

For information

Legislative Council Panel on Home Affairs
Development of Tseung Kwan O Sports Ground

The purpose of this paper is to brief Members on the latest development of the proposed Tseung Kwan O Sports Ground (TKOSG) project.

Background

2. In February 2005, the Finance Committee approved the upgrading of **242RS** (Tseung Kwan O Sports Ground) to Category A at an estimated cost of \$293.1 million in MOD prices. The project will be delivered by a design-and-build (DB) contract whereby the selected DB contractor will be responsible for both the design and construction works. We invited tenders for the DB contract from the pre-qualified tenderers in June 2005, and plan to start the construction works in February 2006 for completion in February 2009.

3. The approved project scope of **242RS** comprises the construction of Tseung Kwan O Sports Ground with the following facilities –

(a) Main Sports Ground

- (i) track and field provisions conforming to the International Association of Athletics Federations (IAAF) standards, including an eight-lane 400-metre all-weather synthetic running track, a javelin-throw circle, high jump take-off runways and pits, long jump and triple jump runways and pits, pole-vault runway and landing area, steeple chase

facilities, a hammer and discus cage, and a shot-put throwing area;

- (ii) an 11-a-side natural turf football pitch conforming to the Federation Internationale de Football Association standards; and
- (iii) a covered spectator stand with a seating capacity of about 3 500, including a VIP section of 250 seats, and space for the provision of a temporary removable spectator stand with 1 500 seats.

(b) Secondary Sports Ground

- (i) warm-up track and field facilities up to IAAF specifications, including a loop of at least 300-metre running track together with a 120-metre straight track and facilities for field events (i.e. long jump, triple jump, pole-vault, high jump, shot-put, discus and hammer throw, javelin-throw and steeple chase); and
- (ii) a 7-a-side natural turf football pitch surrounded by the warm-up loop of running track mentioned in item (b)(i) above.

(c) Ancillary Facilities

- (i) vehicle parking spaces for 60 private cars and 10 coaches, a lay-by for taxis and two bicycle parking areas;
- (ii) entrance plaza with landscaped areas, a ticketing office, a main entrance foyer and associated facilities;

- (iii) modifications (including the provision of lift) to the existing footbridge near the entrance plaza; and
- (iv) ancillary facilities including changing rooms, toilets, doping control, first-aid, weight-lifting and massage rooms, administration offices, control and security rooms, press and interview facilities, store rooms, maintenance and service yards, refuse collection chambers, electrical and mechanical plant rooms, and an administration block near the secondary sports ground to accommodate the necessary facilities for organisation of events and conferences as well as holding of training exercises.

———— A conceptual layout is at Enclosure 1.

4. The proposed development will provide the Tseung Kwan O new town with a much needed sports ground; and at the same time upgrade Hong Kong's athletic venues facilities with a new sports ground equipped with facilities up to international standards for holding large-scale athletics competitions, including the track and field events of the 2009 EAG.

Latest Developments

5. In September 2005, we received tender returns from three pre-qualified tenderers. According to the most advantageous tender, the total project cost of **242RS** amounts to \$362.9 million. This exceeds the APE of \$293.1 million by \$69.8 million. As a result, the approved project estimate (APE) for **242RS** is insufficient for the construction works under the project. The Director of Architectural Services (D Arch S), with the support of the Secretary for Home Affairs, proposes to increase the APE for **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in money-of-the-day (MOD) prices.

Justifications

6. We have reviewed the tender exercise and conclude that the tenderer's proposals are appropriate and in line with our stipulated requirements. A further analysis reveals that while the bidding prices on works items are within estimate, those on overhead costs are higher-than-expected which has led to the overall bid being in excess of the original budget. We consider that the higher-than-expected overhead costs submitted by tenderers may be attributable to the following –

- (a) In view of the booming construction activities in the neighbouring markets (e.g. Macao), tenderers may have anticipated a rising trend of construction and overhead costs in the local market. Consequently, they might have adopted a more conservative pricing strategy in their tender returns as reflected in the bidding prices on site supervision, plant equipment, insurance, etc.
- (b) Given that the current tender exercise is for the construction of a sports ground which will be the very first in Hong Kong suitable for holding major athletic events including the East Asian Games (EAG), tenderers might have adopted a more conservative pricing strategy in their bids, especially the overhead costs.

7. We have considered the option of re-tendering the project. In view of tenderers' general anticipation of a rising trend in construction and overhead costs, it is unlikely that the bids will be lower upon re-tendering. This would also delay the project commencement by more than half a year. More importantly, **242RS** is a project the timely completion of which is critical for holding athletic events of the EAG in 2009. We have also explored the option of reducing the approved project scope but do not consider it feasible. This is because the current scope, devised in consultation with the Hong Kong Amateur Athletic Association, already

represents the basic necessary requirements for constructing a sports ground conforming to the International Association of Athletics Federations standards and suitable for the holding of EAG and other major athletic events.

8. In the light of the returned tenders which give a clearer indication of the project cost, and in view that this project is still at the pre-construction stage, D Arch S considers it prudent to have a reduced contingencies to cater for unforeseen incidences so as to ensure smooth progress of the project. He therefore proposes to retain \$16 million out of the project contingencies of \$25.7 million and deploy the balance of \$9.7 million, together with savings of \$0.9 million under Consultant's Fee, to partially offset the \$69.8 million increase in the project cost. In the circumstances, it is necessary to increase the APE of **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in MOD prices to meet the increased construction cost.

9. A comparison of the APE and the revised project estimate of **242RS** in MOD prices, together with the explanation for the proposed increase, is at Enclosure 2.

10. Since there is no change in the project scope, the proposed increase in APE will not give rise to any additional recurrent expenditure.

Public Consultation

11. The project was discussed at the Home Affairs Panel meeting in January 2005. We had also consulted the Sai Kung District Council and the Hong Kong Amateur Athletic Association on the development proposal before the Finance Committee approved the upgrading of the project to Category A in February 2005. As there is no change in the project scope, we consider further public consultation on the proposed increase in APE not necessary.

Way Forward

12. In order to take the project forward, the Administration intends to submit the project to the Public Works Subcommittee of the Finance Committee at its meeting on 11 January 2006 for an increase in the APE from \$293.1 million by \$59.2 million to \$352.3 million in MOD prices.

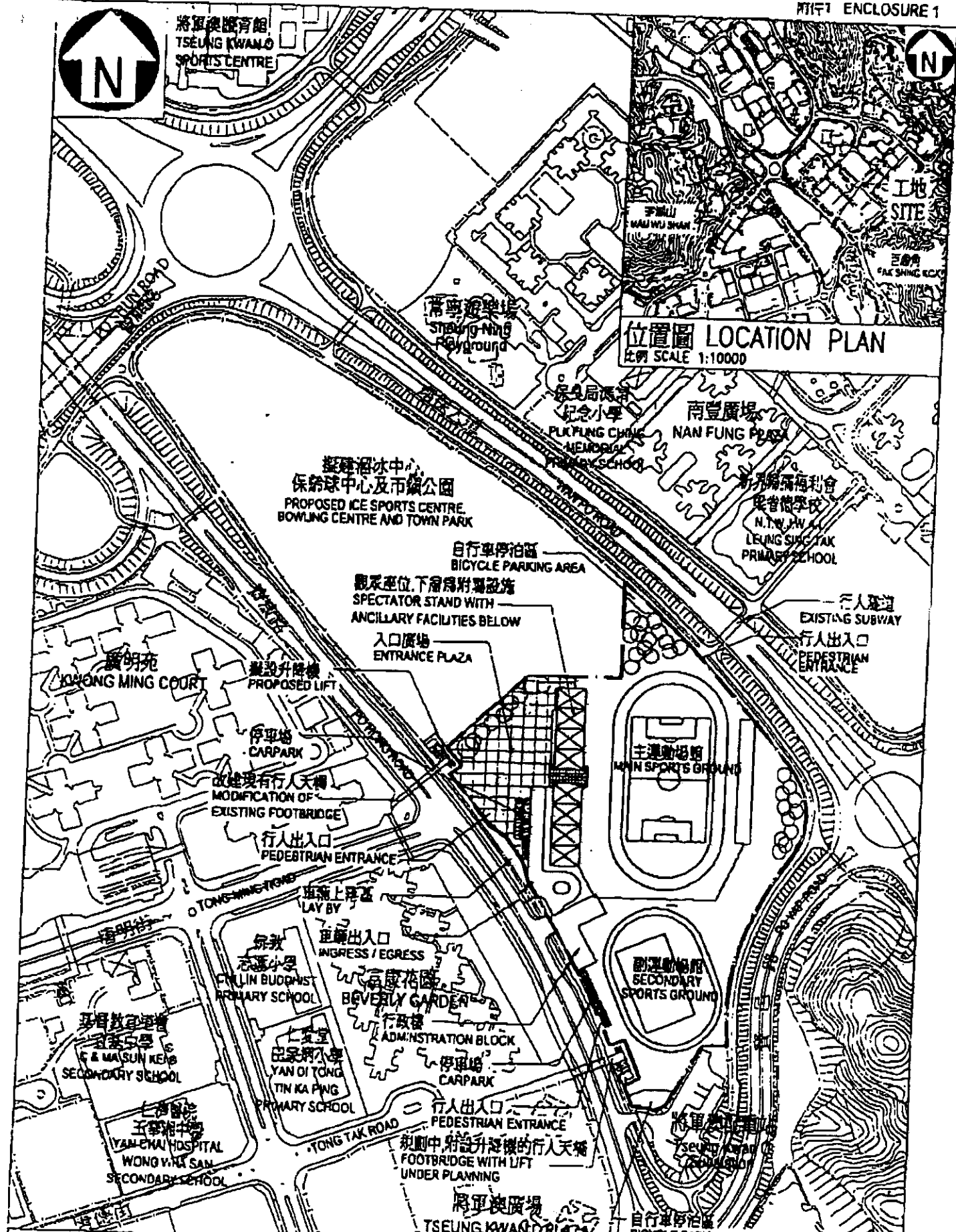
Home Affairs Bureau
January 2006




將軍澳體育館
TSEUNG KWAN O
SPORTS CENTRE



位置圖 LOCATION PLAN
比例 SCALE 1:10000



title 242 RS 將軍澳運動場 TSEUNG KWAN O SPORTS GROUND	drawn by TF LAM	date OCT 2004	drawing no. AB/5586/XA101	scale 1:4000
	approved P FUNG	date OCT 2004	 ARCHITECTURAL SERVICES DEPARTMENT	
	office PROJECT MANAGEMENT BRANCH			

242RS – Tseung Kwan O Sports Ground

A comparison of the approved and revised project estimates in MOD prices is as follows –

	(A) Approved project estimate	(B) Revised project estimate	(B) – (A) Difference between the approved and revised project estimates
	\$ million	\$ million	\$ million
(a) Site formation	1.6	1.6	-
(b) Piling	30.1	35.3	5.2
(c) Main sports ground facilities	22.6	28.0	5.4
(d) Secondary sports ground facilities	10.7	13.6	2.9
(e) Spectator stand (including the ancillary facilities below)	81.6	99.7	18.1
(f) Administration block	28.9	34.3	5.4
(g) Building services	49.8	66.5	16.7
(h) Drainage	7.0	9.4	2.4
(i) External works	22.8	36.5	13.7
(j) Soft landscaping works	5.0	5.0	-
(k) Furniture and equipment	3.2	3.2	-
(l) Consultant's fee for contract administration	4.1	3.2	(0.9)
(m) Contingencies	25.7	16.0	(9.7)
Total	293.1	352.3	59.2

As regards items (b) to (h) (Piling, Building, Building services and Drainage), the net increase of \$56.1 million is due to the higher-than-expected tender returns. The apparent anticipation of tenderers on the rising trend of construction and overhead costs and the adoption of a conservative pricing strategy have led to the high tender prices.

2. As regards item (i) (External works), the net increase of \$13.7 million is due to the inclusion of a paved entrance plaza with a fully openable boundary fence wall in the tenderer's submitted proposal. We consider the proposal appropriate and worthwhile on security and safety grounds as it will not only enable an effective segregation and smooth circulation of spectators, VIPs and athletes, but also offer a more effective means to discharge the crowds within a short time.

3. As regards item (l) (Consultant's fee), the net decrease of \$0.9 million is because the consultancy fee for quantity surveying and electronic installations awarded in early 2005 is lower than the original estimate.

4. As regards item (m) (Contingencies), the net decrease of \$9.7 million is due to the draw-down of the contingencies to partially offset the \$69.8 million increase in the project cost (\$0.9 million of which will be offset by savings under Consultant's Fee).