

For information

**LEGISLATIVE COUNCIL PANEL
ON PLANNING, LANDS AND WORKS**

**354CL – West Kowloon Reclamation –
consultants' fees and site investigation**

PURPOSE

This paper informs Members of our proposal to increase the approved project estimate (APE) of PWP Item **354CL (West Kowloon Reclamation – consultants' fees and site investigation)** from \$250 million by \$37 million to \$287 million to cover the additional expenditure incurred for completing the detailed design and associated site investigation works in the West Kowloon Reclamation (WKR) area.

BACKGROUND

2. In early 1990, we estimated, based on a preliminary design, the total cost of works for the WKR project to be about \$7,000 million, of which some \$5,000 million worth of works would be designed by consultants. We estimated that for those works designed by consultants, the consultants' fees and associated site investigation were \$190 million and \$35 million respectively. In June 1990, the Finance Committee (FC) approved to upgrade **332CL**¹ as **354CL** for the employment of consultants and site investigation works, at an estimated total cost of \$225 million. In July 1994, the FC approved to increase the APE of **354CL** from \$225 million to \$250 million due to the increase in design fees and site investigation expenses.

PROJECT SCOPE AND NATURE

3. The scope of **354CL** comprises –
- (a) planning of layout and development for the entire WKR;

¹ The consultants' fees and site investigation works of WKR were originally put under Item 332CL "West Kowloon Reclamation – main works".

- (b) environmental impact assessment (EIA) for the entire WKR;
- (c) investigation and design for seawall, reclamation and drainage works for the northern part² of WKR for an area of 173 hectares;
- (d) design of all roadworks for the entire WKR (excluding West Kowloon Highway);
- (e) design of reprovisioning works of existing waterfront buildings and facilities requiring sea access including the reprovisioning of boatyards at Siu Lam, Tuen Mun;
- (f) design of landscape works including Nam Cheong and Mei Foo landscaping works as environmental mitigation measures;
- (g) a hydraulic impact study for the West Kowloon hinterland drainage system; and
- (h) a supplementary study on saltwater intake in Kowloon South for the Water Supplies Department.

A site plan of WKR is at Enclosure 1.

JUSTIFICATION

4. The WKR project involves the reclamation of 340 hectares of land along the West Kowloon waterfront from Yau Ma Tei to Lai Chi Kok, reprovisioning of the existing waterfront facilities, landscaping, essential improvement of hinterland stormwater drainage system, and provision of infrastructure on the newly reclaimed land. Since June 1990, we have already upgraded 14 separate parts of the engineering works of WKR under **332CL** to Category A. Most of the works under the WKR project have been substantially completed and the remaining works will be implemented in stages for completion by early 2007.

5. We need to propose an increase in APE of \$37 million for **354CL** to cover the \$14.3 million additional consultants' fees and \$18.7 million additional cost of site investigation works required for implementation of the project. To

² The design of the southern part of WKR including seawall, reclamation and drainage works for an area of 167 hectares were carried out by the Director of Civil Engineering using in-house resources.

allow for other possible additional design and site investigation works in future, we also need to provide for **354CL** a contingency fund of \$4 million. Details in relation to the additional consultants' fees and cost of site investigation expenses are set out in paragraphs 6 to 10 below.

Additional consultants' fees

6. Consultants' fees of **354CL** are calculated based on the costs of works for implementing the WKR project under contractual agreement. Given the complex reclamation works and progressive reprovisioning of existing waterfront facilities involved, we have incurred additional costs of works which had not been anticipated at the initial planning and design stage. The increase in costs of works is due to the following –

- (a) we have to carry out more substantial landscaping and environmental mitigation works to comply with the conditions and requirements stipulated in the EIA study; and
- (b) we need to implement a number of large-scale works contracts in close vicinity. This has led to unforeseen and complex interface problems among the contractors, and thus increasing the cost of works.

7. Up to March 2002, the estimated total value of the completed works for the WKR project undertaken by consultants was \$7,792.4 million compared with the original estimate of \$5,000 million. We estimate the value of the on-going and future works to be \$650 million. After making allowance for the current balance of funds available in **354CL**, the outstanding fees to be paid for the completed works and the fees payable for the on-going and future works, we will require an additional amount of \$14.3 million for consultants' fees.

Additional costs of site investigation

8. The increase in extent of works as mentioned in paragraph 6 above has also led to a corresponding increase in site investigation expenses. Apart from that, the presence of uncharted utilities in the old urban areas adjacent to

WKR have necessitated more ground investigation works, thus incurring additional costs of site investigation.

9. Taking into account the additional site investigation expenses incurred for the works completed and the site investigation works to be carried out for implementing the remaining works of the WKR project, we propose to increase the provision for site investigation works for **354CL** by a total of \$18.7 million.

10. A breakdown of the proposed increase of \$37 million is as follows –

Factor	Amount of the proposed increase in MOD prices (\$ million)	% of the total amount of increase in APE required
<u>Consultants' fees</u>		
(a) Outstanding fees to be paid for the completed works	0.1	0.2
(b) Fees payable for the on-going works	5.7	15.4
(c) Fees payable for the future works	18.3	49.5
(d) Funds previously redeployed to settle payment for the completed site investigation works (i.e. item (f) below)	(7.2)	(19.5)
(e) Remaining balance in hand	(2.6)	(7.0)
Sub-total	14.3	38.6

	<u>Site investigation expenses</u>	
(f) Additional expenses incurred for the completed site investigation works	7.2	19.5
(g) Expenses payable for the future site investigation works	11.5	31.1
	18.7	50.6
	18.7	50.6
	<u>Contingencies</u>	
(h) Contingencies	4.0	10.8
	37.0	100.0
	37.0	100.0
	Net Increase	37.0
	37.0	100.0

WAY FORWARD

11. We plan to seek the Public Works Sub-Committee's endorsement for increasing the APE of **354CL** from \$250 million by \$37 million to \$287 million in MOD prices on 17 April 2002.

12. We would be pleased to brief Members on the details of the proposed increase in the APE if necessary.

ATTACHMENT

Enclosure 1 – Drawing No. K 152A

Territory Development Department
April 2002

