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for information

STRATEGIC SEWAGE DISPOSAL SCHEME (SSDS) STAGE I

CONSTRUCTION OF SEWAGE COLLECTION TUNNELS WAY FORWARD TO COMPLETE CONSTRUCTION

INTRODUCTION

This note informs Members about developments since the remaining works were taken out of the original Contractor's hands on 4 December 1996 and of the way forward to complete construction of these works.

BACKGROUND

2. On 16 December 1996, we reported to Members our decision to re-enter the sites. Pursuant to the Engineer's certificate, the Director of Drainage Services (DDS) then gave the Contractor seven days notice in writing of the Government's intention to re-enter the sites and thus formally take the works out the Contractor's hands on 4 December 1996. DDS also wrote separately to the Contractor seeking assurances of an orderly handover and so on and proposing a meeting to facilitate this. The following day, The Contractor replied reserving his rights regarding the forfeiture of the contracts, confirming peaceful re-entry, confirming continuity of operation of key facilities, and agreeing to a meeting to discuss handover arrangements.

3. On 4 December 1996, DDS's staff re-entered the site as scheduled without incident. DDS has engaged a suitable contractor to secure and maintain the partially completed tunnels and the equipment and services in the interim period whilst a new plan for the completion of the construction is worked out and implemented. This contractor is already in place. DDS and the Engineer have also carried out a thorough inspection of the sites and equipment.

PRESENT POSITION

4. We have been making preparatory arrangements and considering the best way to complete the construction of the six tunnels covered by the two forfeited contracts in accordance with the requirements of the SSDS Stage I design which remains appropriate. It should be emphasised that the vertical shafts have been sunk and some of the tunnels are partially complete. We are confident in the design philosophy of the Stage I system. Hence the most sensible way forward is to complete the tunnels as designed. We are obviously very disappointed by the present state of affairs and very keen to complete the works as soon as is practically possible for the benefit of the community as a whole and the environment in which we live, but bearing in mind the various complications which must be taken into account.

5. There are sufficient funds in the capital account of the Sewage Services Trading Fund (SSTF) to enable us to let a completion contract for the two northern tunnels.

Completion of the two northern tunnels would allow sewage flow of up to 50% of the final flow volume to be conveyed to the Stonecutters Island Sewage Treatment Works for treatment. Until they are completed, only about 25% of the final flow volume can be conveyed for treatment. Moreover, commissioning of these two tunnels is necessary prior to it being possible to cease using the existing sewage outfalls at Tsing Yi and Kwai Chung. Reclamation in these areas for the two most northerly berths of Container Terminal Number 9 (CT9) cannot be completed until these outfalls are closed. Early completion of the two tunnels will therefore be beneficial in terms of enabling early full completion of the CT9 project if the demand for additional berths so requires.

6. We expect that we are likely to be able to commence work on these two northern tunnels in mid 1997 and to complete it by mid 1999. However, because of the time required for preparing the tender and contract documents and the tendering procedures for the four remaining tunnels, which are in the Main Harbour, we will not be in a position to award the new construction contract for these works until the second half of 1997. The construction of these four tunnels will also require the prior approval by the legislature of additional funding for the SSDS Stage I as the SSTF has insufficient funds available for this purpose. It might be possible to complete the works on these four tunnels by the end of 1999, but only if approval of the additional funding required to award the contract can be obtained in a timely manner from the legislature in the second half of 1997.

WAY FORWARD TO COMPLETE CONSTRUCTION

7. We have given careful consideration to what would be the most appropriate way forward. We have decided to proceed as quickly as possible with all of the necessary preparatory work to enable us to let the contract for and restart the construction of the two northern tunnels, utilizing the remaining funds currently available for these projects. This work includes the drawing up of tender and contract documents, inviting expressions of interest and prequalifying tenderers. We will then take stock of the situation before inviting tenders and assessing their merits, including their prices. After we have completed all of these processes, we will make a decision on the actual award of the contract. We will also commence preparatory work on the other contract for the four tunnels in the Main Harbour with the aim of seeking approval of funding and letting that contract in the second half of 1997.

8. Adopting this approach will add another 25% of the final sewage flow to the Stonecutters Island Sewage Treatment Plant when the two northern tunnels are commissioned, at the earliest possible date (mid 1999) thus further reducing the pollution of the Harbour by bringing the flow up to 50% of capacity at that time. The flow will increase to 100% when the four tunnels in the Main Harbour are commissioned, hopefully by the end of 1999. It will avoid the risk of possible delays to the reclamation for the two most northerly berths of Container Terminal Number 9 (CT9) and related developments. Overall, it will enable us to fully commission all elements of the SSDS Stage I sewage treatment facilities and hence improve the environment of our Harbour for the benefit of us all, within the shortest feasible timeframe, having regard to all the circumstances.