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7 February 2002

Ms Connie Szeto
Clerk to the Panel on Commerce and Industry
Legislative Council Secretariat
3/F, Citibank Tower
3 Garden Road
Hong Kong

Dear Ms Szeto,

**Legislative Council Panel on Commerce and Industry, 14 January 2002
Proposed New Exhibition Centre at Chek Lap Kok**

At the Commerce and Industry Panel meeting on 14 January 2002, some members questioned the construction cost comparison for the proposed exhibition centre at Chek Lap Kok and the extension of the HKCEC.

We undertook to provide Members with further information on the Hong Kong tender price indices (TPI) for the construction period of the HKCEC and the proposed exhibition centre. A table showing the TPI figures from Levett & Bailey and the Architectural Services Department is at the Enclosure.

The main contract tender return date of the extension of the HKCEC was November 1994. As can be seen from the Enclosure, the TPI for the 4th Quarter of 1994 was 1220 on the Levett & Bailey scale. By the 3rd Quarter of 2001, the figure was 1360, i.e. an increase of 11.5%. The equivalent figures from the TPI scale used by the Architectural Services Department are 666 and 807 respectively, an increase of 21.2%. In other words, although tender prices have dropped considerably from their peak in 1997-98, they are still higher than they were when the HKCEC tenders were invited in 1994.

In order to compare the relative costs of the HKCEC and the new exhibition centre to reflect the difference in design standards, in our Panel Paper (CB(1)764/01-02(03)) we converted the HKCEC's 1994 tender price to 2001 prices. Hence, the figures of \$20,600 per m² and \$23,700 per m² i.e. the estimated cost of the new exhibition centre is some 13% lower than that of the HKCEC.

Yours sincerely,

(M J T Rowse)
Director-General of Investment Promotion

**Hong Kong – Tender Price Indices – Data
(1990 – 2001 3rd Quarter)**

Tender Price Indices												
Quarter	L&B	ASD	L&B	ASD	L&B	ASD	L&B	ASD	L&B	ASD	L&B	ASD
	1990		1991		1992		1993		1994		1995	
1	1 020	574	1 090	608	1 035	531	1 025	527	1 100	586	1 280	708
2	1 030	561	1 075	592	1 020	548	1 045	527	1 125	594	1 330	712
3	1 045	582	1 075	573	1 020	519	1 075	541	1 160	615	1 360	733
4	1 080	596	1 055	515	1 030	518	1 080	563	1 220	666	1 370	747
	1996		1997		1998		1999		2000		2001	
1	1 400	772	1 575	902	1 800	1 103	1 660	1 024	1 510	959.	1 400	862
2	1 430	813	1 660	953	1 765	1 054	1 640	1 031	1 440	8873.	1 390	842
3	1 485	848	1 760	996	1 695	1 065	1 620	1 025	1 435	8858.	1360	807
4	1 520	885	1 810	1 051	1 675	1 034	1 600	989	1 410	8844.	(1)	(2)

(1) Figure available in mid-February 2002.

(2) Figure available in end-February 2002.

L&B - Levett and Bailey (Private Sector)

ASD - Architectural Services Department (Public Sector)

Source:

Levett & Bailey Chartered Quantity Surveyor, Cost Data – Hong Kong
Web: <http://www.levettandbailey.com>, 7 February 2002