

## CHAPTER 2

### PROJECT APPROVAL

**The parts of the PAH shown in blue and bold should only be updated by Works Branch of Development Bureau.**

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## SYNOPSIS

Government controls the scope and timing of new construction through the Public Works Programme and through the resources planning provision mechanism of the Capital Works Reserve Fund Resource Allocation System (CWRFRAS).

The various stages of a public works project, from its conception to its implementation, are assigned various categories in the Public Works Programme. Each category constitutes the authority to proceed with a specific stage of work.

This chapter sets out the administrative procedures, as well as the format and presentation of submissions, required for obtaining the necessary authority to undertake the various stages of a public works project through the Public Works Programme. It should however be noted that these procedures are changed from time to time, usually by the FSTB, to cope with new requirements of the public works funding system. Therefore, the procedures given in this chapter should only be regarded as a guide to the existing system, which may be subject to change at short notices.

This chapter takes into account the measures introduced to streamline the delivery of public works projects. These measures include replacing the **Client Project Brief (CPB)** and the **PPFS** with the **Project Definition Statement (PDS)** and the **Technical Feasibility Statement (TFS)** requirements, parallel action between the EIA processes and gazetting, allowing tendering and consultant selection before funding is secured, and shortening the land resumption procedures.

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## I. ABBREVIATION

- I.01 The meaning of the abbreviations assigned in this Chapter of the Project Administration Handbook for Civil Engineering Works shall only apply to this Chapter.
- I.02 The following list shows the meaning of the abbreviations for the common terms used in this Chapter of the Project Administration Handbook for Civil Engineering Works:

<b>Abbreviation</b>	<b>Term</b>
APE	approved project estimate
CEDD	Civil Engineering and Development Department
CMP	Cavern Master Plan
CoRA	Committee on Resources Allocation
CPB	Client Project Brief
CPLD	Committee on Planning and Land Development
CWRF	Capital Works Reserve Fund
CWRF RAS	Capital Works Reserve Fund Resource Allocation System
DEVB	Development Bureau
DEVB TCW No.	DEVB Technical Circular (Works) No.
DoBs	Directors of Bureaux
DSD	Drainage Services Department
EIAO	Environmental Impact Assessment Ordinance
ETWB	Environment, Transport and Works Bureau
ETWB TCW No.	ETWB Technical Circular (Works) No.
FC No.	Financial Circular No.
FSTB	Financial Services and the Treasury Bureau
GCC	General Conditions of Contract for Civil Engineering Works (1999 Edition)
GLTMS	Greening, Landscape and Tree Management Section of DEVB
GMP	Greening Master Plan
HyD	Highways Department
OVT	Old and Valuable Trees
PAH	Project Administration Handbook for Civil Engineering Works
PE	project engineer

<b>Abbreviation</b>	<b>Term</b>
PDS	Project Definition Statement
PPFS	Preliminary Project Feasibility Study
PW_MS	Public Works Management System
PWP	Public Works Programme
SCCD	Sub-Committee on Cavern Development
SCVA	Strategic Cavern Area
TFS	Technical Feasibility Statement
TRA	Tree Risk Assessment
WB	Works Bureau/Works Branch
WBTC No.	Works Bureau Technical Circular No. or Works Branch Technical Circular No.
WSD	Water Supplies Department

## II. GLOSSARY OF TERMS

II.01 Words and expressions to which meanings are assigned in this Chapter of the Project Administration Handbook for Civil Engineering Works (PAH) shall only apply to this Chapter.

II.02 In this Chapter of the PAH the following words and expressions shall have the meaning hereby assigned to them except when the context otherwise requires:

“Government” means the Government of the Hong Kong Special Administrative Region.

“project office” means the office responsible for the planning, design and construction of the project.

(Where these functions are performed by different offices at different stages, the project office shall mean the office responsible at each particular stage.)

“Contract”, “Contractor”, “Drawings”, “Employer”, “Engineer”, “Engineer’s Representative” and “Works” are as defined in the General Conditions of Contract for Civil Engineering Works (1999 Edition) or the General Conditions of Contract for Term Contracts for Civil Engineering Works (2002 Edition).

II.03 Words importing the singular only also include the plural and vice versa where the context requires.

## 1. CHECK-LIST FOR PROCEDURES AND SUBMISSIONS UNDER THE PUBLIC WORKS PROGRAMME

Parties involved in the action column are defined as below: -

<u>Action Party</u>	<u>Definition</u>
Client	The office which has the authority over the final products of the PWP item
Project Manager (P_M)	The office (or a group of officers) which plays the role of project management under the Project Management Stream (P_M is used to avoid confusion with the post of Project Managers in some Departments)
Functional Manager (F_M)	The office (or a group of officers) which plays the role of functional management under the Project Management Stream
Consultant	The firm appointed by the Government for the purpose of delivering study/project/investigation.

<u>Item No.</u>	<u>Action</u>	<u>Action by</u>	<u>File Ref. and Date</u>	<u>Remarks</u>
<b>1.</b>	<b>Prior to inclusion in the Public Works Programme</b>			
1.1	Identify/establish need for the project (For CEDD other than its regional Development Offices, DSD, HyD and WSD projects)	Client		See Chapter 1
1.2	Identify/establish need for project (or engineering package) at the initial updating of the current edition of the development programme (For projects under regional Development Offices of CEDD)	Client/P_M		
1.3	Obtain CPLD/Policy Bureau/ExCo approval as necessary	Client/P_M		
1.4	Prepare PDS	Client/P_M		See para. 20 of DEVB TCW No. 8/2017, if relevant.
1.5	Signing off PDS	Policy Secretary		See signing-off in Para. 2.11.1 and the contents of PDS in Para. 3.2



<u>Item No.</u>	<u>Action</u>	<u>Action by</u>	<u>File Ref. and Date</u>	<u>Remarks</u>
1.6	Prepare TFS	P_M		The contents of TFS in Para. 3.2  For projects that may involve rock blasting, the project office should consult GEO, CEDD at the early stage of TFS preparation.
				For tunnel works, in particular, the project office shall consult the Hong Kong Geological Survey through CGE/P to obtain general geological advice, especially on the identification of geological features
				See para. 20 of DEVB TCW No. 8/2017, if relevant.
		F_M		The works agent should check if a Heritage Impact Assessment is required in accordance with DEVB TCW No. 1/2022
1.7	For new road projects, allow adequate space provision for greening			DEVB TCW No. 3/2024
1.8	Check whether the signing-off procedure has been completed for TFS and secure Works Branch's approval	P_M		See signing-off procedure in Para. 2.11.2
<b>2.</b>	<b>When in Category C (i.e. TFS approved)</b>			

<b><u>Item No.</u></b>	<b><u>Action</u></b>	<b><u>Action by</u></b>	<b><u>File Ref. and Date</u></b>	<b><u>Remarks</u></b>
2.1	Review the scope of works, update the estimated capital cost and the recurrent consequences, check the estimated cost of land acquisition from Lands Department, and check updated situation of staff resources to undertake detailed planning and design against the contents of TFS and, if necessary, prepare, sign-off and submit for approval of a revised TFS	P_M		See Para. 2.8 (please also see ETWB TCW No. 30/2003 which may also be applied when the project is in Cat. B)
2.2	Ensure inclusion of the project in CWRP RAS with reference to the timetable announced by the SFST each year	P_M		See Para. 2.5
2.3	Prepare programme for pre-construction activities including site investigation, feasibility studies, design and preparation of tender documents [to tally with the wordings in FC No. 7/2017] and seek necessary funding under block allocation or through part-upgrading the project to Cat. A.	P_M		See Chapter 1
2.4	Initiate works-related tendering and consultant selection procedures before funding under block allocation is secured to expedite project progress.	P_M		See FC No. 3/2020
2.5	Appoint consultant/instruct F_M or consultant to commence pre-construction activities [to tally with the wordings in FC No. 7/2017]	P_M		Seek approval of EACSB for appointment of consultants where necessary

<b><u>Item No.</u></b>	<b><u>Action</u></b>	<b><u>Action by</u></b>	<b><u>File Ref. and Date</u></b>	<b><u>Remarks</u></b>
2.6	Carry out pre-construction activities [to tally with the wordings in FC No. 7/2017] and consult the relevant Works Department or other authorities, such as Marine Department and Civil Aviation Department as necessary	F_M/ Consultants		For tunnel works, in particular, the project office shall consult the Hong Kong Geological Survey through CGE/P, GEO, CEDD on the identification of geological features. They may contact CEG/P for advice/ assistance on planning and interpretation of site investigation.  See para. 21 of DEVB TCW No. 8/2017, if relevant.
2.7	Carry out EIA as required under the Environmental Impact Assessment Ordinance (EIAO) or the ETWB TCW No. 13/2003 and consult Country and Marine Park Board and the Advisory Council on the Environment if necessary	P_M/F_M/ Consultant		P_M may be involved in appointment of EIA consultant if necessary
2.8	Carry out Heritage Impact Assessment if required under DEVB TCW No. 1/2022 and consult the Antiquities and Monuments Office of Leisure and Cultural Services Department if necessary	F_M		See DEVB TCW No. 1/2022
2.9	Circulate general layout plan to relevant departments, agencies and utility companies for comments and for information, and check the need for any utility works to be carried out in advance or in conjunction with the project works and liaise on the works programme	F_M/ Consultants		

<b><u>Item No.</u></b>	<b><u>Action</u></b>	<b><u>Action by</u></b>	<b><u>File Ref. and Date</u></b>	<b><u>Remarks</u></b>
2.10	Seek agreement from ACABAS on the appearance of bridges and associated structures and seek advice from the Architectural Services Department on the aesthetic design of ancillary building in engineering projects	F_M/ Consultants		For highway structures involved in the project See ETWB TCW Nos. 36/2004 and 8/2005
2.11	Consult Rural Committee, Heung Yee Kuk and/or District Council(s) or other bodies as appropriate on layout and date of commencement of the Works/Works programme	P_M		
2.12	Obtain approval from SFST if ramps and/or covers are omitted from footbridges	P_M/F_M		For highway structures involved in the project
2.13	Complete legal procedures such as Roads (Works, Use and Compensation) Ordinance, Water Pollution Control (Sewerage) Regulations, Foreshore, Sea-bed (Reclamations) Ordinance and Town Planning Ordinance, etc.	P_M		See Chapter 3
2.14	Request acquisition and clearance of land	P_M		See Chapter 3
2.15	Request allocation of Works site, Works area, borrow areas and/or dump site areas	P_M/F_M		See Chapter 3
2.16	Prepare a Schedule of Accommodation in consultation with the Client Department and submit to the Property Vetting Committee for approval	F_M/ Consultants		See Chapter 1
2.17	Submit tree removal proposals to District Lands Conference/DLO/LCSD/AFCD as appropriate	F_M/ Consultants		See Chapter 3
2.18	Consult Transport Department/ Police on traffic arrangement proposals, if necessary, carry out TIA study	P_M/F_M/ Consultants		
2.19	Check with the Public Fill Committee and Marine Fill Committee on source of fill & borrow areas and for allocation of dumping site and any special requirement for issuance of dumping license	F_M/ Consultants		See Para. 4.2.1 of Chapter 4 of the PAH and Para. 4.1.3 of Chapter 4 of the PAH

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2.20	<p>Check with the Office responsible for future maintenance for any special requirements</p> <p>Check if the detailed design takes into account of the Greening Master Plans (GMPs) developed by CEDD.</p> <p>Agreement from WMCG for cases not complying with DEVB TCW No. 2/2012 and DEVB TCW No. 1/2018.</p> <p>Agreement from GLTMS for cases not complying with DEVB TCW No. 3/2012.</p> <p>Agreement from the maintenance party on taking up the maintenance including the maintenance cost and design.</p> <p>Add the consideration of Tree Preservation under TFS</p>	F_M/ Consultants		
2.21	Complete final layout and circulate to other departments, maintenance authorities and railway/tramway operators for information as appropriate	F_M/ Consultants		
2.22	Complete pre-construction activities [to tally with the wordings in FC No. 7/2017] including site investigation, feasibility studies, design and preparation of tender documents	F_M/ Consultants		
2.23	Check legal procedures completed	P_M		See Chapter 3
2.24	Submit geotechnical design of permanent slopes and retaining walls including natural terrain mitigation works, ground investigation proposals and design of foundation works in Scheduled Area Nos. 2 and 4, and the Designated Area of Northshore Lantau, and geotechnical design of tunnel works, including associated temporary works, to GEO, CEDD for consultation/checking/auditing/record, as appropriate	F_M/ Consultants		See ETWB TCW Nos. 29/2002, 29/2002A, 4/2004, 20/2004 and 15/2005

<b>Item No.</b>	<b>Action</b>	<b>Action by</b>	<b>File Ref. and Date</b>	<b>Remarks</b>
2.25	Check land allocation procedures completed	P_M		See Chapter 3
2.26	Check tree removal proposals approved by District Lands Conference/DLO/LCSD/AFCD/Tree Works Vetting Panel of project department (if applicable)	F_M/ Consultants		See Chapter 3
2.27	Check traffic arrangements agreed by Transport Department/Police	F_M/ Consultants		
2.28	Check approval of the Schedule of Accommodation by the Property Vetting Committee	F_M/ Consultants		
2.29	Prepare detailed project estimate	F_M/ Consultants		
2.30	Check project estimate	P_M		
2.31	Update estimate on recurrent costs	F_M/ Consultants		
<b>3.</b>	<b>When in Category B (i.e. after included in the Capital Works RAE)</b>			
3.1	Complete tender documents (submit documents to LAD, DEVB for vetting if the Contract is estimated to cost more than \$300 M)	F_M/ Consultants		See Chapter 5
3.2	Initiate works-related tendering and consultant selection procedures before funding is secured to expedite project progress if necessary unless exemption from the relevant authority is sought	P_M F_M Consultants		See FC No. 3/2020 See Chapter 6
3.3	Proceed to invite tenders via Electronic Tendering System (e-TS) unless exemption from the relevant authority is sought	P_M F_M Consultants		See FC No. 3/2020 See Chapter 6 See DEVB's memo ref. ( ) in DEVB (W) 546/94/02 dated 29 December 2023 See DEVB's memo ref. ( ) in DEVB (W) 546/94/03 dated 29 December 2023

<u>Item No.</u>	<u>Action</u>	<u>Action by</u>	<u>File Ref. and Date</u>	<u>Remarks</u>
3.4	Prepare draft PWSC paper for upgrading to Category A in good time, taking account of the meeting dates of FC and PWSC meetings, and submit to Departmental Headquarters (AD/NW for WSD projects) for onward transmission to the appropriate Policy Secretary (with copy to DEVB (Attn: CAS(W)1)) and the Financial Services and the Treasury Bureau (FSTB) (If considered necessary, the relevant LegCo Panel should be consulted before the PWSC submission and the draft Panel paper should be submitted to the Policy Secretary, copied to DEVB (Attn: CAS(W)1), in due course)	P_M		Normally, there are no PWSC meetings in the summer recess between mid July and end October
3.5	Consult LegCo Panels as necessary	P_M		
3.6	Ensure works have been authorized under the appropriate Ordinances	P_M		
3.7	Check upgrading to Category A approved by Finance Committee	P_M		
<b>4.</b>	<b>When in Category A</b>			
4.1	Monitor the expenditure of the project regularly and initiate action for any change to the scope/ estimate, if necessary	P_M		See Para. 2.8

For Category D items, reference should be made to Para. 2.7.5.

## 2. PUBLIC WORKS PROGRAMME

### 2.1 INTRODUCTION

The Public Works Programme (PWP) is a list of all public works projects of a non-recurrent nature. The projects are listed under nine main headings below:

- (a) Head 701 - Land Acquisition,
- (b) Head 702 - Port and Airport Development,
- (c) Head 703 - Buildings,
- (d) Head 704 - Drainage,
- (e) Head 705 - Civil Engineering,
- (f) Head 706 - Highways,
- (g) Head 707 - New Towns and Urban Area Development,
- (h) Head 709 - Waterworks and
- (i) Head 711 - Housing.

The list does not include, however, Housing Authority and capital subventions building projects or Defence Costs Agreement items, which are dealt with separately and are outside the scope of this Handbook.

To ensure effective resources planning, the CWRP RAS was introduced for non-New Town projects in 1987, and extended to cover New Town projects in 1988. The system is to provide for the planning of capital works expenditure on a six-year basis (including the current year) having regard to the resources likely to be available, the claim made on these resources, and the relative priority of these claims. Projects have to progress through the PWP within the framework of the RAS.

The procedures governing the PWP are set out in the FC No. 3/2011, FC No. 7/2017 and ETWB TCW No. 4/2006. The procedures to be followed in the annual resource allocation exercises (RAE) are set out each year in a Circular Memorandum issued by the SFST. The requirements of preparation of PDS and TFS for Capital Works Projects under FC No. 4/2012 are essential for project inclusion into the PWP. For block allocations, reference should be made to FC No. 3/2011. The introduction by the former S for W of the Project Management Stream has demonstrated commitment to the systematic control of and accountability for project delivery.

The principles underlying the procedures and systems governing PWP are:

- (a) To ensure that proposals for the advancement of projects through the planning, design and implementation stages are properly supported by well defined scope of works and reasonable forecasts of expenditure and programme, with proper regard taken to the optimal utilisation of the staff resources in the Works Departments.
- (b) To impose an equitable system whereby projects can be assessed in a manner consistent with the priority and resource position accorded in the annual RAE, and to ensure that no projects are allowed to slip through the normal vetting procedures except in cases of exceptional urgency.



- (c) To ensure that a project is executed in accordance with undertakings given to the Finance Committee of LegCo when funding was approved.
- (d) To reinforce the accountability for ensuring project delivery on time and within the budget constraints.

The PWP is financed from the CWRP. Within the resources available in the CWRP, expenditure on each Category A project is limited by its approved project estimate and administrative cap; and expenditure on a block allocation is limited to the approved provision and ambit of the block allocation as laid down in the annual Estimates approved by the Finance Committee.

## 2.2 CATEGORIES IN THE PUBLIC WORKS PROGRAMME

The list of projects in the PWP is arranged according to a system of categories, namely Category C, Category B, Category A and Category D. Each category constitutes the authority to proceed with a specific stage or value of work. All new projects should enter the PWP as Category C or Category D items, as appropriate. Only under very exceptional circumstances will a project be considered for direct inclusion in the PWP as a Category A item.

The definitions of the various categories in the PWP are as follows:

- (a) Category C: project that has a PDS signed off by DoBs and a TFS approved by the Works Branch (WB) of DEVB.
- (b) Category B: projects which have had resources earmarked and made ready for them in the latest RAE, but they are not yet in Category A and therefore the proposals have not yet been presented to Finance Committee of LegCo for approval.
- (c) Category A: projects which are ready in all respects for tenders to be invited and construction works to proceed, and have been granted an APE by Finance Committee.
- (d) Category D: smaller projects/consultancies estimated to cost not more than the prevailing financial ceiling for Category D projects (which is currently set at \$50M, \$75M for **Subhead 6101TX** and without limit of **Subhead 5001BX**) on which work/consultancy may proceed and expenditure may be incurred, subject to the availability of funds in the block allocations provided for the purpose.

The system of categories is designed to integrate the PWP with the RAS. Thus, the following points have to be noted:

- (a) For Category C projects, works director(s) with the support of DoBs may undertake the necessary pre-construction activities so as to render the project ready for upgrading to Category B. Funding arrangement shall refer to paragraph 2.4.3.

- (b) For Category B projects, Controlling Officer must not award a contract unless and until funding has been secured, even though they may invite tenders or initiate consultants selection exercises for Category B works contracts before funding is secured in accordance with FC No. 3/2020.

### 2.3 AUTHORITIES FOR APPROVAL

The progress of a project from conception to implementation is governed by the following authorities:

<u>Type of Approval</u>	<u>Authorities</u>	<u>Characteristics</u>
Approval of entry to Category C	Satisfactory completion of PDS and TFS with the approval of WB of DEVB	- PDS and TFS to be completed - agreed by FSTB and DEVB for entry into PWP - allocated a PWP number
Approval of upgrading to Category B	Committee on Resource Allocation in the context of the annual RAE	- resources allocated in the latest or an earlier Capital Works RAE or an in-year RAE bid
Approval of upgrading to Category A	Finance Committee on the recommendation of PWSC	- resources allocated in the latest or an earlier Capital Works RAE or a direct injection
Approval of deletion from Category A	Financial Services and the Treasury Bureau	- all works complete - account finalized and all outstanding balances settled
Approval of deletion from Category B	CoRA in the context of the annual RAE	- removed from RAE and no provision in the estimates for the current financial year or in the latest RAE
Approval of deletion from Category C	Financial Services and the Treasury Bureau	- deleted automatically if the item remains in the category for more than three years without being included into RAE - removed from PWP
Approval of entry to and deletion from Category D	See Para. 2.7.5	

(Note: certain delegated powers exist for the revision of scope for projects in categories A and D. The SFST will decide whether the proposed changes are of such importance as to require reference to the appropriate authority.)

The Finance Committee has delegated to the Secretary for Financial Services and the Treasury powers to:

- (a) approve an increase to the approved project estimate for items and block allocations under Heads 702 to 707, 709 and 711 projects, provided that the increase so approved does not result in a total more than \$15 M, and that the scope of the project remains basically unchanged, and

- (b) approve a reduction in the approved project estimate for items and block allocations under Heads 702 to 707, 709 and 711 projects without financial limit, provided that the scope of the project remains basically unchanged.

The membership and terms of reference of the various authorities can be found in the latest edition of "Civil and Miscellaneous Lists" published by the Government of the Hong Kong Special Administrative Region.

## **2.4 FINANCING OF THE PUBLIC WORKS PROGRAMME**

### **2.4.1 Capital Works Reserve Fund**

The CWRF was established on 20 January 1982 by Resolution of the Legislative Council for the purpose of financing the PWP and acquisition of land. On 15 May 1985, a third Resolution was passed by the Legislative Council as a consequence of the Land Annex to the Joint Declaration. The 1985 Resolution, which was subsequently amended and the latest amendment was on 6 January 1995, in relation to the funding of the PWP, sets out that:

- (a) there be credited to the Fund such appropriations from the general revenue as may be approved by the Legislative Council,
- (b) the Financial Secretary may expend from the Fund for the purposes of the PWP and for the acquisition of land, in accordance with such conditions, exceptions and limitations as may be specified by the Finance Committee,
- (c) the Director of Accounting Services shall, under the authority of the funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet the expenditure from the Fund,
- (d) the Financial Secretary at his discretion may authorize investment in such a manner as he may determine, of any unexpended balance held in the Fund at any time, and
- (e) the Financial Secretary may from time to time transfer from the Fund to general revenue any balance in the Fund which is not required for the purposes of the Fund.

### **2.4.2 Method of Funding**

There are nine Heads of expenditure for the PWP, within the CWRF, namely:

- (a) Head 701 – Land Acquisition,
- (b) Head 702 – Port and Airport Development,
- (c) Head 703 - Buildings,
- (d) Head 704 – Drainage,
- (e) Head 705 - Civil Engineering,
- (f) Head 706 - Highways,
- (g) Head 707 - New Towns and Urban Area Development,
- (h) Head 709 - Waterworks, and
- (i) Head 711 – Housing

Subheads are entered each year in the CWRP Estimates for projects in Category A of the PWP as well as those in Category B (allocations under such subheads will be reserved until that upgrading is approved).

Where a project has an approved estimate, the Secretary for Financial Services and the Treasury may authorize a supplementary allocation for the project as and when necessary, provided that the total project commitment approved by Finance Committee and administrative cap are not exceeded.

Block allocations are generally used for public works or related expenditure, which are of an on-going nature and for which it is not possible to adhere to a fixed scope. Some examples of such items are:

- (a) District based urban environmental improvements,
- (b) Landslip preventive measures (controlled by CEDD),
- (c) Refurbishment of government buildings,
- (d) Minor building works, and
- (e) Category D projects in the PWP for studies and investigations (separate allocations for CEDD, DSD, HyD, WSD and Housing projects).

Block allocation for Category D and other items may be over-committed in accordance with the details announced by the SFST each year. Finance Committee has delegated to the Secretary for Financial Services and the Treasury powers to approve funding of the minor projects, which fall within the limit of a Category D item in the PWP. Some delegations have also been provided to Permanent Secretaries and vote controllers as set out in FC No. 3/2011. The annual limit of expenditure for all block allocations, however, is separately approved by Finance Committee each year.

### **2.4.3 Policy on Fund Provision and Expenditure**

- (a) No subheads may be created and no expenditure may be incurred in respect of projects in Category C. (See paragraph 2.2 and (d) & (e) below).
- (b) A subhead may be created for a project in Category B but no expenditure may be incurred until the project has been upgraded to Category A. (See paragraph 2.2).
- (c) A subhead may be created for a project in Category A but no expenditure may be incurred until such a subhead has been created.
- (d) For CEDD, DSD, HyD and WSD projects in Category B or Category C, a separate block vote item can be created for pre-construction activities [to tally with the wordings in FC No. 7/2017] including site investigation, feasibility studies, design and preparation of tender documents. If funding for a pre-construction activity is estimated to exceed the delegated financial limit of a Category D item and cannot therefore be charged to the relevant CWRP block allocation, the relevant works director(s) would need to upgrade the pre-construction activity to Category B and subsequently to Category A for funding the pre-construction activity.

- (e) Projects approved by the Finance Committee should be completed as soon as possible and without interruption. Where the original allocation in the annual Printed Estimates is likely to be exceeded, supplementary funds should be sought in good time so that contractual commitments can be met without delay. Procedures for making changes to the approved estimates of expenditure are set out in the FC No. 2/2012, FC No. 7/2017 and FC No. 3/2016.

## 2.5 ANNUAL RESOURCE ALLOCATION EXERCISE

The procedures to be followed in the annual RAE are set out each year in a Circular Memorandum issued by the SFST. Bids for new projects to be started in the six-year RAS period are put forward by DoBs, who have authority to set relative priorities between bids from Departments under their purview. Once DoBs' works programmes for the relevant resource allocation period have been accepted, DoBs have authority to alter the timing or priority of projects in their programmes, provided that the estimated overall expenditure over the six-year forecast period is not exceeded, and subject to the ability of the Works Departments to accommodate the design and supervision requirements.

The normal procedure involved is as follows:

<u>Timing*</u>	<u>Event</u>
June/July	- FSTB to issue call circular for the year's RAE - Policy Bureaux to submit new bids for capital works projects including existing Cat B projects and new projects
September	- DEVB to advise on the capacity of the Works Departments to implement the projects under the RAE bids - CoRA to decide on allocation provisions
October	- FSTB to inform Policy Bureaux/departments of final results of the RAE

\* The timing is for reference only. For detailed schedules for each financial year, reference should be made to the relevant Circular Memorandum of the year.

## 2.6 NUMBERING OF PROJECTS IN THE PUBLIC WORKS PROGRAMME

The numbering of projects in the PWP is in the form of subhead codes. A subhead code comprises basically four digits followed by two letters, for example:

5008DR

The first digit is either 1, 2, 3, 4, 5, 6, 7, 9 or B for projects corresponding to, respectively, Head 701, 702, 703, 704, 705, 706, 707, 709 or 711 in the PWP. The remaining three digits are serial numbers. The two letters at the end of the code give basic information on the nature of the project. The first letter denotes the Programme Area to which the project relates and the second letter denotes the Sub-programme under the corresponding Programme Area denoted by the first letter.

Programme and Sub-programme descriptions, with effect from April 1992, are listed in Appendix 2.1.

## **2.7 PROCEDURES FOR PROJECT INCLUSION AND UPGRADING**

### **2.7.1 Introduction**

The procedures for project inclusion in the PWP and upgrading are set out in FC No. 4/2012 and FC No. 7/2017. Details of the block allocation system are given in FC No. 3/2011.

For a new capital works project to be included in Category C or directly into Category B, FSTB requires Policy Bureau to justify and define the scope of the project by way of completion of a PDS and the responsible Works Department to confirm the technical feasibility on a prima facie basis in the form of a TFS approved by the WB of DEVB. All Capital Works RAE bids must be accompanied by a PDS and a WB of DEVB approved TFS. Upgrade of projects to Categories B and A depends upon the inclusion of the project into the RAE and approval of funding by Finance Committee respectively. Projects should be planned, as far as possible, to tie in with the annual RAE and the Finance Committee/ PWSC meetings.

The Capital Works RAE arrangements have been streamlined by combining the “Category B+” and “Category B-” into one “Category B” in accordance with FC No. 7/2017. The Policy Bureaux and Works Departments which have completed the TFS for their works projects as approved by WB of DEVB may proceed with the pre-construction activities [to tally with the wordings in FC No. 7/2017]. When the relevant pre-construction activities have been completed, the Policy Bureaux and Works Departments may then bid for Category B for the works projects that are ready for seeking funding from the Finance Committee or proceed with parallel tendering in accordance with FC No. 3/2020.

### **2.7.2 New projects**

All new projects proposed for inclusion in Category C of the PWP must be well defined in respect of project scope and properly justified. Generally, new projects enter the PWP at Category C or directly to Category B, or Category D as appropriate, except for those projects directly injected into Category A.

Under the requirement of FC No. 4/2012, for a proposed new capital works project, the Policy Bureau concerned is required to sign off a PDS. Before this signing off, the Works Department should scrutinize the draft PDS and conduct initial assessments so as to help its client to determine the best development option and alert the client to any potential problems that might arise in the delivery or the public consultation stage of a project. Upon receipt of the PDS, the Works Department concerned is required to complete a TFS and secure WB of DEVB’s approval. The TFS should be completed in four months without recourse to consultancy support; unless the works director is personally satisfied that consultancy input through a feasibility study is necessary. The TFS may be signed off by the works director or his delegates (authority to delegate is given in paragraph 6 of FC No. 4/2012). Upon the approval of TFS by WB of DEVB, the project will gain a Category C status subject to approval of FSTB. The Works Department may undertake the necessary pre-construction activities [to tally with the wordings in FC No. 7/2017] including consultancies and/or ground investigation works, so as to render the project ready for upgrading to Category B. The

funding for pre-construction activities may be sought from the CWRP block allocations where the total accumulative spending on such pre-construction activities does not exceed \$50 million, or through part-upgrading the project to Category B and subsequently to Category A for pre-construction cost exceeding \$50 million. Entry into Category C will give no certainty that a project will be earmarked funds at a subsequent RAE. The decision on the latter will rest with the CoRA. Under normal circumstances, a project in Category C will automatically be deleted from PWP if it is not upgraded within three years. Where there is a great urgency or other overriding considerations to incur any CWRP expenditure on any pre-construction activities associated with a Category C project, the project proponent should in consultation with the Works Department seek exceptional approval of the SFST in accordance with FC No. 7/2017.

The Policy Bureaux and Works Departments should keep a close watch on Category C projects which have not been upgraded to Category B within three years from the date of entry into Category C, and should provide justification in writing to FSTB for the retention of Category C status prior to the expiry of the three-year validity period. In the absence of initiation by the relevant Policy Bureaux and Works Departments for retention of Category C status of the project (mainly by revisiting / updating the relevant TFS and submission to Works Branch of DEVB for approval), it will be followed up with a view to deletion of such project from CWP after three years.

In case the scope of works and/or project estimate of a Category C project is revised and becomes substantially different from that in the approved TFS, a replacement TFS for consideration by Works Branch of DEVB and re-confirmation of the Category C status of the project by FSTB is required.

### **2.7.3 Upgrading to Category B**

The Policy Bureaux and Works Departments may seek to upgrade a Category C project to Category B by submitting bids in the annual Capital Works RAE. Once a project is allocated resources in the latest RAE, it is automatically upgraded to Category B. Normally, bids for upgrading to Category B must be supported by a TFS which has been approved by WB of DEVB before SFST's calling for RAE bids that year (usually in August). For TFS completed three or more years ago, the information contained therein should be updated as appropriate. Notwithstanding the above, FSTB will facilitate upgrading of projects in between two RAE cycles if there are urgent, exceptional and/or unforeseen circumstances. It has been a usual practice since the 2002 Capital Works RAE that prior to submitting a RAE bid, project proponents are required by FSTB to resolve with the maintenance departments to absorb the recurrent consequences incurred by the proposed project before making requests for funding for the Capital Works. It is only under exceptional circumstances this requirement would be waived. Nonetheless, for new major projects approved in the 2005 Capital Works RAE and/or thereafter, the Centre would fund in-principle the recurrent consequences arising from new works projects, capped by the amount of recurrent consequences in the RAE result and subject to detailed vetting by FSTB in accordance with FC No. 2/2005. FSTB will scrutinize the details of each recurrent funding request before the submission of the project to the Finance Committee/PWSC. The detailed arrangements in each Capital Works RAE will be set out in FSTB's call circular.

Once a project is upgraded to Category B, there would be earmarked funding and the Policy Bureaux and Works Departments may proceed with upgrading to Category A, parallel tendering before upgrading of the project to Category A in accordance with FC No. 3/2020 or

land acquisition before upgrading to Category A. The Works Departments must not award a contract unless and until funding has been secured, even though they may invite tenders or initiate consultants selection exercises for Category B projects before funding is secured in accordance with FC No. 3/2020.

#### **2.7.4 Upgrading to Category A**

Upgrading of a project from Category B to Category A may only be proposed by the appropriate Works Department with support of the Policy Bureau concerned when all necessary pre-construction activities have been completed or substantially completed. Statutory procedures and public consultation required for a project should have been completed before putting forth the funding proposal to PWSC and FC.

The FC has requested the Administration to consult the relevant LegCo Panels on funding proposals before seeking FC approval. Prior discussion at Panel meetings enable the Administration to gauge LegCo Members' concerns and to provide clarification and supporting information as needed in the FC submission. This will facilitate subsequent discussion at the FC and enhance the efficiency of the meetings. As the number of slots of each panel meeting is limited, the Works Department should be in consultation with the Policy Bureau concerned as early as at the beginning of each LegCo session, to decide the appropriate timing for panel consultation for a project.

Submission of a funding proposal, including a draft PWSC paper and an appraisal of the recurrent consequences arising from the project in accordance with FC No. 2/2005, should be addressed to the Policy Bureau concerned for clearance and for onward submission to the FSTB.

Following clearance by FSTB, the funding proposal will be sent to the Secretary, PWSC who will arrange for the item to be put to PWSC for a recommendation to be made to Finance Committee. During the intervening period between the submission of a PWSC paper and the date of PWSC meeting or between the PWSC meeting and FC meeting as appropriate, the Policy Bureau/Works Department concerned should inform PWSC/FC through information note, letter, or report of objections received, if any.

#### **2.7.5 Inclusion in Category D**

Matters relating to the creation of Category D and other block vote items are laid down in FC No. 3/2011.

### **2.8 PROCEDURE FOR CHANGES TO PROJECTS**

#### **2.8.1 Change in Scope**

If a Works Department identifies that a project in Category C or Category B requires significant changes to be made to the original project scope as stated in the TFS, it is the responsibility of the P\_M in the Works Department to propose the change, assess the cost and programme implications and seek agreement of the Client Department and the Policy Bureau concerned. Clear statements should be made in the proposal as to what changes are necessary and why they are required. If the proposed changes are so significant that the P\_M would consider necessary to re-assess the technical feasibility of the project by preparation of a new TFS, a revised PDS should be requested if appropriate, and the preparation, signing off and



approval procedure of a TFS should be followed.

In case where a change in scope of a project in Category B or Category C is necessary due to changes initiated by the Policy Bureau, Client Department or subvented bodies concerned which involve a change in the policy, user requirements or timing of the project from those originally stated in the PDS/TFS, the following procedures shall be followed. Upon receipt of a change request via a routing sheet in Appendix 2.4, a Works Department officer at appropriate level shall complete Section II of the routing sheet to advise the Policy Bureau for their consideration the time and cost implications of the proposed changes and whether a revised TFS is required to re-assess the technical feasibility of the project. Unless the proposed changes would not cause any delay or additional cost to the project (including any problem with additional recurrent consequences or extra staff for project delivery), the Works Department must await the Policy Bureau's response before proceeding further with the proposed changes. If DEVB does not provide its comments, if any, within seven working days after receipt of the completed Section II, the Works Department can assume that DEVB has no objection to the proposed changes.

At any time of a Category B project prior to upgrading to Category A, the Policy Bureaux and Works Departments who intend to substantially vary the scope, project estimate or programme of a Category B project should consult FSTB as early as possible, irrespective of whether there will be consequential capital and recurrent cost implications. Star Chamber may need to be consulted depending on the degree of variation, particularly when the change involves an increase in the project estimate and raises the issue of whether it is justifiable to pursue the project. If additional resources are required, the Policy Bureaux and Works Departments concerned are expected to first meet them from within the total resources allocated for Category A projects under their policy portfolio. Failing that, a RAE bid should be submitted to seek additional resources.

Works Departments shall not input the time and cost implications of any proposed client-initiated changes when updating the cost and programme data for the project in the PWPIS before Policy Bureau's confirmation to accept the same via the routing sheet.

The above procedures are illustrated in the flow-chart at Appendix 2.5 for ease of reference.

Where the approved scope of a project in Category A requires substantial changes, the P\_M should obtain the relevant information from the Client and the Maintenance Office, such as the justification for the revision and recurrent consequences, and forward the proposal in the form of a draft PWSC paper to Policy Bureau for onward transmission to the FSTB following the general procedure described in the paragraph 2.7.4. Where the P\_M is not the Vote Controller, the Works Department should submit the PWSC paper through the Vote Controller to the Policy Bureau. Finance Committee's approval is required for a substantial change in scope to a Category A item.

In case of a change in scope of a Category D project, the form of submission for revising the scope can be referred to FC No. 3/2011.

## 2.8.2 Change in APE

The project engineer (PE) shall from time to time review the project estimate and expenditure in the light of progress and other conditions of the project. For a Category A project, the PE shall regularly review the financial position to ensure that the estimated project cost does not exceed the APE. After the review, the PE shall prepare a financial statement, which should be kept in the project file and vetted by his/her senior. In the event that the estimated project cost is more than the APE, the PE shall immediately inform the office head of the exceedance and propose the time-table for requesting for an increase in APE for the office head's agreement. Approval to increase APE must be obtained before making any further commitments under the project.

When reviewing the financial position of a Category A project, the PE should take into account, but not limited to, the following -

- (a) Higher/Lower tender prices and/or price fluctuation;
- (b) changes in the scope of the project;
- (c) significant changes in quantities due to unforeseen ground conditions, and error or omissions in the Bills of Quantities;
- (d) the value of all issued and proposed variation orders;
- (e) additional payments arising from contractual claims;
- (f) the financial implications of extensions of time such as prolongation costs and resident site staff costs; and
- (g) the financial implications on contract expenditure where the performance of the Contractor is variable, where the Contractor is in financial difficulties or where re-entry and/or novation of contract are being considered.

Where the APE of a Category A project requires an increase, without a change in scope, a submission in the form of a PWSC paper should be made by the P\_M in the Works Department to the DoB for onward transmission to FSTB. The P\_M in the Works Department should submit a prior application for upward adjustment of Administrative Cap of the project under the annual Capital Works RAE or submit an offsetting saving proposal in between two RAE cycles if there are urgent and/or unforeseen circumstances. A detailed analysis of the change required, a cost comparison, and an indication of any exceptional urgency (such as outstanding tenders) must be given. Any increase in APE exceeding \$15.0M must be submitted to Finance Committee for approval. All submissions for increase in APE to Finance Committee should first be discussed by relevant LegCo Panel(s).

According to the then S for Tsy's memo ref. (31) in FIN P6/9 VIII dated 9.2.93, where there is no change of scope, requests for reductions in APE may be made by memorandum addressed to SFST, for the attention of PAS(Tsy)(Works), and copied to the DEVB. The memorandum should contain subhead, project title, a brief description of the project scope, the original and proposed (reduced) APE, a concise explanation as to why the reduction is proposed and a final statement to confirm that the reduction does not involve any change of scope.

According to the then SETW's memo ref. ETWB(CR)(W)1-150/4 Pt. 2 dated 27.4.2004, the following actions should be taken:

- (a) Suitably adjust the APE and the RAE estimates of projects when a tender price is significantly lower than the estimated contract sum in the APE and there will likely be surplus funds under the project; and
- (b) State clearly in the submissions to the PWSC and Finance Committee of LegCo seeking an increase in the APE for works projects:
  - (i) the total cost increase and the reasons for the increase; and
  - (ii) whether any surplus funds in the APE have been used to meet the cost increase.

### **2.8.3 Regrading of Existing PWP Items**

In case that the revised project estimate of a Category A item falls within the limit for a Category D item, it is not necessary to regrade a project from Category A to Category D. The creation of a Category D item in place of a Category B or Category C item can be dealt with in the contents of the Category D paper. A Category D project with a revised estimated cost greater than \$50M can be regraded to Category A (i.e. direct injection into Category A) by submitting a PWSC paper for endorsement by the PWSC, provided that savings from the relevant programme area of the Policy Bureau can be identified. Should there be a substantial change in scope of the project, consideration should be given to undertaking a PDS and TFS and going through the normal PWP process.

## **2.9 PROCEDURES FOR ENTRUSTED PROJECTS**

Public works projects are sometimes entrusted to outside agencies (such as MTRCL, KCRC, the Housing Authority (HA) or a private developer). The same procedures for progressing through the PWP mentioned earlier apply.

Prior approval from FSTB is necessary before entering into any commitment/agreement with an outside agency. The project may be included directly into Category A or the PWP in urgent case. The Client Department proposing the work should forward a submission in the form of a draft PWSC paper to the DoB for onward transmission to FSTB. This may be done at any time. The requirements for any necessary policy approvals also apply to entrusted projects.

Where the proposed entrusted project requires expenditure under the PWP, every effort should be made by the Client Department to plan sufficiently ahead to have such items included in Category A in time (after RAS/Annual Review). Necessary assistance may be sought from other government offices, if any, which involve in the management of/liaison with the outside agency to which entrustment is being considered.

## **2.10 PROCEDURES FOR FEASIBILITY STUDIES**

In accordance with FC No. 4/2012, engagement of consultants to undertake a feasibility study (FS) of a project to facilitate the completion of the TFS can proceed only if the works director is personally satisfied that it is necessary to do so before he can

recommend upgrading of the project to Category B. Funding for a FS would be via the creation of a block vote item if the value of the item does not exceed a predetermined ceiling as set out in FC No. 3/2011 (currently \$50M). If the value of the item or the total accumulative spending on pre-construction activities including any further FS is estimated to be exceeding the ceiling, a Category A item should be created.

## **2.11 PROCEDURES FOR TECHNICAL FEASIBILITY STATEMENT**

A new project undertaken by a Works Department may be initiated by the Policy Bureau, Client Department, or Works Department itself. The Works Department proposed for undertaking the project shall review its resources available, programme and nature of the project before determining whether or not to undertake the project. For a project to be included into the PWP, a TFS needs to be completed. TFS is not required for projects that are themselves studies, non-works items or renovation works. The requirements, formats and procedures of preparation of a PDS and a TFS are set out in FC No. 4/2012 and the requirements for TFS to include the need or the otherwise for HIA in DEVB TCW No. 1/2022.

### **2.11.1 Project Definition Statement**

To commission the preparation of a TFS, DoB or Deputy Secretaries delegated with the authority are required to sign off a PDS for each proposed capital works project. The PDS should justify and define the scope of the proposed project.

### **2.11.2 Technical Feasibility Statement**

Based on the PDS, the TFS is then prepared and submitted for WB of DEVB's approval. If the works director concerned is personally satisfied that consultant input through a feasibility study is required, the relevant extract of the feasibility study can be submitted in lieu of a TFS. The purpose of the TFS is to confirm the technical feasibility of each proposed project on a prima facie basis before:

- (a) the project may be included in Category C of the PWP,
- (b) Policy Bureau seek upgrade to Category B, and
- (c) Works Departments initiate the more comprehensive design and planning required for upgrade to Category A.

The P\_M of the Works Department is responsible for the co-ordination and preparation of the TFS.

The following points are important to note in the preparation of the TFS:

- (a) The TFS should preferably be completed within four months from receipt of the PDS,
- (b) TFS should not be prepared with consultancy support under normal circumstances,

- (c) a TFS should normally be completed before RAE bid (normally in July/August). SFST would only facilitate bids in between RAE cycles if there are urgent, exceptional and/or unforeseen circumstances, and
- (d) if during the preparation of the TFS it is established that the original envisaged project is not feasible, in which case it may be necessary for the Policy Bureau to reconsider a new PDS.

The authorities for signing off the TFS are as follows:-

<u>Project Estimate</u>	<u>Signing-off Authorities</u>
	<u>Works Dept.</u> <u>(P M &amp; F M)</u>
Less than \$300 M	D2 (if delegated) or Head of Dept.
Less than \$700 M	D3 (if delegated) or Head of Dept.
\$700 M or more	Head of Dept.

The completed TFS signed off by the appropriate Directorate Officers should be submitted to DEVB for approval.

### **3. SUBMISSIONS FOR APPROVAL UNDER THE PUBLIC WORKS PROGRAMME**

#### **3.1 TIMETABLE FOR ACTION**

- (a) Submission of new projects to enter Category C:

Satisfactory completion of PDS and TFS should be in time such that programme for inclusion into the RAE of the year in which expenditure has to be incurred could be met. Sufficient lead-time should be allowed in this process for D of L to check the land requirements.

- (b) Upgrading of projects from Category B to Category A, or downgrading/deletion of projects from Category A:

Regular meetings of the PWSC are held as advised from time to time by the Clerk to the PWSC. Submissions can be made at any time by the Works Departments having regard to the timetable for PWSC meetings, i.e. submissions must be drafted sufficiently in advance to ensure that adequate time is available for:

- (i) Completing the detailed design and tender documents to meet the scheduled date of commencement of construction, and
- (ii) The vetting of submissions by departmental headquarters, or AD/NW for WSD projects, and the Policy Bureau prior to submission to FSTB (The lead time required for the first draft submitted by the Policy Secretary to reach the FSTB is about 2 months in advance of the specified PWSC meeting for discussing the paper. The lead time for the finalised PWSC paper to arrive at the FSTB is about 1 month in advance of the PWSC meeting.)

- (c) CWRF RAS and the Annual Resource Allocation Exercise:

Around June/July each year, FSTB will issue circular to call for returns for the year's RAE. In September, the Star Chamber will consider submission from Director of Bureaux and decide the allocation of resources to each Director of Bureau. An indication of the timing for the process of the annual RAE can be found in paragraph 2.5.

- (d) Submission of projects for direct inclusion in Category A:

Submissions may be made at any time for consideration at PWSC meetings.

- (e) Submissions for the revision of the scope of a project:

Submissions in the form of PWSC Paper may be made at any time to FSTB for Category A projects, or in the form of a TFS routing through the relevant signing-off and approval authorities for Category B and Category C projects.

- (f) Submissions for an increase in the approved project estimate by over \$15M, with or without a corresponding change in the scope of the project:

Submissions may be made at any time for consideration at PWSC meetings. Project Offices should submit the draft papers sufficiently in advance to allow adequate time for vetting by the departmental headquarters, or AD/NW for WSD projects, while meeting the deadlines set for submissions by FSTB.

- (g) Submissions for an increase in the approved project estimate not exceeding \$15M in total or a reduction in approved project estimates (without limit), without a change in scope:

Submissions may be made at any time to FSTB.

- (h) Submission for Category D projects:

Submissions may be made at any time in accordance with para. 2.7.5

### **3.2 PROJECT DEFINITION STATEMENT AND TECHNICAL FEASIBILITY STATEMENT**

A PDS and a WB of DEVB approved TFS are required for inclusion of a project into Category C or Category B.

For every new project that is proposed for inclusion in Category C of the PWP, a TFS must be prepared for signing off by the works director or his delegates for approval by WB of DEVB. A TFS should normally be completed before RAE bid (normally in August). SFST would only facilitate bids in between RAE cycles if there are urgent, exceptional and/or unforeseen circumstances.

The general format for the PDS and TFS are shown in Annex A and Annex B of FC No. 4/2012 respectively.

### **3.3 PWSC PAPERS**

PWSC paper is required for upgrading projects from Category B to Category A, making substantial changes (which is outside the delegated authority of the SFST) to an existing Category A project, and for direct injection into Category A.

The submission should be in the form of a draft PWSC paper, the detailed requirements on contents & formats, an example, an aide-memoire checklist for issue of PWSC papers can be found in FC No. 2/2021 - User Guide on the Finance Committee, Establishment Subcommittee and Public Works Subcommittee. The drafter of the paper should always remember that the contents of the paper must be concise and capable of being fully understood by the layman in both English and Chinese. The draft PWSC paper should be broadly divided into the following sections:

(a) Heading

The relevant head, programme and sub-programme areas, project code and title should be shown and be identical to the printed Estimates.

(b) Preamble

An inset preamble should state precisely what PWSC is being asked to recommend to Finance Committee.

(c) Problem

The problem should be set out as succinctly as possible. It should identify the problem clearly and should not confuse the problem with the proposal in item (d) below.

(d) Proposal

This section should set out the precise funding proposal for Members' consideration.

(e) Project Scope and Nature

This section should define clearly the scope and nature of the public works project. It is intended to be binding upon the Administration and should not be left vague or open to interpretation. This should correspond to the cost breakdown given in either the "Justification" section or the "Financial Implications" section as much as possible.

(f) Justification

This section should set out the justification for the proposal and state clearly the consequences of the proposal not proceeding. This section should also state the benefits arising from the proposal. It is often useful to state the non-government sources of support or initiation of the paper. While being precise, drafters should argue the pros and cons fully and persuasively to their logical conclusion.

If the proposal involves a revision in the approved project estimate, this section should summarize the reasons for the revision using the standard format. A comparison of the cost breakdowns of the approved and revised project estimates (in MOD prices), with detailed explanations should be given in the form of enclosure to the paper. For example, if the cost increase is due to inflation, the section should quote the percentage change in the relevant cost index. For cost increases due to additional works, the section should explain why those responsible for the project were not able to plan for these works when preparing the original project estimate.

In respect of a transport infrastructure project for funding submission and reporting to LegCo, the project office should, in collaboration with TD, take due account of the usage of heavy vehicles in the estimation of design traffic



capacity of a road and for roads with a high percentage of usage by heavy vehicles in terms of passengers car units (PCU), in addition to vehicle units. (Audit Report No. 53 Ch. 10)

If the proposal involves footbridges and subways, this section should also provide the estimated pedestrian flow information for the facilities. (Audit Report No. 49 Ch. 11)

(g) Financial Implications

Financial implications must be stated. All Panel/PWSC/FC papers on CWP projects should provide estimates in money-of-the-day (MOD) prices<sup>1</sup>. For the avoidance of doubt, PWSC submissions should no longer present project estimates in constant prices. Once approved by FC, the project estimate in MOD prices will form the APE of the project. TsyB will announce price adjustment factors to be used for converting constant prices into MOD prices regularly.

For projects to be upgraded to Category A, it is necessary to give the capital cost in MOD prices and additional annually recurrent cost. This section should state the proposed form of tender (e.g. remeasurement, fixed price, etc.). In particular, if the capital cost includes consultancy fees, the paper should identify these separately and provide breakdown of the consultancy fees in an enclosure. The section should also identify separately costs attributable to overseas duty visits in connection with the project such as acceptance tests and training for new equipment, explaining the need for such visits and the basis of the estimated cost. For projects where furniture and equipment will be required, their estimated cost must be included in the section as a separate cost item. For papers involving part-upgrading of projects, drafters should indicate what the remaining cost items may involve.

For seeking revisions in the approved project estimate, it is normally sufficient to state the phasing of expenditure with details of how the estimates in MOD prices are derived and any additional annually recurrent cost arising from the revision in the approved project estimate.

Where the contingency sum allowed against a project estimate exceeds 10% of the other costs, drafters must include a special paragraph explaining the reasons for requiring a larger contingency.

If the funding proposal has any implications on the relevant fees and charges, a statement on the impact on the fees and charges should be included.

(h) Public Consultation

This section should contain a clear statement on consultation with various bodies such as District Councils, the Advisory Council on Environment and Legislative Council Panels, when the consultation took place, and any advice or comments made by such bodies. In the absence of public consultation, the

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<sup>1</sup> The same requirement applies to funding proposals submitted to TsyB for approval under delegated authority.

paper should explain why this is not necessary. Where the project has resulted in objections or agreement with reservations, the paper should state clearly the grounds for the objections or reservations together with any remedial proposals. The District Officer/ Secretary for Home and Youth Affairs should give his clearance to the final wording of this section if objections are still outstanding.

This section should also provide details for any gazetting under ordinances, state whether objections have been received, and if so, the details of the objections and what has been done to resolve the objections. The date of authorizing the project under the relevant ordinance should be given.

**(i) Environmental Implications (Subsumed from WBTC Nos. 25/99, 25/99A & 25/99C)**

**This section should set out in concise fashion whether the proposal has environmental implications. Where there are environmental implications, this section should set out proposed mitigation measures. In this connection it is useful to state whether and when the Environmental Protection Department or others have carried out either an environmental review or an environmental impact assessment and what were the findings or recommendations. This section should be cleared by the Director of Environmental Protection. Whenever possible, this section should include an estimate of the cost of implementing the environmental mitigation measures and the source of funding.**

**This section should also include information relating to the management of construction waste (termed as “Construction and Demolition Materials” in Chapter 4). The standard paragraphs are at Appendix 2.2. The project office should consult the Public Fill Committee on the part of the environmental implications section concerning the management of construction waste and incorporate their comments into the draft PWSC paper before it is circulated to the Director of Environmental Protection for comments and endorsement. The project office should indicate the Public Fill Committee's advice clearly in the circulation memo to the Director of Environmental Protection. However, the project office should note that such arrangement would not pre-empt the Director of Environmental Protection's decision in clearing the environmental implications section. A flow chart for vetting this part is at Appendix 2.3.**

**(j) Heritage Implications**

In the submission for funding construction works, this section should state clearly whether the project will affect any heritage site and if so, what mitigation measures will be taken and whether the public were in support of the proposed measures in the public engagement process. This section should be cleared by the Antiquities & Monuments Office of the Leisure & Cultural Services Department. Please refer to DEVB TCW No. 1/2022.

(k) Greening and Landscape Implications

This section should make reference to paragraph 48 of DEVB TCW No. 4/2020 and should be cleared by the Greening, Landscape and Tree Management Section (GLTMS), DEVB.

(l) Land Acquisition

This section should state whether there is a need for land acquisition and clearance. If there is a need, the paper should state the estimated cost and the Head (Subhead if necessary) to be charged. Other essential information should include the type and area of land involved, approximate number of people affected, and whether there will be rehousing arrangements for these people. Where land acquisition or clearance is likely to involve difficult clearances problems or requires non-standard payment, the paper should state the nature of the problem and the associated costs.

(m) Background Information

This section should state when the project was first included in the Public Works Programme, and when it was upgraded to Category B. For existing Category A projects, drafters should state the time of inclusion in Category A, when PWSC/FC previously approved any revision to the project estimate, and the reasons.

Drafters should provide further concise background information as though the subject is being introduced for the first time. This applies particularly to explanations of policy. If the Legislative Council has previously discussed the subject at forums such as panel meetings or Finance Committee meetings, this section should contain this information. Drafters should not refer to any committees or working groups within the Administration unless there are very strong reasons for doing so.

The section should also provide details of all related consultancy studies in connection with the project as well as the current status of the project and in particular the scheduled start and completion dates of the project.

This section should provide detailed information on tree removal and planting/replanting proposals. This section should also provide a breakdown of estimated job opportunities to be created by a project.

If the paper proposes a revision to an approved project estimate, this section should provide the original start and completion dates of the project as indicated in the previous PWSC submission on the same project. If there is any slippage in the start and/or completion dates, the paper should provide reasons for the slippage. Where appropriate, the paper should give a summary of the factors contributing to the slippage.

(n) Urgency

Where, on grounds of urgency, a paper must be issued late or require a decision by circulation or need to go to a FC meeting earlier than officially scheduled, the paper must include an urgency paragraph. The paragraph must state clearly the grounds for urgency and the consequences of not obtaining a decision in the time required. As the PWSC only recommends items for the approval of Finance Committee, it is sometimes necessary to issue a parallel "presumption" paper to Finance Committee. In such circumstances the urgency paragraph should bring this to the attention of PWSC Members.

(o) Site Plan

Drafters should attach a clear coloured site plan to the paper, showing both the location of the project site and site details. Where the project requires noise mitigation measures, the plan should indicate clearly the location of such measures. The descriptions on the plans should be in both Chinese and English.

To help PWSC members to visualize the key design features and its visual impact, an assortment of drawings, sectional plans, maps and perspective renderings of the proposed facilities should be provided as far as possible.

A schedule of "Recurrent Consequences" of Capital Projects according to FC No. 2/2005 should also accompany the draft paper.

Most up-to-date samples of PWSC papers can be found in the LegCo web site.

### **3.4 SUBMISSION PAPERS FOR CATEGORY D PROJECTS**

Types of submission papers for Category D items should be referred to FC No. 3/2011. Submission for Category D items includes memos/minutes, Category D papers.

### **3.5 REVISED ADMINISTRATIVE ARRANGEMENTS FOR RECLAMATION WORKS**

See WBTC No. 13/97, WBTC No. 13/97A and HPLB & ETWB Joint Technical Circular No. 1/04 for details. The Harbourfront Commission should be consulted for reclamation works in harbour.

## **4. OTHER APPROVALS**

In addition to the procedures and approvals required for progressing a project through the PWP given in paragraph 2.3, it is sometimes necessary to seek and obtain other approvals, as necessary, such as obtaining Environmental Permit and Tree felling approval. The essential items that are relating to funding approval and the content of the PWSC are given in the checklist in Section 1, in order to comply with laid-down administrative policies or to comply with statutory requirements.

## 5. REFERENCES

WBTC No. 13/97	Revised Administrative Arrangements for Reclamation Works (PELBTC No. 3/97)
WBTC No. 13/97A	Revised Administrative Arrangements for Reclamation Works
ETWB TCW No. 29/2002	Geotechnical Control for Slopes and Retaining Walls
ETWB TCW No. 29/2002A	Geotechnical Control for Slopes and Retaining Walls
ETWB TCW No. 13/2003	Guidelines and Procedures for Environmental Impact Assessment of Government Projects and Proposals
ETWB TCW No. 13/2003A	Guidelines and Procedures for Environmental Impact Assessment of Government Projects and Proposals - Planning for Provision of Noise Barriers
ETWB TCW No. 30/2003	Control of Client-Initiated Changes for Capital Works Projects
ETWB TCW No. 4/2004	Checking of Foundation Works in the Scheduled Areas of Northwest New Territories and Ma On Shan and the Designated Area of Northshore Lantau
ETWB TCW No. 20/2004	GEO Checking Certificate for Slopes and Retaining Walls
ETWB TCW No. 36/2004	The Advisory Committee on the Appearance of Bridges and Associated Structures (ACABAS)
ETWB TCW No. 8/2005	Aesthetic Design of Ancillary Buildings in Engineering Projects
ETWB TCW No. 15/2005	Geotechnical Control for Tunnel Works
ETWB TCW No. 4/2006	Delivery of Capital Works Projects
DEVB TCW No. 2/2012	Allocation of Space for Quality Greening on Roads
DEVB TCW No. 3/2012	Site Coverage of Greenery for Government Building Projects
DEVB TCW No. 8/2017	Rock Cavern Development
DEVB TCW No. 1/2018	Soft Landscape Provisions for Highway Structures
DEVB TCW No. 4/2020	Tree Preservation
DEVB TCW No. 1/2022	Heritage Impact Assessment Mechanism for Capital Works Projects
DEVB TCW No. 3/2024	Allocation of Space for Quality Greening along Roads
FC No. 2/2005	Recurrent Consequences of Capital Projects
FC No. 3/2011	Capital Works Reserve Fund Delegated authorities in respect of block allocations
FC No. 2/2012	Procedures for making changes to the Estimates of the Capital Works Reserve Fund
FC No. 4/2012	Requirements for Project Definition Statement and Technical Feasibility Statement for Capital Works Projects

FC No. 3/2016	Furniture and Equipment for Capital Works Projects Funded under the Capital Works Reserve Fund
FC No. 7/2017	Capital Works Programme
FC No. 3/2020	Parallel tendering for contracts
FC No. 2/2021	User Guide on the Finance Committee, Establishment Subcommittee and Public Works Subcommittee
HPLB & ETWB Joint Technical Circular No. 1/04	Protection of the Harbour Ordinance
S for Tsy's memo ref. (31) in FIN P6/9 VIII dated 9.2.1993	-
SETW's memo ref. () in ETWB(CR)(W) 1-150/4 Pt. 2 dated 27.4.2004	Audit Review on Harbour Area Treatment Scheme Stage I Project and Contract Management
Audit Report No. 49 Ch. 11 - Provision of footbridges and subways	<a href="http://www.aud.gov.hk/pdf_e/e49ch11.pdf">http://www.aud.gov.hk/pdf_e/e49ch11.pdf</a>
Audit Report No. 53 Ch. 10 - Provision of a bypass in Tuen Mun West	<a href="http://www.aud.gov.hk/pdf_e/e53ch10.pdf">http://www.aud.gov.hk/pdf_e/e53ch10.pdf</a>
Handbook on Selection, Appointment and Administration of Engineering and Associated Consultants (EACSB Handbook)	<a href="https://www.cedd.gov.hk/eng/publications/eacsb-handbook/index.html">https://www.cedd.gov.hk/eng/publications/eacsb-handbook/index.html</a>
HKSAR Civil and Miscellaneous Lists	<a href="http://www.info.gov.hk/cml/index.htm">http://www.info.gov.hk/cml/index.htm</a>
LegCo Homepage	<a href="http://www.legco.gov.hk">http://www.legco.gov.hk</a>
Report and information note of Public Works Subcommittee	<a href="http://www.legco.gov.hk/archive/english/archive.htm">http://www.legco.gov.hk/archive/english/archive.htm</a>

## **APPENDICES**



**APPENDIX 2.1 PROGRAMME AND SUB-PROGRAMME DESCRIPTIONS IN  
THE PUBLIC WORKS PROGRAMME**  
(revised w.e.f. 1.4.92)

<u>Programme</u>	<u>Sub-programme</u>
A - air and sea communications (formerly "aviation and shipping")	A - airport P - port works G - support
B - public safety	A - ambulance services F - fire service L - landslip prevention
C - civil engineering	A - land acquisition D - drainage and erosion protection G - multi-purpose L - land development
D - environmental protection	P - pollution control R - refuse disposal S - sewerage and sewage treatment
E - education	P - primary S - secondary T - tertiary/other
F - food supply	S - abattoirs, wholesale markets and other territory-wide food supply facilities
G - support	A - trade and industry B - border facilities (other than road works) C - revenue collection and financial control D - immigration control E - employment I - intra-Governmental services K - others
H - housing	H - rural housing improvement S - squatter area improvement

<u>Programme</u>	<u>Sub-programme</u>
	T - temporary housing
I - fitting out	A - trade and industry B - employment C - internal security D - immigration control E - education F - district and community relations G - revenue collection and financial control I - intra-Governmental services M - health P - posts, telecommunications and power S - social welfare O - others
J - quarters	A - internal security B - intra-Governmental services O - others
K Government offices	A - intra-Governmental services O - others
L - law and order	C - correctional services J - judiciary P - police
M - health (formerly "medical and health")	C - clinics H - hospitals T - teaching
P - posts, telecommunications and power (formerly "posts and telecommunications")	P - post office T - telecommunications
R - recreation, culture and amenities	B - burial grounds, columbaria and crematoria E - cultural facilities G - mixed amenity packages M - retail markets and cooked food centres O - open spaces

<b><u>Programme</u></b>	<b><u>Sub-programme</u></b>
	R - refuse collection points and cleaning depots
	S - sports facilities
	T - toilets and bathhouses
S - social welfare and community building	C - community centres and halls
	R - rehabilitation facilities
T - transport	B - footbridges and pedestrian tunnels
	C - traffic control
	F - ferry piers
	H - roads
	I - interchanges and bus termini
	P - car parks
	R - railways
	S - studies
	T - bridges and tunnels
W - water supplies	C - combined fresh/salt water supply projects
	F - fresh water supplies
	S - salt water supplies

**APPENDIX 2.2 INFORMATION TO BE INCLUDED IN PWSC PAPERS  
RELATING TO THE CONSTRUCTION WASTE  
MANAGEMENT MEASURES AND GENERATION AND  
DISPOSAL OF CONSTRUCTION WASTE  
(Subsumed from WBTC Nos. 25/99, 25/99A and 25/99C)**

**A. For construction projects generating construction waste -**

“We have considered ‘*details to be inserted*’ in the planning and design stages to reduce the generation of construction waste where possible. In addition, we will require the contractor to reuse inert construction waste (e.g. ‘*details to be inserted, e.g. excavated soil*’) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste to public fill reception facilities. We will encourage the contractor to maximize the use of recycled or recyclable inert construction waste, as well as the use of non-timber formworks to further minimize the generation of construction waste.

We will also require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. We will ensure that the day-to-day operations on site comply with the approved plan. We will require the contractor *\*whenever practicable* to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. We will control the disposal of inert construction waste, *\*mixed inert and non-inert construction waste* and non-inert construction waste to public fill reception facilities, *\*sorting facilities* and landfills respectively through a trip-ticket system.

We estimate that the project will generate in total about \_\_\_ tonnes of construction waste. Of these, we will *#reuse about \_\_\_ tonnes (\_\_\_%) of inert construction waste on site and \_\_\_ tonnes (\_\_\_%) of inert construction waste on other construction site(s), deliver \_\_\_ tonnes (\_\_\_%) of inert construction waste to public fill reception facilities<sup>1</sup> for subsequent reuse, \*and \_\_\_ tonnes (\_\_\_%) of mixed inert and non-inert construction waste to sorting facilities to separate the inert from the non-inert portion.* In addition, we will dispose of \_\_\_ tonnes (\_\_\_%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at public fill reception facilities and landfill sites, *\*together with the cost for handling mixed inert and non-inert construction waste at sorting facilities* is estimated to be \$\_\_\_ for this project (based on a unit cost of \$27/tonne for disposal at public fill reception facilities, *\*\$100/tonne at sorting facilities* and \$125/tonne<sup>2</sup> at landfills).”

**Footnote -**

1. *\*Sorting facilities and public fill reception facilities are specified in \*Schedule 3 and Schedule 4 \*respectively of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of inert construction waste in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.*

2. This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90/m<sup>3</sup>), nor the cost to provide new landfills, (which is likely to be more expensive) when the existing ones are filled.

**B. For non-construction projects, such as site investigation/design consultancy/feasibility study -**

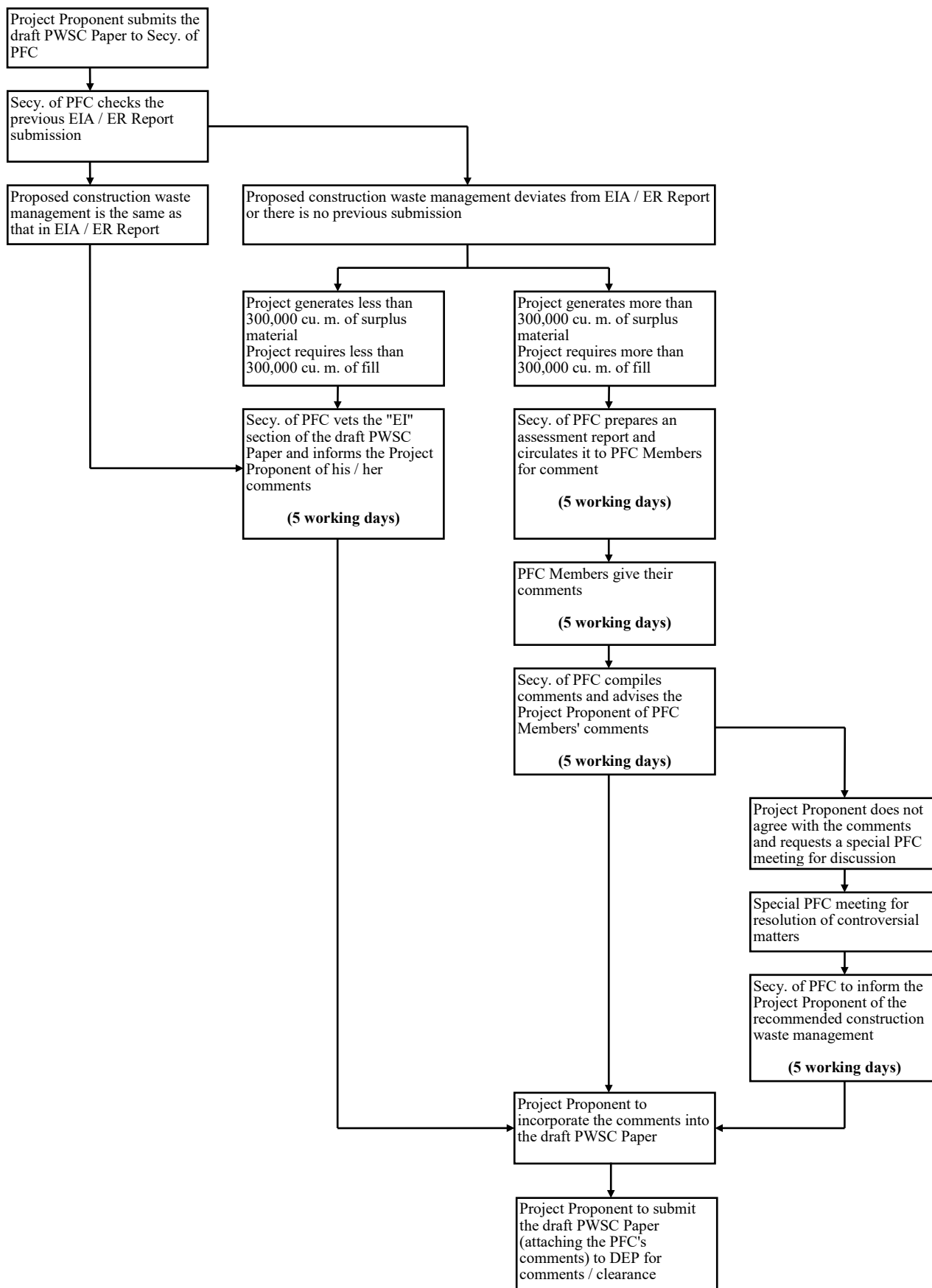
**“The proposed *#site investigation works/design consultancy/feasibility study* will *#only generate very little/not generate any* construction waste. We will require the consultant to fully consider measures to minimize the generation of construction waste and to reuse/recycle construction waste as much as possible in the future implementation of the construction projects.”**

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**\*delete/amend the phrases (shown in *italic & bold*) if use of sorting facilities operated by Civil Engineering and Development Department (CEDD) is not expected. As on-site sorting should be implemented as far as practicable to separate the inert and non-inert construction waste, the use of CEDD’s sorting facilities should be kept to a minimum.**

***#delete/amend the phrases (shown in italic) as appropriate***

**APPENDIX 2.3 FLOW CHART FOR VETTING OF "ENVIRONMENTAL IMPLICATIONS" PARAGRAPH OF PWSC PAPER**



**APPENDIX 2.4 CLIENT-INITIATED CHANGES TO PUBLIC WORKS  
PROJECTS ROUTING SHEET FOR CHANGE PROPOSAL AND  
APPROVAL**

**Project no. & title**

**Section I – Change Proposal**

To: Director of [ ] (Attn: )

I am considering the following proposed changes to the user and programme requirements of the project –

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2. The justification for the proposed changes is – \_\_\_\_\_

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3. Please assess and advise me of the associated time and cost implications for me to decide whether to proceed with the proposed changes. However, you may proceed directly with the changes if there are no time and cost implications.

[Client Policy Bureau officer at D3 level or above]

[Date]

c.c. SDEV (Attn: CAS(W)2 & CAS(W)5)

**Section II – Advice on Time and Cost Implications** (to be given within 10 working days after receipt of Section I)

To: Secretary for [ ] (Attn: )

The current project start date is \_\_\_\_\_ with completion in \_\_\_\_\_, at an estimated project cost of \_\_\_\_\_. We propose the following mitigation measures to minimize the time and cost implications of the proposed changes –

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- \* (a) Notwithstanding these measures, the proposed changes will delay the start date by \_\_\_\_\_ months to \_\_\_\_\_, completion date by \_\_\_\_\_ months to \_\_\_\_\_, and require an increase of \$ \_\_\_\_\_ M in the estimated project cost. We do not/will\* require extra staff (give details) for project delivery and additional recurrent consequences of \$ \_\_\_\_\_ M per year after completion of the works. We await your further directive whether to proceed with the proposed changes.
- \* (b) By adopting these measures, the proposed changes will not cause any delay or additional cost to the project. There is also no problem of additional recurrent consequences or extra staff for delivery of the project. I confirm that we will proceed with the proposed changes subject to (c) below.
- (c) The technical feasibility as previously confirmed in the TFS has not changed/will need to be re-assessed\*. (for Category C and Category B projects only)

[Works Department officer at D3 level or above  
(D2 for project not exceeding \$200 million)]  
[Date]

c.c. SDEV (Attn: CAS(W)2 & CAS(W)5)

\* Delete as appropriate



**Section III – Change Confirmation** (to be given within 10# working days after receipt of Section II )

To: Director of [ ] (Attn: )

- \* (a) Having regard to your advice on cost and time implications in Section II above, I have decided not to proceed with the proposed changes.
- \* (b) I confirm my acceptance of the time and cost implications in Section II above [and agree to allocate the required additional recurrent consequences from my Operating Envelope or other means]<sup>†</sup>. Please proceed with the proposed changes subject to the normal procedures for funding approval and contractual arrangements [and re-confirmation of the technical feasibility of the project by a revised TFS]\*.

[Client Policy Bureau officer at D3 level or above]  
[Date]

c.c. SDEV (Attn: CAS(W)2 & CAS(W)5)  
SFST (Attn: PAS(Tsy)W) (in the case a revised TFS is required)

\* Delete as appropriate

† Delete if Works Department does not require additional recurrent consequences from Bureau for the proposed changes.

# The Works Branch of DEVB will give its comments on the proposed changes, if any, within 7 working days after receipt of Section II.

**APPENDIX 2.5 CLIENT-INITIATED CHANGES TO WORKS PROJECTS OTHER THAN THOSE IMPLEMENTED BY SUBVENTED BODIES**

Flow-chart

