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(for information)

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## **STRATEGIC SEWAGE DISPOSAL SCHEME (SSDS) STAGE I**

### **PROBLEMS ENCOUNTERED IN THE CONSTRUCTION OF SEWAGE COLLECTION TUNNELS**

#### **THE PROBLEM**

There has been a significant delay in the construction of the sewage collector tunnels for the SSDS Stage I. The Contractor responsible for the construction works has stopped work and the remaining works had been taken out from his hands on 4 December 1996. This note informs Members about the background and present position.

#### **BACKGROUND**

2. SSDS Stage I is comprised of four elements:
  - a) upgrading of seven preliminary treatment works;
  - b) construction of a tunnelled deep sea outfall;
  - c) construction of a new chemically enhanced primary treatment works on Stonecutters Island; and
  - d) construction of six deep sewage collection tunnels (i.e. B-A, C, D, E, F and G).
3. Works are progressing well on the projects under items (a) to (c) above, which taken together account for 80% of the total cost of \$6.8 billion for construction of SSDS Stage I. Unfortunately problems have arisen with part of the tunnelling works under item (d) which accounts for 20% or \$1.3 billion of the total cost of SSDS Stage I.
4. The purpose of the deep sewage tunnel system is to collect sewage from areas around Victoria Harbour and to convey it to a new sewage treatment works on Stonecutters Island for treatment. The construction of the tunnel system has been let under two contracts. Both contracts were awarded to the Contractor "Camponon Bernard SGE/Maeda Corporation Joint Venture". Construction works for both contracts commenced in January 1995 and the original scheduled date for completion was May 1997. The approved project estimate for these two contracts added together is \$1.3 billion. The works were designed and are supervised by the Engineer, Montgomery Watson Hong Kong Ltd.
5. Progress of the works deteriorated significantly from early 1996 onwards. Extensive discussion between the Engineer and the Contractor failed to solve these problems.

6. On 21 June 1996 the Contractor unilaterally suspended works in two tunnels. Work also ceased on the other four tunnels during July 1996. Indeed, in the case of one tunnel, the Contractor prepared the Tunnel Boring Machine but never commenced boring.

7. A number of meetings were held with the senior management of the Company, the Director of Drainage Services and subsequently with the Secretary for Works. The Contractor claimed that the water inflows to two tunnels were unexpected and beyond those contemplated by the Contracts and put forward detailed proposals to change various engineering design and construction methods. These proposals were not acceptable to the Administration on technical and financial grounds.

8. We have, through the Attorney General's Chambers, appointed external legal advisers together with independent tunnelling and geotechnical experts to give their expert opinions and advice in these fields. Since receiving reports from these experts, the Administration has made certain proposals to the Contractor but these were unacceptable to him.

9. On 26 October 1996, the Engineer gave formal warning to the Contractor in accordance with the conditions of the contracts that he was failing to proceed with due diligence. On 23 November 1996, the Engineer wrote to the Director of Drainage Services certifying that the Contractor had failed to proceed with due diligence to construct the tunnels in accordance with the terms of the contracts.

#### **PRESENT POSITION**

10. Accordingly, pursuant to the Engineer's certificate, the Contractor has been given seven days notice on 26 November 1996 of our intention to re-enter the sites and thus formally take the works out of the Contractor's hands. The remaining works had been taken out from the hands of the Contractor on 4 December 1996. We are now working out an appropriate plan for completing construction of the tunnels. We will brief Members on our plan at an appropriate time.

**Works Branch, Government Secretariat  
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