policy because the ArchSD was occupying government-owned accommodation at the QGO. It was only in March 1998 (i.e. 14 months after the award of the CSWGO Contract — see para. 1.9 above) that the GPA, after having considered the Secretary for the Treasury's views, decided to allocate the CSWGO office space to other government departments which had been occupying leased accommodation, instead of to the ArchSD (see paras. 2.6 and 2.7 above). The fitting-out plans prepared by Contractor A for the ArchSD became abortive. Furthermore, the RVD, which had been selected at short notice as the major user department of the CSWGO, was undergoing an organisational reform. There were changes in the RVD's schedule of accommodation, and the submissions of the RVD's fitting-out plans for review by the Supervising Officer were delayed. **As a result, the ArchSD had to grant EOT to Contractor A for the completion of the CSWGO Contract. The ArchSD assessed that the prolongation cost would be \$3.27 million. Audit considers that the additional cost could have been avoided if the GPA had given priority to relocating those departments occupying leased accommodation of high rental value to government-owned accommodation.**

Audit recommendations on allocation of CSWGO office space to another major user department

2.12 **Audit has recommended that in planning for the allocation of office space of new government office buildings, the Government Property Administrator should:**

- (a) **give priority to relocating government departments occupying leased premises, particularly those in high rental areas, to government-owned accommodation. This will achieve the Government's policy objective of accommodating departments in government-owned accommodation and will achieve savings in rental;**
- (b) **after the award of a contract for the construction of a new government office building, avoid making changes of user departments in that building; and**
- (c) **if user departments which have been allocated office space in a new government office building require changes to the fitting-out works after the award of the contract, critically assess the impact of the changes and inform the contractor as soon as possible, preferably before the commencement of the design work, in order to minimise abortive works.**

Response from the Administration

2.13 The **Government Property Administrator** has said that:

- (a) she fully accepts the audit recommendation that priority should be given to relocating government departments occupying leased premises to government-owned accommodation. This is indeed the current practice of the GPA;
- (b) she fully accepts the recommendation that after the award of a contract for the construction of a new government office building, the impact of changes to the fitting-out works should be critically assessed in a timely manner. This is in fact the GPA's existing practice;
- (c) she will endeavour to minimise changing allocation of office space to other user departments after the award of the contract for the construction of a new government office building. As the normal construction period is about 2.5 years, changes may be needed to meet changing operational requirements; and
- (d) a certain degree of flexibility is allowed for making changes to the internal fitting-out requirements after the award of a design-and-build contract. The internal fitting-out requirements are not normally considered finalised until some 12 months before the completion of the building or some 18 months after the award of the contract. To further minimise possible nugatory expenditure due to late changes, she will continue to explore the possibility of further increasing, in a cost-effective manner, flexibility in the contract.

PART 3: FITTING-OUT WORKS IN THE CSWGO FOR THE MEDICAL EXAMINATION BOARD

3.1 In 1995, the Medical Examination Board (MEB — Note 6) of the Department of Health (DH) was allocated office space in the CSWGO. Owing to the outsourcing of the medical examination services, in January 2000, the DH decided not to relocate the MEB to the CSWGO after the fitting-out works had been completed. This PART examines whether the DH could have reached an earlier decision of not relocating the MEB to the CSWGO, i.e. before the completion of the fitting-out works. The audit has revealed that there are lessons to be learnt from this case.

Relocation of the MEB to the CSWGO

3.2 In November 1995, as part of the exercise initiated by the GPA to relocate the departments in the Canton Road Government Offices, the MEB, which was accommodated there, was scheduled for moving to the CSWGO. The GPA had earmarked an area of about 700 square metres of the first floor of the CSWGO for the MEB. In October 1999, the fitting-out works in the CSWGO for the MEB were completed. According to the GPA's moving-in schedule, the DH should relocate the MEB to the CSWGO in March/April 2000.

Abortive design and fitting-out works for the MEB

3.3 In January 2000, the DH informed the GPA that in view of the outsourcing of the medical examination services, the DH considered that it was not worthwhile to relocate the MEB to the CSWGO as originally planned. The fitting-out works for the MEB, which had already been completed, became largely abortive. In April 2000, the GPA decided to allocate the area earmarked for the MEB to other departments. With effect from 1 September 2000, the MEB was disbanded (Note 7). On the same date, two groups of private medical practitioners started to provide the medical examination services for the Government for a period of two years. The sequence of the major events in outsourcing the medical examination services is given in Table 1 below.

Note 6: *The MEB was responsible for carrying out medical examinations of candidates selected for civil service appointment. In addition, medical examinations might be required of officers on renewal of agreements, transfer to the permanent establishment, extension of service/re-employment after retirement, and training. Medical examinations might also be required of serving civil servants in certain grades and volunteer members in the auxiliary services.*

Note 7: *The DH continues to provide advisory service to departments on the scope of medical examinations, standard of assessment and other related issues. Of the 17 posts in the MEB's establishment, two posts are retained to perform the advisory duties. The other 15 posts have been deleted.*

Table 1

Sequence of events in outsourcing the medical examination services

Date	Events
(a) January 1997	The DH informed the Civil Service Bureau (CSB) that it had no objection to the proposal of the Hongkong Post (a trading fund department) of engaging private medical practitioners to conduct medical examinations of its recruits, and to extending such an arrangement to all trading fund departments.
(b) March 1997	The CSB approved the Hongkong Post's request for engaging private medical practitioners to conduct medical examinations as a pilot scheme.
(c) July 1998	The ArchSD approved the fitting-out plans of the MEB submitted by Contractor A in February 1998.
(d) July 1998	The CSB gave approval to the Electrical and Mechanical Services Department to engage private medical practitioners to conduct medical examinations.
(e) January 1999	The pilot scheme of the Hongkong Post was successful. This prompted the CSB to consider extending the scheme for wider application among government departments. The CSB sought the DH's view on the proposal of extending the pilot scheme of outsourcing the medical examination services on a wider basis.
(f) May 1999	The DH informed the CSB that the DH had no objection to the wider application of the outsourcing of the medical examination services.
(g) May 1999	The fitting-out works for the MEB commenced.
(h) July 1999	A meeting was held to discuss the outsourcing of the medical examination services. The CSB, the Finance Bureau (FB), the DH, and the Government Supplies Department (GSD) had no in-principle objection to allowing government departments to engage private medical practitioners to conduct the medical examinations for recruitment to the civil service. They agreed that the outsourcing proposal should be implemented by phases so as to enable a smooth transition. The DH undertook to assess the impact on the workload of the MEB and plan for the gradual downsizing of the MEB.

Table 1 (Cont'd)

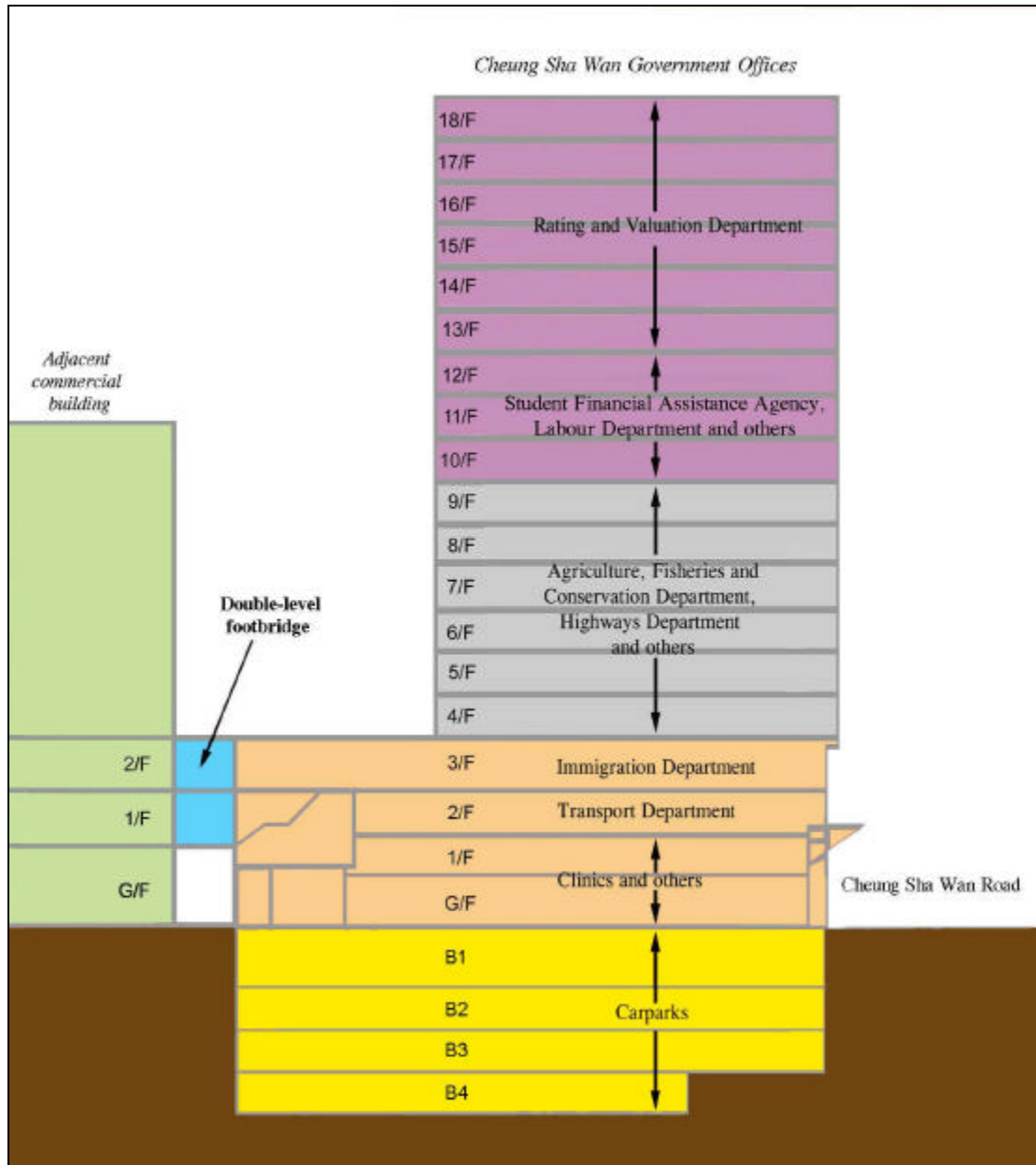
Date	Events
(i) September 1999	The CSB accepted the FB's suggestion of implementing the proposal of outsourcing the medical examination services on a full-scale basis as early as possible rather than by phases. The CSB asked the DH to start considering the redeployment of the staff of the MEB.
(j) October 1999	The fitting-out works for the MEB were completed.
(k) October 1999	The works of the CSWGO Contract were substantially completed.
(l) December 1999	The DH informed the GPA that the need to relocate the MEB from its existing accommodation at the Canton Road Government Offices had to be reconsidered because a review was being conducted on the outsourcing of the medical examination services.
(m) December 1999	The CSB informed Heads of Department that the Government planned to outsource the medical examination services by July 2000.
(n) January 2000	The DH informed the GPA and the CSB that, in view of the outsourcing of the medical examination services, the DH considered that it was not worthwhile to relocate the MEB to the CSWGO as originally planned.
(o) September 2000	The MEB was formally disbanded.

3.4 As mentioned in paragraph 1.9 above, the CSWGO Contract was a design-and-build contract under which Contractor A undertook, among other things, to carry out the fitting-out works in accordance with the requirements of user departments. **Following the DH's decision of not relocating the MEB, the ArchSD requested the new user departments to make use of the fittings of the newly completed offices (earmarked for the MEB) as far as possible. The ArchSD estimated that fitting-out works of \$3.7 million completed for the MEB were rendered abortive.**

Figure 1

Cross-section of the Cheung Sha Wan Government Offices

(Paragraphs 2.7 and 4.3 refer)



Source : Records of the GPA and the ArchSD

Photograph 1

**Double-deck hoarding required by Practice Note
for Authorised Persons and Registered Structural Engineers No. 224
(Paragraph 5.3 refers)**



Source : Records of the ArchSD

Photograph 2

**Single-deck hoarding specified in the Shatin Government Offices Contract
(Paragraph 5.4 refers)**



Source : Records of the ArchSD

Reasons for not informing the GPA earlier of the decision not to relocate the MEB

3.5 Audit asked the DH whether it could have reached an earlier decision of not relocating the MEB to the CSWGO, and whether it could have given the GPA the earliest advance notification of the DH's decision. In response, in July 2001, the DH said that:

- (a) in September 1999, after the CSB had accepted the FB's suggestion of outsourcing the medical examination services on a full-scale basis, the possibility of disbanding the MEB was first brought to the DH's attention. The CSB asked the DH to start considering the redeployment of the staff of the MEB;
- (b) the decision of not relocating the MEB to the CSWGO was made in December 1999, as soon as the DH knew that the CSB had informed departments of the target implementation schedule of the outsourcing of the medical examination services. In January 2000, the DH informed the GPA of the decision;
- (c) the relocation of the MEB did not involve policy changes or additional resources of the DH. Hence, the DH did not specifically inform the CSB of the relocation which was initiated by the GPA; and
- (d) considering the timing of the events, the DH's subsequent decision of not relocating the MEB was in fact to minimise the abortive works. When the DH worked out the proposal of housing the DH's Port Health Vaccination Centre and units of other departments in the office space of the CSWGO originally earmarked for the MEB, every effort was made to use, as far as possible, the fittings installed for the MEB.

Audit observations on fitting-out works in the CSWGO for the MEB

3.6 The GPA allocates office accommodation to government departments for the provision of specific functions or services. Heads of Department should be conscious of the cost of the accommodation they occupy and should ensure that the accommodation is put to optimum use for its intended purposes. Furthermore, Accommodation Regulation 391 requires government departments having surplus office accommodation to give the earliest advance notification to the GPA so that the GPA can consider alternative use of the accommodation.

3.7 As can be seen from Table 1 in paragraph 3.3 above, the DH had been aware of the development of the outsourcing proposal since early 1997. In January 1999, the CSB sought the DH's view on the proposal of extending the outsourcing of the medical examination services on a wider basis. In May 1999, the DH indicated that it had no objection to this proposal. In the same month, the fitting-out works for the MEB commenced. In July 1999, the CSB, the FB, the DH and the GSD had no in-principle objection to extending the outsourcing of the medical examination services to other government departments. However, it was only in December 1999, i.e. two months after the completion of the fitting-out works for the MEB, that the DH informed the GPA of the outsourcing proposal and that the MEB might not be relocated to the CSWGO. In

January 2000, the DH informed the GPA that the relocation of the MEB to the CSWGO was not necessary in view of the outsourcing of the medical examination services.

3.8 Audit noted the DH's reasons for not making earlier the decision of not relocating the MEB to the CSWGO (see para. 3.5 above). **However, Audit considers that:**

- (a) **the cost of the fitting-out works of \$3.7 million completed for the MEB could have been avoided or substantially reduced if the DH had taken more proactive action between January 1999 and July 1999 to deal with the possible outsourcing of the medical examination services;**
- (b) **the DH could have informed the Secretary for the Civil Service that an early decision of outsourcing the medical examination services was essential, having regard to the commencement of the fitting-out works in May 1999; and**
- (c) **in July 1999 (i.e. after the parties concerned had expressed no in-principle objection to extending the outsourcing of the medical examination services to other departments), the DH could have given advance notification to the GPA that it would not take up the allocated accommodation in the CSWGO for the MEB, instead of six months later in January 2000.**

Audit recommendations on fitting-out works in the CSWGO for the MEB

3.9 Audit has *recommended* that the Secretary for the Treasury, in consultation with the Government Property Administrator, should:

- (a) **if organisational changes (such as the disbandment of an established office) take place after the award of a contract, ensure that user departments assess the effects of such changes and that they would take proactive action to minimise abortive works; and**
- (b) **amend the Accommodation Regulations so that government departments are required to inform the GPA immediately of any changes which may affect departments' allocated accommodation in a government office building under construction. This will enable the GPA to consider alternative uses of the office space.**

Response from the Administration

3.10 The **Secretary for the Treasury** has said that she supports all the audit recommendations as mentioned in paragraph 3.9 above. She will positively consider promulgating the new requirements.

3.11 The **Government Property Administrator** has said that:

- (a) she generally accepts the audit recommendations as mentioned in paragraph 3.9 above;
- (b) under the design-and-build contract used for the construction of government office buildings, departments are advised by the GPA of the critical date after which changes to the internal fitting-out requirements are prohibited; and
- (c) she will consider how best to amend the Accommodation Regulations to address the audit recommendations.

3.12 The **Director of Health** has said that:

- (a) in early 1997, when the DH was informed of the idea of engaging private medical practitioners for pre-employment medical examinations for trading fund departments, there was no proposal of outsourcing the medical examination services for non-trading fund government departments;
- (b) in January 1999, the CSB wrote to seek the DH's view on the proposal of extending the outsourcing of the medical examination services to government departments. The CSB invited the DH to exchange views on the proposal. At the meeting of July 1999, the CSB, the FB, the DH and the GSD discussed the idea of allowing government departments to engage private medical practitioners to conduct medical examinations for recruitment to the civil service. While the DH had no in-principle objection to the idea, it did not see any changes in policy to totally outsource the medical examination services; and
- (c) it was not until September 1999 that the DH noted that the CSB had accepted the FB's suggestion of implementing the outsourcing proposal on a full-scale basis. As the DH only acted as an agent for the CSB in providing pre-employment medical examination services, the DH could then start to make changes after policy approval had been given.

PART 4: PROVISION OF A FOOTBRIDGE FOR THE CSWGO

4.1 This PART examines the provision of a footbridge between the CSWGO and an adjacent commercial building. The audit has revealed that there is room for improvement in the planning for the provision of footbridge connections in the construction of government office buildings.

Decision to construct the footbridge

4.2 In early November 1996, the Lands Department (Lands D) informed the GPA that the Lands D had received from the owner of the adjacent commercial building a proposal to construct a pedestrian subway. The Lands D said that the Sham Shui Po District Board had suggested that the GPA, in planning the CSWGO, should consider the possibility of receiving pedestrian traffic from that commercial building. At that time, the tenders for the CSWGO Contract had been received and were being processed. The Lands D suggested that the GPA should take the proposed subway connection into account when designing the CSWGO. In late November 1996, the GPA requested the ArchSD to take into account the subway connection.

4.3 In January 1997, the ArchSD awarded the CSWGO Contract (see para. 1.9 above). In February 1997, the GPA, the ArchSD and the Lands D held a meeting with representatives of the owner of the adjacent commercial building to discuss the feasibility of the subway extension, and to decide on the position of the connection. In early April 1997, the parties concerned and Contractor A discussed the feasibility of providing a footbridge between the CSWGO and the adjacent commercial building. It was found technically feasible to construct a footbridge between the two buildings across a six-metre wide emergency vehicular access. In early April 1997, the GPA requested the ArchSD to instruct Contractor A to make provision for the possible construction of the footbridge in the structural design of the foundation of the CSWGO. In mid-April 1997, the GPA informed the FB that the Government had turned down the subway proposal on technical and cost grounds. Nevertheless, the GPA considered that the provision of the footbridge between the CSWGO and the adjacent commercial building would benefit both buildings. The footbridge connection would make the CSWGO more accessible and would enhance the business potential of shops in the adjacent commercial building. Figure 1 on the centre pages shows the location of the footbridge between the CSWGO and the adjacent commercial building.

4.4 In early May 1997, the GPA informed the ArchSD that Contractor A should proceed with the building foundation and structural design on the assumption that the footbridge would be a double-level structure. The ArchSD then instructed Contractor A to proceed with the design of the footbridge, and to make provision for the footbridge in the design of the CSWGO. In late May 1997, the ArchSD received from Contractor A estimates of the cost of the design and the construction of the footbridge, and of the changes in the internal layout of the second and the third floors due to the addition of the footbridge.

4.5 In mid-July 1997, the GPA instructed the ArchSD to proceed with the construction of the footbridge. The GPA considered that:

- (a) the footbridge was an integral part of the CSWGO construction project. It would provide an additional point of entry to the building; and

- (b) the footbridge, as an alternative access, was particularly relevant to the operation of the Transport Department on the second floor and the Immigration Department on the third floor.

4.6 In late July 1997, the ArchSD sought confirmation from the GPA on whether the footbridge would be a single-level or a double-level structure. The ArchSD said that:

- (a) all the design work in relation to the footbridge was based on the assumption that it would be a double-level structure. Any changes would affect the design and the construction of the footbridge and the progress of the project; and
- (b) any changes proposed on the footbridge after 30 July 1997 might result in an increase in cost and delay to the CSWGO Contract.

In late July 1997, the GPA confirmed that the footbridge would be a double-level structure.

4.7 *Agreement for the footbridge connection.* As the footbridge would link the CSWGO and the adjacent commercial building, an agreement between the Government and the owner of that building had to be executed. In early September 1997, the owner of the adjacent commercial building confirmed his acceptance of the terms of the agreement for the footbridge, as follows:

- (a) the footbridge between the two buildings would be a double-level structure;
- (b) he would be responsible for the necessary additions and alternations in his building to receive the footbridge; and
- (c) the Government, as the owner of the footbridge, would be responsible for its construction and future maintenance.

Construction of the footbridge before obtaining approval

4.8 In December 1998, the ArchSD received from Contractor A a revised cost estimate solely for the construction of the footbridge for approval. In January 1999, the works for the construction of the footbridge commenced.

4.9 The ArchSD considered that the design and the construction of the footbridge were additional works outside the terms of the CSWGO Contract but within the approved scope of the CSWGO project. It was in the interest of the Government to commission Contractor A to construct the footbridge within the contract period because the preliminary costs for site establishment and mobilisation would be significantly less than the costs of appointing another contractor to do the

works, or asking Contractor A to build the footbridge at a later date. In mid-March 1999, in accordance with the requirements of the Stores and Procurement Regulations, the ArchSD sought the FB's approval of a single tender for the design and the construction of the footbridge by Contractor A.

4.10 Having examined the case, the FB doubted if its approval for a single tender was required because the Controlling Officer was also authorised to approve variations to a project within certain limits. The FB discussed the matter with the ArchSD verbally. Meanwhile, the ArchSD continued discussions and negotiations with Contractor A about the cost of the design and the construction of the footbridge. In August 1999, as the footbridge was being constructed, the ArchSD received from Contractor A another revised cost estimate for the design and the construction of the footbridge. In late August 1999, the ArchSD informed the FB that the ArchSD withdrew its request for approval of the single tender for the construction of the footbridge because the revised cost estimate was within the approval limit of the Director of Architectural Services. **In mid-September 1999, the ArchSD issued a formal site instruction to Contractor A for the design and the construction of the double-level footbridge.** In October 1999, the construction of the footbridge was completed. **In late November 1999, after the works of the CSWGO Contract had been substantially completed, the Director of Architectural Services endorsed the issue of a variation order for the design and construction of the footbridge at an estimated cost of \$2.9 million.**

4.11 Since January 2000, the footbridge has been put into use. Up to late August 2001, the accounts for the CSWGO Contract had not yet been finalised. The ArchSD's assessment of the design fees and the construction cost of the footbridge was as follows:

	\$ million
(a) Design fees of the footbridge	0.80
(b) Cost of the construction of the footbridge	2.00
(c) Cost relating to the changes in the internal layout of the CSWGO	0.17
	<hr/>
Total	<u>2.97</u>

Audit observations on provision of a footbridge for the CSWGO

4.12 The GPA considered that the footbridge was an integral part of the CSWGO project and would make the CSWGO more accessible, and that there was merit to include the footbridge as additional works after the award of the CSWGO Contract. **However, Audit considers that in planning projects for the construction of government office buildings, the GPA should always identify the integral parts of a building and include them in the contract documents before letting the contract.**

4.13 In May 1997, the ArchSD instructed Contractor A to proceed with the design of the footbridge. In October 1999, the construction works of the footbridge were completed. However, it was only in November 1999, i.e. one month after the works for the footbridge had been completed, that the Director of Architectural Services endorsed the issue of a variation order at an estimated cost of \$2.9 million for the design and the construction of the footbridge. While in this case there was no claim for EOT for the completion of the works, the ordering of additional works without contractors' agreement will invariably lead to time and cost claims from the contractors. **Audit considers that the ArchSD should have agreed the design fees and the construction cost of the footbridge with Contractor A before ordering the works. Audit also considers that in future, staff of the ArchSD should obtain proper prior approval from the relevant authorities before instructing contractors to carry out additional works.**

Audit recommendations on provision of a footbridge for the CSWGO

4.14 **Audit has recommended that before the letting of a contract for the construction of a government office building, the Government Property Administrator, in consultation with the Director of Architectural Services, should:**

- (a) **critically review the need for essential facilities (such as footbridge connections between the government office building and adjacent buildings) in planning the design of the government office building; and**
- (b) **include all essential facilities in the contract documents after it has been decided that the Government is responsible for constructing the facilities.**

4.15 **Audit has recommended that the Director of Architectural Services should:**

- (a) **in a design-and-build contract, if changes are considered necessary after the commencement of the design, critically assess the effects of the changes on time and cost, and agree in advance with the contractor the extra time and cost involved before issuing variation orders; and**
- (b) **ensure that the ArchSD staff obtain proper prior approval from the relevant authorities before instructing contractors to carry out additional works.**

Response from the Administration

4.16 **The Government Property Administrator has said that:**

- (a) she generally accepts the audit recommendations as mentioned in paragraph 4.14 above;
- (b) footbridge connections to adjacent buildings are normally regarded as desirable rather than essential facilities. The need for a footbridge will hinge on the geographical location of a government building, facilities around it, the benefits the footbridge will bring to users of the government building and the willingness of owners of adjacent buildings to have the footbridge connections. The GPA has no control over the time frame by which a footbridge connection can be firmed up. If finalisation of the construction contract is delayed in order to await such confirmation, rental savings from releasing government departments occupying leased premises will be adversely affected; and
- (c) the GPA will consider the desirability of footbridge connections in planning new government office buildings and explore the best ways of including them in the contract documents.

4.17 **The Director of Architectural Services** has said that:

- (a) the footbridge, being an integral part of the CSWGO construction project, should have been designed and planned at the outset so that structural provisions at the foundation and the concrete structure could be allowed for. If not, a more sophisticated and more costly structural design of the footbridge would have to be adopted later on; and
- (b) the ArchSD had made an assessment of the estimated cost of the footbridge before seeking the FB's approval. Noting that the construction of the CSWGO was already at an advanced stage and the FB's approval might take some time, the ArchSD started negotiating with Contractor A with a view to reducing the estimated cost. The negotiation process had taken some time before the design fees and the construction cost of the footbridge could finally be agreed.

PART 5: MODIFICATION OF THE HOARDING WORKS OF THE STGO

5.1 Hoarding is a temporary fence enclosing a construction site. In the construction of the STGO, Contractor B constructed the hoarding in accordance with the requirements of the STGO Contract. However, after Contractor B had constructed the hoarding, the ArchSD instructed Contractor B to modify it. This PART examines the reason why there was a need to modify the hoarding for the STGO Contract. The audit has revealed that there is room for improvement in the preparation of contract documents.

Practice Note for Authorised Persons and Registered Structural Engineers No. 224

5.2 In May 1998, the BD issued Practice Note for Authorised Persons and Registered Structural Engineers (PNAP) No. 224 on “Superstructure Works — Measures for Public Safety” (Note 8). PNAP No. 224 was intended to give better protection to the public near construction sites with superstructure works. The BD issued PNAP No. 224 because of the large number of incidents of falling objects from buildings under construction. The incidents highlighted the need to enhance precautionary measures at construction sites where there were superstructure works.

5.3 Photograph 1 on the centre pages shows the double-deck hoarding required by PNAP No. 224, which specifically requires that enhanced precautionary measures should be taken for covered walkway and steel catch-platform. The measures include the construction of a double-deck hoarding with a projected, up-turn catch-platform overhanging a small part of the carriageway. The BD may refuse to issue a hoarding permit or refuse to give consent to the construction of superstructure works if the plans of the hoarding submitted by authorised persons of private building projects are not in accordance with PNAP No. 224.

Hoarding specified in the STGO Contract

5.4 Photograph 2 on the centre pages shows the single-deck hoarding specified in the STGO Contract. In December 1998, the ArchSD invited tenders for the STGO Contract. The ArchSD incorporated its hoarding requirements, which were based on the ArchSD’s standard drawings, into the tender documents as part of the Employer’s Requirements. The hoarding required by the ArchSD was single-deck, without an up-turn catch-platform. According to the Employer’s Requirements, Contractor B had to build the single-deck hoarding in accordance with the ArchSD’s standard drawings. In July 1999, the ArchSD awarded the STGO Contract to Contractor B (see para. 1.12 above). In September 1999, two months after the award of the STGO Contract, the construction of the hoarding was completed in accordance with the Employer’s Requirements.

Note 8: *In November 1999, the BD revised PNAP No. 224 of May 1998. The main amendment was about the footing of the hoarding. The revised PNAP No. 224 is currently in force.*

Modification works of hoarding of STGO construction site

5.5 In July 2000, during the construction of the superstructure works, the ArchSD discovered that there was a discrepancy between the ArchSD's standard hoarding and the hoarding required by PNAP No. 224. In December 2000, for safety reasons, the ArchSD decided to upgrade the hoarding immediately to comply with the latest requirements of building works, i.e. PNAP No. 224. The ArchSD considered that the request for constructing the hoarding and catch-platform in accordance with PNAP No. 224 would constitute a variation to the Employer's Requirements and that the Government should reimburse Contractor B the cost of the works and the prolongation cost.

5.6 In January 2001, the ArchSD issued a variation order to Contractor B to modify the hoarding which had been constructed. In April 2001, the modification works were completed. As the hoarding modification works affected the installation of the pre-cast wall panel and the curtain wall, which was on the critical path of the construction programme of the STGO, the ArchSD had to grant EOT to Contractor B. The ArchSD has not yet assessed the prolongation cost related to the EOT granted. The ArchSD has informed Audit that it is difficult to assess the prolongation cost for the time being as the scheduled contract completion date of October 2001 has not yet been reached.

Audit observations on modification of the hoarding works of the STGO

5.7 As mentioned in paragraph 5.5 above, on discovering that the single-deck hoarding did not meet the requirements of PNAP No. 224, the ArchSD instructed Contractor B to modify the hoarding. Audit noted that PNAP No. 224, which required a double-deck hoarding, was issued in May 1998, i.e. some six months before the invitation of tenders for the construction of the STGO in December 1998. In Audit's view, if the ArchSD had taken action to ensure that its standard drawings and plans were in line with the latest requirements of the BD:

- (a) the BD's most up-to-date requirements of hoarding to enhance safety would have been incorporated into the contract documents before the award of the STGO Contract; and
- (b) additional prolongation cost (if any) arising from the modification of the hoarding of the STGO project could have been avoided.

Audit considers that for the sake of public safety, the ArchSD should ensure that its building projects comply with the requirements of PNAP No. 224.

**Audit recommendations on modification
of the hoarding works of the STGO**

5.8 **Audit has *recommended* that the Director of Architectural Services should:**

- (a) **regularly review and update the ArchSD's standard drawings and plans for building works so as to ensure compliance with the relevant current building works requirements issued by the BD (such as PNAP No. 224); and**
- (b) **incorporate into the contract documents the latest BD building standards and requirements before the award of works contracts.**

Response from the Administration

5.9 The **Director of Architectural Services** has said that he generally agrees with the audit recommendations.

Chronology of key events

Cheung Sha Wan Government Offices

- March 1995 The GPA accepted the recommendation of a PPFS completed by the ArchSD on the construction of a purpose-built government office building at the junction of Cheung Sha Wan Road and Yen Chow Street in Kowloon. The BD was one of the potential departments identified in the PPFS to be relocated to the CSWGO.
- November 1995 The MEB was scheduled for relocation to the CSWGO as part of the exercise initiated by the GPA to relocate the departments accommodated in the Canton Road Government Offices.
- July 1996 The FC approved the upgrading of the project “Cheung Sha Wan Government Offices Building” to Category A of the Public Works Programme.
- July 1996 In the tender documents for the CSWGO Contract, the ArchSD, which was housed in the QGO, was indicated as one of the potential departments to be relocated to the CSWGO.
- November 1996 The Lands D informed the GPA that the Lands D had received from the owner of the commercial building adjacent to the CSWGO a proposal to construct a pedestrian subway, and that the Sham Shui Po District Board had suggested that the GPA, in planning the CSWGO, should consider the possibility of receiving pedestrian traffic from that commercial building.
- January 1997 The ArchSD awarded a design-and-build contract, the CSWGO Contract, to Contractor A for the construction of the CSWGO.
- January 1997 The DH informed the CSB that it had no objection to the proposal of the Hongkong Post (a trading fund department) of engaging private medical practitioners to conduct medical examinations on its recruits, and to extending such an arrangement to all trading fund departments.
- March 1997 The CSB approved the Hongkong Post’s request for engaging private practitioners to conduct medical examinations as a pilot scheme.

- April 1997 The Lands D, the GPA, the ArchSD, Contractor A and representatives of the owner of the adjacent commercial building found that the proposal to construct a footbridge between the CSWGO and the adjacent commercial building was technically feasible.
- April 1997 The GPA requested the ArchSD to instruct Contractor A to make provision for the possible construction of the footbridge in the structural design of the foundation of the CSWGO.
- April 1997 The GPA informed the FB that the Government had turned down the subway proposal on technical and cost grounds. Nevertheless, the GPA considered that the provision of the footbridge between the CSWGO and the adjacent commercial building would benefit both buildings.
- July 1997 The GPA confirmed that the footbridge would be a double-level structure.
- September 1997 The owner of the adjacent commercial building confirmed his acceptance of the terms of the agreement for the footbridge.
- February 1998 The Supervising Officer received the fitting-out plans of the 10th to 18th floors of the CSWGO for review.
- February 1998 At a meeting with the Government Property Administrator, the Secretary for the Treasury said that, as a matter of principle, the GPA should give priority to relocating departments occupying leased premises when deciding which departments should be relocated to new government office buildings.
- March 1998 After having considered the Secretary for the Treasury's views, the Government Property Administrator decided to allocate the office space of the 10th to 18th floors of the CSWGO to four other government departments (including the RVD which would become the major user department of the CSWGO) occupying leased premises instead of to the ArchSD.
- July 1998 The ArchSD approved the fitting-out plans of the MEB submitted by Contractor A in February 1998.
- January 1999 The ArchSD granted EOT to Contractor A. This was because owing to the late change of user departments, there was a delay in the submissions of the fitting-out plans of the 13th to 18th floors of the CSWGO to the Supervising Officer for review.

March 1999	The ArchSD, in accordance with the requirements of the Stores and Procurement Regulations, sought the FB's approval of a single tender for the design and the construction of the footbridge by Contractor A.
May 1999	The fitting-out works for the MEB commenced.
July 1999	The CSB, the FB, the DH and the GSD had no in-principle objection to allowing government departments to engage private medical practitioners to conduct the medical examinations for recruitment to the civil service, and to implementing the outsourcing proposal by phases.
August 1999	The ArchSD informed the FB that the ArchSD withdrew its request for approval of the single tender for the construction of the footbridge.
October 1999	The fitting-out works for the MEB were completed.
October 1999	The works of the CSWGO Contract were substantially completed.
November 1999	The Director of Architectural Services endorsed the issue of a variation order for the design and the construction of the footbridge at an estimated cost of \$2.9 million.
December 1999	The DH informed the GPA that the need to relocate the MEB from its existing accommodation at the Canton Road Government Offices had to be reconsidered.
December 1999	The CSB informed Heads of Department that the Government planned to outsource the medical examination services by July 2000.
January 2000	The DH informed the GPA and the CSB that, in view of the outsourcing of the medical examination services, the DH considered that it was not worthwhile to relocate the MEB to the CSWGO as originally planned. The ArchSD estimated that fitting-out works of \$3.7 million completed for the MEB were rendered abortive.
May 2000	The ArchSD assessed that the prolongation cost arising from the allocation of CSWGO office space to another major user department would be \$3.27 million.

Shatin Government Offices

May 1998	The BD issued PNAP No. 224 on “Superstructure Works — Measures for Public Safety”. PNAP No. 224, among other enhanced precautionary measures, required the construction of a double-deck hoarding with a projected, up-turn catch-platform.
December 1998	The FC approved the upgrading of the project “Shatin Government Offices Building” to Category A of the Public Works Programme.
December 1998	The ArchSD invited tenders for the STGO Contract and incorporated its hoarding requirements, which were based on the ArchSD’s standard drawings, into the tender documents as part of the Employer’s Requirements.
July 1999	The ArchSD awarded a design-and-build contract, the STGO Contract, to Contractor B for the construction of the STGO.
September 1999	The construction of a single-deck hoarding was completed in accordance with the Employer’s Requirements.
July 2000	The ArchSD discovered that there was a discrepancy between the ArchSD’s standard hoarding and the hoarding required by PNAP No. 224.
December 2000	For safety reasons, the ArchSD decided to upgrade the hoarding immediately to comply with the latest requirements of building works, i.e. PNAP No. 224.
January 2001	The ArchSD issued a variation order to Contractor B to modify the hoarding which had been constructed.

Acronyms and abbreviations

ArchSD	Architectural Services Department
BD	Buildings Department
CSB	Civil Service Bureau
CSWGO	Cheung Sha Wan Government Offices
DH	Department of Health
EOT	Extension of time
FB	Finance Bureau
FC	Finance Committee
GPA	Government Property Agency
GSD	Government Supplies Department
Lands D	Lands Department
MEB	Medical Examination Board
PNAP	Practice Note for Authorised Persons and Registered Structural Engineers
PPFS	Preliminary Project Feasibility Study
PWSC	Public Works Subcommittee
QGO	Queensway Government Offices
RVD	Rating and Valuation Department
STGO	Shatin Government Offices