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Replies to supplementary written questions raised by Legislative Council Members in examining the Estimates of Expenditure 2025-26

Director of Bureau : Secretary for Development

Session No. : 16

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S-DEVB(W)001	S062	CHAN Yung	159	(5) Project Strategy and Governance
S-DEVB(W)002	S060	KAN Wai-mun, Carmen	159	(5) Project Strategy and Governance
SV-DEVB(W)001	SV038	CHOW Man-kong	159	(5) Project Strategy and Governance
SV-DEVB(W)002	SV039	LAM Chun-sing	159	(6) Intra-Governmental Services

CONTROLLING OFFICER'S REPLY

(Question Serial No. S062)

Head: (159) Government Secretariat: Development Bureau
(Works Branch)

Subhead (No. & title): Not specified

Programme: (5) Project Strategy and Governance

Controlling Officer: Permanent Secretary for Development (Works) (Ricky C K LAU)

Director of Bureau: Secretary for Development

Question:

It is mentioned in the replies that the Project Strategy and Governance Office will perform a gate-keeping role in terms of construction costs. It is learnt that in 2022-23, about \$13 billion was successfully saved in construction costs under works projects with an original total value of \$95 billion, i.e., about 14%. It is hoped that the Government can advise on the relevant data in the recent 2 years.

Asked by: Hon CHAN Yung

Reply:

The Government has been striving to enhance the planning and governance of public works projects, in order to ensure quality of works, better manage cost-effectiveness, and enhance site safety performance. In view of the challenges of relatively high construction cost and the ageing construction labour force faced by Hong Kong in recent years, the Development Bureau (DEVB) established the Project Cost Management Office (PCMO) in 2016 and upgraded it to become the Project Strategy and Governance Office (PSGO) in 2019 for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance.

Our reply to the Member's question is as follows:

In the past 2 financial years, the PSGO scrutinised a total of 63 capital works projects which were subject to funding approval by the Finance Committee of the Legislative Council, and successfully saved about \$31.6 billion in construction cost out of the original estimate of about \$228 billion proposed by the project proponent departments. The related figures are provided by financial year in the following table:

Financial year	Number of projects scrutinised	Original estimate	Saving in construction cost
2024-25	16	About \$83 billion	About \$11.6 billion
2023-24	47	About \$145 billion	About \$20 billion
Total	63	About \$228 billion	About \$31.6 billion

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CONTROLLING OFFICER'S REPLY

(Question Serial No. S060)

Head: (159) Government Secretariat: Development Bureau
(Works Branch)

Subhead (No. & title): Not specified

Programme: (5) Project Strategy and Governance

Controlling Officer: Permanent Secretary for Development (Works) (Ricky C K LAU)

Director of Bureau: Secretary for Development

Question:

1. As shown in the written reply, the number of capital works projects scrutinised by the Project Strategy and Governance Office and the amount of construction cost saved between 2021-22 and 2024-25 decrease year by year except for 2023-24. What are the reasons?
2. What is the timetable of the Development Bureau and the Financial Services and the Treasury Bureau for reviewing the provision for price adjustment mechanism of works projects?

Asked by: Hon KAN Wai-mun, Carmen

Reply:

The Government has been striving to enhance the planning and governance of public works projects, in order to ensure quality of works, better manage cost-effectiveness, and enhance site safety performance. In view of the challenges of relatively high construction cost and the ageing construction labour force faced by Hong Kong in recent years, the Development Bureau (DEVB) established the Project Cost Management Office in 2016 and upgraded it to become the Project Strategy and Governance Office (PSGO) in 2019 for implementing strategic initiatives and enhancing capabilities in cost surveillance and project governance.

Our reply to the Member's question is as follows:

1. The PSGO scrutinises every capital works project which is subject to funding approval by the Finance Committee (FC) of the Legislative Council (LegCo). Before submitting relevant information to the PSGO, policy bureaux and departments have to carry out different pre-construction planning and design works of the capital works project. These include conducting site investigation, technical impact assessments and engineering design, carrying out consultation with relevant departments and stakeholders, processing statutory procedures, and estimating project cost. The actual

lead time required for completing the pre-construction work required varies amongst projects, depending on the scope and complexity of works involved and whether statutory procedures such as the Environmental Impact Assessment Ordinance are applicable. Moreover, the relevant policy bureaux and departments will give due regard to priority, urgency and importance of the works projects to adjust the implementation schedule appropriately. Also, it is possible that capital works projects scrutinised by the PSGO in a certain year may be submitted to the LegCo FC for consideration in the following year or later. Given the above reasons, the number of new capital works projects and the related project estimates submitted by policy bureaux and departments to the PSGO for scrutiny will vary from year to year, and are also different from the capital works projects considered by the LegCo FC in that year.

2. In the light of one of the recommendations made by the LegCo Public Accounts Committee after examining the construction works of the Tuen Mun - Chek Lap Kok Link, the DEVB and the Financial Services and the Treasury Bureau are reviewing the prevailing resource utilisation mechanism of works projects, including areas that can be enhanced in the contingency and price adjustment provision mechanisms. The review is expected to be completed within 2025.

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CONTROLLING OFFICER'S REPLY

(Question Serial No. SV038)

Head: (159) Government Secretariat: Development Bureau
(Works Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (5) Project Strategy and Governance

Controlling Officer: Permanent Secretary for Development (Works) (Ricky C K LAU)

Director of Bureau: Secretary for Development

Question:

As at December 2024, 11 major works projects could not be completed on time in the 2024-25 financial year. Would the Government provide information on the actual amount of contingency used by these 11 works projects?

Asked by: Hon CHOW Man-kong

Reply:

The project estimate for a public works project includes the construction cost, consultancy fee, site supervision cost of resident site staff and project contingency, etc. The provision for contingency caters for additional costs arising from unforeseen circumstances (for instance, costs of variation orders such as those incurred by encountering worse-than-expected ground conditions, additional works to meet local concerns, etc).

Our reply to the Member's question is as follows:

The 11 major works projects that could not be completed on time have no need to consume any project contingency yet. As the finalisation of the accounts of the related projects is still in progress, the final actual amount of contingency incurred will be available after the accounts of the projects are finalised.

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CONTROLLING OFFICER'S REPLY

(Question Serial No. SV039)

Head: (159) Government Secretariat: Development Bureau
(Works Branch)

Subhead (No. & title): Not specified

Programme: (6) Intra-Governmental Services

Controlling Officer: Permanent Secretary for Development (Works) (Ricky C K LAU)

Director of Bureau: Secretary for Development

Question:

As at March 2025, a total of 643 applications have been received under the Smart Site Safety System (4S) Labelling Scheme, 49 of which have been withdrawn. The Development Bureau (DEVB) has also received from the Labour Department (LD) one referral case involving suspected improper adoption of 4S at a public works construction site.

Will the Government provide (a) the reasons for the withdrawal of the above 49 applications; and (b) further information about the above one referral case from the LD, including the details of the communication between the DEVB and the LD, and whether any communication issues have arisen in handling the relevant case?

Asked by: Hon LAM Chun-sing

Reply:

The Development Bureau (DEVB) and the Construction Industry Council (CIC) have launched the Smart Site Safety System (4S) Labelling Scheme (Labelling Scheme), under which labels are issued to construction sites for identification after on-site inspection and assessment of proper adoption of 4S, with a view to promoting wider adoption of 4S in the construction industry so as to provide a safer working environment for site personnel.

- (a) The CIC shoulders the administrative work under the Labelling Scheme. According to the CIC, in most cases among the 49 applications withdrawn, they submitted their applications in the earlier stage after the launch of Labelling Scheme with a view to obtaining the labels as soon as possible. However, the contractors have subsequently considered that their systems have not been well prepared for CIC's assessment yet, therefore withdrew their corresponding applications. After learning about the withdrawal of such applications, the CIC offered immediate advice to those contractors concerned so as to support them to install and adopt 4S properly. Finally, they successfully got the labels after reapplication. In addition, some contractors withdrew their applications as the works are near completion when they submitted the applications.

- (b) Since the launch of the Labelling Scheme, the DEVB has received from the LD one referral case involving improper adoption of 4S at a public works site during LD's inspection. Upon receipt of the referral case from the LD, the DEVB learnt that the contractor concerned was preparing to submit an application under the Labelling Scheme, and therefore arranged the CIC to give immediate assistance to the contractor concerned so as to support proper installation and adoption of 4S at the construction site, and the construction site has successfully obtained a label. We will continue to maintain close liaison with the LD to assist the industry in proper adoption of 4S, with a view to uplifting site safety.

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