

\$35.7m extra to move taxman

By CONNIE LAW

INADEQUATE planning over the relocation of the Inland Revenue Department has led to an additional payment of \$35.7 million to a contractor, the Director of Audit's report has revealed.

The Government had been forced in October 1989 to request the contractor of Wan Chai Tower III to accelerate the completion of 10 floors so that the department could vacate all of its leased premises in Windsor House at the same time.

It had been decided as early as March 1987 by the then Administrative Services and Information Branch that the relocation was to be carried out in two phases.

But the property division of the

Finance Branch realised in September 1989 that the lease for Windsor House – signed in September 1987 – could not be terminated on a partial basis.

The Government would still be liable to pay the full rent, then at \$15.9 million a month, even if part of the IRD had moved out, said the report, drawn up by the Acting Director of Audit, Mr Li Yiu-kwong.

Mr Li's report, to be presented to the Legislative Council today, said the original Tower III contract was signed only three months before it was discovered that the work would have to be speeded up.

It stated that the first phase was to be completed by August 1991 and the second phase by March 1992, at a cost of \$498 million.

But since the space available in phase one could not accommodate the whole of the Windsor House operations and staff, the Legislative Council Finance Committee in June 1990 was asked to approve the funds needed to bring phase two forward.

Mr Li said the Finance Committee was told that if the works were not accelerated, the department would have to stay in Windsor House for an additional seven months, incurring a rental payment of \$112 million.

A supplementary agreement was subsequently signed with the contractor on payment of an additional \$35.7 million. The completion date for the whole project was extended to November 1, 1991.

"The additional payments could

have been of a much lesser amount had the de-leasing requirement been recognised by the parties concerned in planning for the relocation of space and the buildings of Wan Chai Tower III, prior to the award of the building contract," Mr Li said.

The Government Property Administrator, Mr Ian Wotherspoon said: "It is quite inconceivable that the same thing could happen under the present set up."

All property and leasing matters were taken over by the Government Property Agency in April 1990.

And projects had been better coordinated by the agency through regular meetings with the Architectural Services Department.

SOUTH CHINA MORNING POST
29 APR 1992