

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 – BUILDINGS

HEAD 704 – DRAINAGE

HEAD 705 – CIVIL ENGINEERING

HEAD 706 – HIGHWAYS

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT

HEAD 708 (PART) – CAPITAL SUBVENTIONS

HEAD 711 – HOUSING

Increase in Approved Project Estimates for 25 Category A projects under construction

Members are invited to recommend to Finance Committee to increase the approved project estimates of 25 Category A projects from a total of \$17,999.8 million by \$2,084.5 million to a total of \$20,084.3 million in money-of-the-day (MOD) prices.

PROBLEM

— The approved project estimates (APE) of the 25 Category A projects under construction at Enclosure 1 are not sufficient to cover the increases in contract price fluctuation (CPF) payments.

PROPOSAL

2. We propose to increase the APE of the 25 Category A projects at Enclosure 1 from a total of \$17,999.8 million by \$2,084.5 million to a total of \$20,084.3 million in MOD prices.

/ **PROJECT**

PROJECT SCOPE AND NATURE

3. Brief description of the approved scope and nature of each of the 25 Category A projects is set out in Enclosure 4.

JUSTIFICATION

4. According to existing government practice, monthly payments to contractors for Government civil engineering and building contracts¹ are adjusted to cover market fluctuations in labour and material costs, which are known as CPF payments. The CPF payment is calculated based on the difference between the indices of costs of construction labour and materials at the time of tendering and the current values of these indices at the time of payment in accordance with a predetermined relative proportion of each cost index. The CPF system allows for both upward and downward adjustment to contract payments in accordance with movements in the cost of labour and materials in Government civil engineering and building contracts. The objective of this system is for equitable risk sharing between Government as the employer and the contractor. In the planning stage when the project estimate is prepared, an estimate on the market movements during the construction stage of the project is made using a set of price adjustment factors based on the forecast on inflation for construction works. The MOD project estimate is derived by applying the price adjustment factors to the baseline project estimate.

5. There has been a steady increase in construction material prices since 2004 but from mid-2007 onwards, there was an accelerated increase. A chart showing the trend of material costs increases is at Enclosure 2. For example, the July 2008 cost index for steel reinforcement has risen 48%, 90% and 150% over the corresponding indices in January 2008, July 2007 and January 2007 respectively (i.e. over the period of half year, one year and one and a half years).

/ 6.

¹ Before July 2008, provisions for price adjustment were incorporated in capital works contracts with contract duration exceeding 21 months to cover market fluctuations in labour and material costs. To alleviate the risk of the sharp increase in material prices since mid-2007, all capital works contracts invited since July 2008 may incorporate the CPF provision regardless of contract duration. This helps to remove the uncertainty of inflation and hence the contractors can price their tenders on the current market value of the works. Without CPF provision, contractors may build in additional premium in their bids for fixed price contracts under an inflationary environment. An information note for Finance Committee FCRI (2008-09)5 was issued in July 2008 on this subject.

6. A summary of the price deflators² which are used to derive the price adjustment factors for converting project costs from constant prices to money-of-the-day (MOD) prices from April 2000 is at Enclosure 3. The difference between the MOD prices and the constant prices will be the provision for price adjustment in the APE. The provision for price adjustment is used to pay for CPF payments. The forecast price deflators over the period from May 2001 to September 2007 were mainly negative or very modest and will result in negative or minimal provision for price adjustments which are not adequate to cope with the rapid rise in material prices since mid-2007, in particular the sharp increase since February 2008.

7. As a result of the increase in material prices, a total of 25 Category A projects under construction at Enclosure 1 would not have adequate funds to meet the increase in CPF payments. Supplementary funding is required so that construction would not be impeded.

8. Other than the increase in CPF payments, there were changes in the estimates of individual cost items of the 25 Category A projects due to reasons such as tender returns with higher/lower tender rates and variations during construction. The additional costs incurred were offset by the contingencies under the projects.

9. It is necessary to increase the APE of the 25 Category A projects by a total of \$2,084.5 million to make up the inadequate provision for the increase in CPF payments.

10. Details of the proposed increase in APE for each project are given in Enclosure 4.

FINANCIAL IMPLICATIONS

11. Subject to approval, we will phase the expenditure as follows -

/ Year.

² The change in the price deflators of public sector building and construction output is forecast by Government Economist.

Year	\$ million (MOD)
Up to 31 March 2008 ³	8,647.1
2008-09	4,084.6
2009-10	3,469.0
2010-11	2,224.9
2011-12	980.8
2012-13	534.1
2013-14	134.8
2014-15	9.0
	20,084.3

Details of the expenditure phasing for each of the 25 projects are given in Enclosure 4.

12. The proposed increase in the APE will not give rise to any additional recurrent expenditure.

PUBLIC CONSULTATION

13. We informed the Legislative Council Panel on Development on 22 October 2008 of the proposal to increase the APE for the 25 Category A projects. Members did not raise objection to the proposal.

ENVIRONMENTAL IMPLICATIONS

14. The proposed increase in the APE does not have any environmental implication.

/ **HERITAGE**

³ This is the actual total expenditure for the 25 Category A projects up to 31 March 2008.

HERITAGE IMPLICATIONS

15. The proposed increase in the APE does not have any heritage implication.

LAND ACQUISITION

16. The proposed increase in the APE does not require any land acquisition.

BACKGROUND INFORMATION

17. Finance Committee approved the upgrading of the 25 projects to Category A at various dates, between December 2001 and December 2007.

18. The proposed increase in the APE will not involve any additional tree removal or planting proposal.

19. The proposed increase in the APE will not create additional job.

Development Bureau
October 2008

提高25個正在施工階段的甲級工程項目的工程計劃核准預算費

Increase in Approved Project Estimates (APE) for 25 Category A projects under construction

工務工程 編號 PWP No.	工程名稱 Project title	工程項目的 核准預算費 (百萬元) Approved Project Estimate (\$ million)	財委會 批准日期 FC Approval Date	工程項目的 修訂預算費 (百萬元) Revised Project Estimate (\$ million)	工程 開展日期 Project Start Date	預計 完工日期 Anticipate d Project Completi on Date	價格調整準 備的撥款 (百萬元) Provision for Price Adjustment (\$ million)	合約價格調 整付款項目 的最新預算 (百萬元) Latest Estimate for CPF Payment	建議增加的 工程項目 核准預算費 (百萬元) Proposed Increase in APE (\$ million)
總目703 — 建築物 HEAD 703 – BUILDINGS									
輔助設施 — 政府內部服務 Support – Intra-governmental services									
3063GI	屯門第44區聯用綜合大樓及魚類批發市場 Joint-user complex and wholesale fish market in Area 44, Tuen Mun	244.0	07年7月 Jul-07	269.2	07年10月 Oct-07	11年2月 Feb-11	5.9	36.0	25.2
宿舍 — 內部保安 Quarters – Internal security									
3045JA	屯門第44區已婚初級警務人員宿舍 Junior police officers' married quarters in Area 44, Tuen Mun	352.1	06年7月 Jul-06	376.9	07年10月 Oct-07	10年3月 Mar-10	21.1	64.2	24.8
政府辦事處 — 政府內部服務 Government Office – Intra-governmental services									
3065KA	位於北角電照街的海關總部大樓 Customs headquarters building at Tin Chiu Street, North Point	1,073.4	06年6月 Jun-06	1,352.0	07年4月 Apr-07	10年9月 Sep-10	66.2	344.8	278.6
治安 — 懲教服務 Law and Order – Correctional services									
3074LC	羅湖懲教所重建工程 Redevelopment of Lo Wu Correctional Institution	1,376.3	06年7月 Jul-06	1,524.5	07年4月 Apr-07	10年4月 Apr-10	74.1	319.4	148.2

工務工程 編號 PWP No.	工程名稱 Project title	工程項目的 核准預算費 (百萬元) Approved Project Estimate (\$ million)	財委會 批准日期 FC Approval Date	工程項目的 修訂預算費 (百萬元) Revised Project Estimate (\$ million)	工程 開展日期 Project Start Date	預計 完工日期 Anticipate d Project Completi on Date	價格調整準 備的撥款 (百萬元) Provision for Price Adjustment (\$ million)	合約價格調 整付款項目 的最新預算 (百萬元) Latest Estimate for CPF Payment	建議增加的 工程項目 核准預算費 (百萬元) Proposed Increase in APE (\$ million)
治安 — 警察 Law and Order - Police									
3243LP	中區警區總部及中區分區警署搬遷計劃 Reprovisioning of Central District Headquarters and Central Divisional Station of the Police	243.2	06年6月 Jun-06	288.8	07年4月 Apr-07	09年12月 Dec-09	13.2	58.8	45.6
康樂、文化及市政設施 – 綜合設施 Recreation, Culture and Amenities – Mixed amenity packages									
3047RG	小西灣市政大廈 Siu Sai Wan Complex	411.3	07年12月 Dec-07	463.7	08年3月 Mar-08	10年11月 Nov-10	13.8	74.9	52.4
康樂、文化及市政設施 – 休憩用地 Recreation, Culture and Amenities – Open spaces									
3395RO	馬鞍山海濱長廊 Ma On Shan waterfront promenade	205.3	07年1月 Jan-07	220.8	07年5月 May-07	10年5月 May-10	11.2	27.1	15.5
3406RO	黃大仙蒲崗村道的地區休憩用地 District open space at Po Kong Village Road, Wong Tai Sin	421.5	07年7月 Jul-07	475.6	08年1月 Jan-08	10年11月 Nov-10	10.5	73.7	54.1
康樂、文化及市政設施 – 體育設施 Recreation, Culture and Amenities – Sports Facilities									
3242RS	將軍澳運動場 Tseung Kwan O Sports Ground	352.3	06年3月 Mar-06	392.8	06年4月 Apr-06	09年4月 Apr-09	13.0	53.6	40.5
3256RS	大嶼山東涌第17區體育館、社區會堂暨圖書館 Indoor recreation centre, community hall cum library in Area 17, Tung Chung, Lantau	391.6	06年5月 May-06	429.7	06年12月 Dec-06	09年10月 Oct-09	21.6	81.0	38.1

工務工程 編號 PWP No.	工程名稱 Project title	工程項目的 核准預算費 (百萬元) Approved Project Estimate (\$ million)	財委會 批准日期 FC Approval Date	工程項目的 修訂預算費 (百萬元) Revised Project Estimate (\$ million)	工程 開展日期 Project Start Date	預計 完工日期 Anticipate d Project Completi on Date	價格調整準 備的撥款 (百萬元) Provision for Price Adjustment (\$ million)	合約價格調 整付款項目 的最新預算 (百萬元) Latest Estimate for CPF Payment	建議增加的 工程項目 核准預算費 (百萬元) Proposed Increase in APE (\$ million)
總目704 — 渠務 HEAD 704 – DRAINAGE									
土木工程—排水道及防止侵蝕工程 Civil Engineering - Drainage and erosion protection									
4127CD	港島北部雨水排放系統改善計劃—上環雨水抽水站 Drainage improvement in Northern Hong Kong Island – Sheung Wan stormwater pumping station	177.6	06年6月 Jun-06	199.0	06年6月 Jun-06	09年9月 Sep-09	7.9	29.3	21.4
環境保護—污水收集設施及污水處理系統 Environmental Protection – Sewerage and sewage treatment									
4143DS	中西區及灣仔西部污水收集系統第2階段第2B期工程 Central, Western and Wan Chai West Sewerage, stage 2 phase 2B works	234.4	04年2月 Feb-04	253.4	04年5月 May-04	08年6月 Jun-08	-6.8	12.2	19.0
4215DS	元朗及錦田污水收集系統及污水排放設施—錦田污水幹 渠收集系統第1期及凹頭污水幹渠工程 Yuen Long and Kam Tin sewerage and sewage disposal – Kam Tin trunk sewerage phase 1 and Au	389.4	05年12月 Dec-05	477.6	05年12月 Dec-05	09年12月 Dec-09	1.3	89.5	88.2
總目705 — 土木工程 HEAD 705 – CIVIL ENGINEERING									
環境保護—廢物處理 Environmental Protection – Refuse Disposal									
5166DR	將軍澳堆填區修復計劃—驗收後的環境監測工程 Restoration of Tseung Kwan O Landfills –post- completion environmental monitoring work	96.8	05年1月 Jan-05	134.9	06年2月 Feb-06	13年1月 Jan-13	1.8	39.9	38.1
5169DR	新界西北堆填區及醉酒灣堆填區修復計劃—修護工程 Restoration of Northwest New Territories landfills and Gin Drinkers Bay landfill – aftercare work	95.7	06年3月 Mar-06	144.3	07年6月 Jun-07	14年5月 May-14	2.9	51.5	48.6

工務工程 編號 PWP No.	工程名稱 Project title	工程項目的 核准預算費 (百萬元) Approved Project Estimate (\$ million)	財委會 批准日期 FC Approval Date	工程項目的 修訂預算費 (百萬元) Revised Project Estimate (\$ million)	工程 開展日期 Project Start Date	預計 完工日期 Anticipate d Project Completi on Date	價格調整準 備的撥款 (百萬元) Provision for Price Adjustment (\$ million)	合約價格調 整付款項目 的最新預算 (百萬元) Latest Estimate for CPF Payment	建議增加的 工程項目 核准預算費 (百萬元) Proposed Increase in APE (\$ million)
總目706 — 公路 HEAD 706 – HIGHWAYS									
運輸—道路 Transport – Roads									
6711TH	八號幹線青衣至長沙灣段—餘下工程 Route 8 between Tsing Yi and Cheung Sha Wan – remaining works	7,468.2	02年6月 Jun-02	8,068.2	03年4月 Apr-03	09年8月 Aug-09	-123.1	1,230.1	600.0
6718TH	龍井頭至長沙一段東涌道的改善工程 Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha	832.0	07年2月 Feb-07	865.1	04年6月 Jun-04	09年9月 Sep-09	89.8	122.9	33.1
6764TH	青衣及荃灣引道之青荃橋加建隔音屏障工程 Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi and Tsuen Wan approaches	144.5	07年5月 May-07	172.6	08年1月 Jan-08	10年12月 Dec-10	1.8	29.9	28.1
6765TH	將軍澳道加建隔音屏障工程 Retrofitting of noise barriers on Tseung Kwan O Road	142.1	07年5月 May-07	167.7	07年9月 Sep-07	09年12月 Dec-09	1.6	27.2	25.6
總目707 — 新市鎮及社區發展 HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT									
土木工程—土地發展 Civil Engineering - Land development									
7177CL	沙田新市鎮—餘下工程 Sha Tin New Town - remaining engineering works	491.6	05年6月 Jun-05	534.6	06年3月 Mar-06	09年2月 Feb-09	3.6	77.9	43.0
7695CL	白石角發展計劃基礎設施餘下工程—第1階段 Remaining engineering infrastructure works for Pak Shek Kok development - stage 1	537.0	01年12月 Dec-01	575.0	02年4月 Apr-02	12年12月 Dec-12	5.0	49.5	38.0

工務工程 編號 PWP No.	工程名稱 Project title	工程項目的 核准預算費 (百萬元) Approved Project Estimate (\$ million)	財委會 批准日期 FC Approval Date	工程項目的 修訂預算費 (百萬元) Revised Project Estimate (\$ million)	工程 開展日期 Project Start Date	預計 完工日期 Anticipate d Project Completi on Date	價格調整準 備的撥款 (百萬元) Provision for Price Adjustment (\$ million)	合約價格調 整付款項目 的最新預算 (百萬元) Latest Estimate for CPF Payment	建議增加的 工程項目 核准預算費 (百萬元) Proposed Increase in APE (\$ million)
7704CL	白石角發展計劃基礎設施工程－第2A階段 Engineering infrastructure works for Pak Shek Kok development – stage 2A	191.8	03年7月 Jul-03	207.8	04年6月 Jun-04	08年8月 Aug-08	-14.2	9.0	16.0
運輸－道路 Transport – Roads									
7824TH	屏廈路改善工程－餘下工程(介乎天華路與沙洲里的廈 村段) Ping Ha Road Improvement – remaining works (Ha Tsun Section between Tin Wah Road and Sha Chau Lei)	179.4	07年7月 Jul-07	235.8	07年12月 Dec-07	10年11月 Nov-10	3.0	59.4	56.4
總目708 (部分) — 非經常資助金 HEAD 708 (PART) – CAPITAL SUBVENTIONS									
醫療資助金 Medical Subventions									
8051MM	威爾斯親王醫院－擴建大樓 Prince of Wales Hospital – extension block	1,882.1	06年7月 Jul-06	2,170.7	07年4月 Apr-07	10年6月 Jun-10	124.9	413.5	288.6
總目711 — 房屋 HEAD 711 – HOUSING									
康樂、文化及市政設施－休憩用地 Recreation, Culture and Amenities – Open Spaces									
B418RO	毗鄰秀茂坪公共房屋發展項目的地區休憩用地 District open spaces adjoining Sau Mau Ping public housing development	66.2	06年12月 Dec-06	83.6	07年3月 Mar-07	08年12月 Dec-08	2.0	19.4	17.4

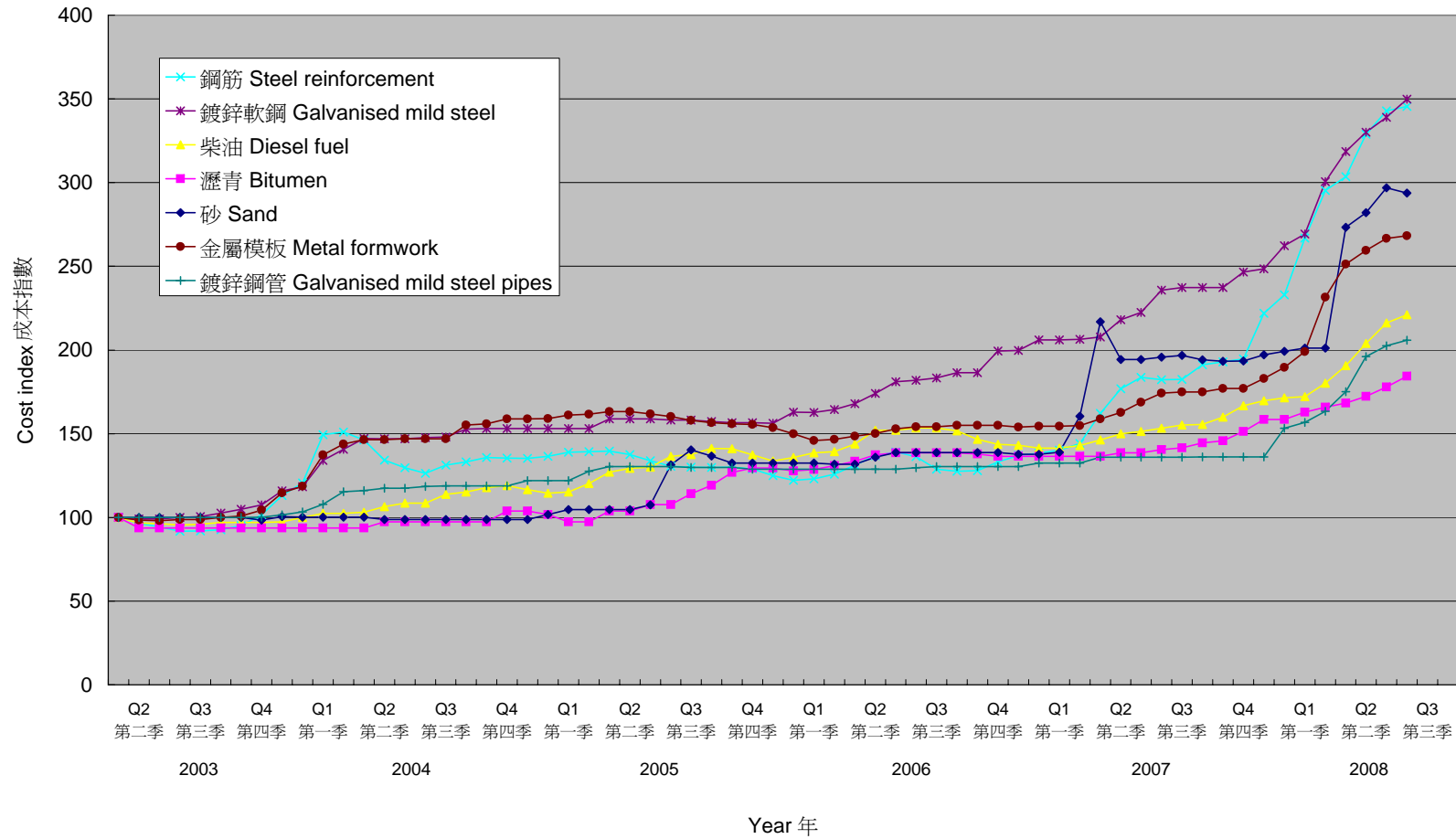
總額(百萬元) Total Amount (\$million) **17,999.8**

20,084.3

2,084.5

公營建築工程的材料成本指數 (2003年4月=100)
(2003年4月至2008年7月)

Index Numbers of Costs of Materials used in Public Sector Construction Projects (April 2003=100)
(April 2003 – Jul 2008)



公營部門樓宇和建造工程產量平減物價指數
Price Deflators for Public Sector Building and Construction Output

工務小組委員會 參考文件 PWSC Information Note	生效日期 Effective Date	平減物價指數(百分比) Price Deflators (%)												
		2000年	2001年	2002年	2003年	2004年	2005年	2006年	2007年	2008年	2009年	2010年	2011年	2012年
PWSC(2000-01)1	2000年4月 April 2000	0.0	4.5	4.5	4.5									
PWSC(2000-01)29	2000年10月 October 2000	1.2	3.0	3.0	3.0									
PWSC(2001-02)2	2001年5月 May 2001		-2.5	0.8	0.8	0.8								
PWSC(2001-02)30	2001年10月 October 2001		-3.3	0.7	0.7	0.7								
PWSC(2001-02)54	2002年3月 March 2002			-1.0	0.0	0.0	0.0	0.0						
PWSC(2002-03)25	2002年10月 October 2002			-3.0	0.0	0.0	0.0	0.0						
PWSC(2002-03)53	2003年3月 March 2003				-5.5	0.0	0.0	0.0	0.0					
PWSC(2003-04)25	2003年10月 October 2003				-5.6	-0.5	-0.5	-0.5	-0.5					
PWSC(2003-04)42	2004年3月 March 2004					-2.5	0.6	0.6	0.6	0.6				
PWSC(2004-05)14	2004年10月 October 2004					-1.0	0.1	0.1	0.1	0.1				
PWSC(2004-05)25	2005年3月 March 2005						0.5	0.1	0.1	0.1	0.1			
PWSC(2005-06)14	2005年10月 October 2005						0.5	0.0	0.0	0.0	0.0			
PWSC(2005-06)30	2006年3月 March 2006							1.5	1.5	1.5	1.5	1.5		
PWSC(2006-07)12	2006年10月 October 2006							0.5	1.5	1.5	1.5	1.5		
PWSC(2006-07)19	2007年3月 March 2007								0.0	1.0	1.0	1.0	1.0	
PWSC(2007-08)9	2007年9月 September 2007								0.0	1.0	1.0	1.0	1.0	
PWSC(2008-09)1	2008年4月 April 2008									2.5	4.0	4.0	4.0	4.0
PWSC(2008-09)15	2008年10月 October 2008									4.0	4.0	4.0	4.0	4.0

工務工程編號 PWP No.	工程名稱 Project title	附件 Enclosure
總目 703 — 建築物 HEAD 703 – BUILDINGS		
3063GI	屯門第 44 區聯用綜合大樓及魚類批發市場 Joint-user complex and wholesale fish market in Area 44, Tuen Mun	4-1
3045JA	屯門第 44 區已婚初級警務人員宿舍 Junior police officers' married quarters in Area 44, Tuen Mun	4-2
3065KA	位於北角電照街的海關總部大樓 Customs headquarters building at Tin Chiu Street, North Point	4-3
3074LC	羅湖懲教所重建工程 Redevelopment of Lo Wu Correctional Institution	4-4
3243LP	中區警區總部及中區分區警署搬遷計劃 Reprovisioning of Central District Headquarters and Central Divisional Station of the Police	4-5
3047RG	小西灣市政大廈 Siu Sai Wan Complex	4-6
3395RO	馬鞍山海濱長廊 Ma On Shan Waterfront Promenade	4-7
3406RO	黃大仙蒲崗村道的地區休憩用地 District open space at Po Kong Village Road, Wong Tai Sin	4-8
3242RS	將軍澳運動場 Tseung Kwan O Sports Ground	4-9
3256RS	大嶼山東涌第 17 區體育館、社區會堂暨圖書館 Indoor recreation centre, community hall cum library in Area 17, Tung Chung, Lantau	4-10
總目 704 — 渠務 HEAD 704 – DRAINAGE		
4127CD	港島北部雨水排放系統改善計劃－上環雨水抽水站 Drainage improvement in Northern Hong Kong Island - Sheung Wan stormwater pumping station	4-11

工務工程編號 PWP No.	工程名稱 Project title	附件 Enclosure
4143DS	中西區及灣仔西部污水收集系統第 2 階段第 2B 期工程 Central, Western and Wan Chai West sewerage, stage 2 phase 2B works	4-12
4215DS	元朗及錦田污水收集系統及污水排放設施－錦田污水幹渠收集系統第 1 期及凹頭污水幹渠工程 Yuen Long and Kam Tin sewerage and sewerage disposal - Kam Tin trunk sewerage phase 1 and Au Tau trunk sewers	4-13
總目 705 — 土木工程 HEAD 705 – CIVIL ENGINEERING		
5166DR	將軍澳堆填區修復計劃－驗收後的環境監測工程 Restoration of Tseung Kwan O Landfills - post-completion of environmental monitoring work	4-14
5169DR	新界西北堆填區及醉酒灣堆填區修復計劃－修護工程 Restoration of Northwest New Territories landfills and Gin Drinkers Bay landfill - aftercare work	4-15
總目 706 — 公路 HEAD 706 – HIGHWAYS		
6711TH	八號幹線青衣至長沙灣段－餘下工程 Route 8 between Tsing Yi and Cheung Sha Wan – remaining works	4-16
6718TH	龍井頭至長沙一段東涌道的改善工程 Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha	4-17
6764TH	青衣及荃灣引道之青荃橋加建隔音屏障工程 Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi and Tsuen Wan approaches	4-18
6765TH	將軍澳道加建隔音屏障工程 Retrofitting of noise barriers on Tseung Kwan O Road	4-19
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HEAD 703 – BUILDINGS**Support – Intra-governmental services****63GI- Joint-user complex and wholesale fish market in Area 44, Tuen Mun****PROJECT SCOPE AND NATURE**

In July 2007, the Finance Committee approved the upgrading of **63GI** “Joint-user complex and wholesale fish market in Area 44, Tuen Mun” to Category A at an estimated cost of \$244.0 million in money-of-the-day (MOD) prices to construct a joint-user complex and wholesale fish market, and demolish the existing temporary Castle Peak wholesale fish market. We commenced construction works in October 2007 for completion in February 2011. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **63GI** from \$244.0 million by \$25.2 million to \$269.2 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site works	1.6	1.6	1.6	-
(b) Piling	44.6	50.8	50.8	6.2
(c) Building	82.6	83.2	83.2	0.6
(d) Building services	62.4	62.8	62.8	0.4
(e) Drainage	9.6	9.6	9.6	-

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(f) External works	3.2	3.2	3.2	-
(g) Demolition works	5.0	5.0	5.0	-
(h) Consultants' fees for contract administration and site supervision	7.1	7.1	7.1	-
(i) Furniture and equipment	1.0	1.0	1.0	-
(j) Contingencies	21.0	9.4	8.9	(12.1)
(k) Provision for price adjustment	5.9	10.3	36.0	30.1
Total	244.0	244.0	269.2	25.2

4. **As regards 3(b) (Piling)**, the increase of \$6.2 million is due to higher-than-expected rates submitted by the contractor for piling works especially the unexpected drastic increase in steel H-piles material cost.

5. **As regards 3(c) (Building)**, the increase of \$0.6 million is due to higher-than-expected rates submitted by the contractor.

6. **As regards 3(d) (Building Services)**, the increase of \$0.4 million is due to higher-than-expected rates submitted by the contractor.

7. **As regards 3(j) (Contingencies)**, the decrease of \$12.1 million is used to offset the increase in items 3(b) to 3(d), and part of the upsurge in contract price fluctuation payment.

8. **As regards 3(k) (Provision for price adjustment)**, the increase of

\$30.1 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

9. Subject to approval, we will phase the expenditure as follows -

Year	\$ million (MOD)
Up to 31 March 2008 ²	2.7
2008 – 2009	44.0
2009 – 2010	90.0
2010 – 2011	80.0
2011 – 2012	37.0
2012 – 2013	15.5
	<hr/> 269.2 <hr/>

Food and Health Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS**Quarters – Internal security****45JA – Junior police officers’ married quarters in Area 44, Tuen Mun****PROJECT SCOPE AND NATURE**

In July 2006, the Finance Committee approved the upgrading of **45JA** “Junior police officers’ married quarters in Area 44, Tuen Mun” to Category A at an estimated cost of \$352.1 million in money-of-the-day (MOD) prices to design and construct two 22-storey quarter blocks on top of a two-level podium. We commenced construction works in October 2007 for completion in March 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **45JA** from \$352.1 million by \$24.8 million to \$376.9 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site works	1.9	1.6	1.6	(0.3)
(b) Piling	46.1	47.9	47.9	1.8
(c) Building	172.8	176.8	176.8	4.0
(d) Building services	49.8	55.0	55.0	5.2
(e) Drainage	1.7	1.2	1.2	(0.5)
(f) External works	8.3	5.8	5.8	(2.5)

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(g) Noise abatement measures	5.3	4.0	4.0	(1.3)
(h) Building domestic appliances	5.4	2.8	2.8	(2.6)
(i) Furniture and equipment	7.3	7.3	7.3	-
(j) Consultants' fees	3.8	3.8	3.8	-
(k) Contingencies	28.6	24.8	6.5	(22.1)
(l) Provision for price adjustment	21.1	21.1	64.2	43.1
Total	352.1	352.1	376.9	24.8

4. **As regards 3(a) (Site works)**, the decrease of \$0.3 million is due to competitive rates submitted by the contractor.

5. **As regards 3(b) (Piling)**, the increase of \$1.8 million is due to higher-than-expected rates submitted by the contractor.

6. **As regards 3(c) (Building)**, the increase of 4.0 million is due to higher-than-expected rates submitted by the contractor.

7. **As regards 3(d) (Building services)**, the increase of \$5.2 million is due to higher-than-expected rates submitted by the contractor.

8. **As regards 3(e) (Drainage)**, the decrease of \$0.5 million is due to competitive rates submitted by the contractor.

9. **As regards 3(f) (External works)**, the decrease of \$2.5 million is due to competitive rates submitted by the contractor.
10. **As regards 3(g) (Noise abatement measures)**, the decrease of \$1.3 million is due to competitive rates submitted by the contractor.
11. **As regards 3(h) (Building domestic appliances)**, the decrease of \$2.6 million is due to competitive rates submitted by the contractor.
12. **As regards 3(k) (Contingencies)**, the decrease of \$22.1 million is used to offset the net increase in items from 3(a) to 3(h) and part of the upsurge in contract price fluctuation payment.
13. **As regards 3(l) (Provision for price adjustment)**, the increase of \$43.1 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.
- 14.. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	15.6
2008 – 2009	80.0
2009 – 2010	90.0
2010 – 2011	70.0
2011 – 2012	65.0
2012 – 2013	56.3
	376.9

 Security Bureau
 October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS**Government Office – Intra-governmental Services****65KA – Customs headquarters building at Tin Chiu Street, North Point****PROJECT SCOPE AND NATURE**

In June 2006, the Finance Committee approved the upgrading of **65KA** “Customs headquarters building at Tin Chiu Street, North Point” to Category A at an estimated cost of \$1,073.4 million in money-of-the-day (MOD) prices to construct a Customs headquarters building, re-provision the existing Marble Road refuse collection point (RCP) within the site as an integral part of the headquarters building and provide a temporary RCP at the end of Marble Road during the construction of the headquarters building. We commenced construction works in April 2007 for completion in September 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **65KA** from \$1,073.4 million by \$278.6 million to \$1,352.0 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site works	6.1	5.5	5.5	(0.6)
(b) Piling	97.5	75.7	75.7	(21.8)
(c) Building	488.7	502.6	502.6	13.9

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(d) Building services	246.8	337.3	337.3	90.5
(e) Drainage	1.4	1.2	1.2	(0.2)
(f) External works and soft landscape	3.5	5.2	5.2	1.7
(g) Consultants' fees	3.8	3.8	3.8	-
(h) Furniture and equipment	75.0	62.7	62.7	(12.3)
(i) Contingencies	84.4	13.2	13.2	(71.2)
(j) Provision for Price Adjustment	66.2	66.2	344.8	278.6
Total	1,073.4	1,073.4	1,352.0	278.6

4. **As regards 3(a) (Site works)**, the decrease of \$0.6 million is mainly due to competitive rates submitted by the contractor.

5. **As regards 3(b) (Piling)**, the decrease of \$21.8 million is due to contractor's building design resulting in smaller number of piles.

6. **As regards 3(c) (Building)**, the increase of \$13.9 million is due to higher-than-expected rates submitted by the contractor.

7. **As regards 3(d) (Building services)**, the increase of \$90.5 million is due to higher-than-expected rates submitted by the contractor and the inclusion of some furniture and equipment cost under the building contract.

8. **As regards 3(e) (Drainage)**, the decrease of \$0.2 million is due to competitive rates submitted by the contractor.
9. **As regards 3(f) (External works and soft landscape)**, the increase of \$1.7 million is due to higher-than-expected rates submitted by the contractor.
10. **As regards 3(h) (Furniture and equipment)**, the decrease of \$12.3 million is due to inclusion of some furniture and equipment items in item 3(d) (Building Services).
11. **As regards 3(i) (Contingencies)**, the decrease of \$71.2 million is used to offset the net increase in items 3(a) to 3(h).
12. **As regards 3(j) (Provision for price adjustment)**, the increase of \$278.6 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.
13. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	107.1
2008 – 2009	200.0
2009 – 2010	450.0
2010 – 2011	380.0
2011 – 2012	148.0
2012 – 2013	66.9
	1,352.0

Security Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS**Law and Order – Correctional services****74LC – Redevelopment of Lo Wu Correctional Institution****PROJECT SCOPE AND NATURE**

In July 2006, the Finance Committee approved the upgrading of **74LC** “Redevelopment of Lo Wu Correctional Institution” to Category A at an estimated cost of \$1,376.3 million in money-of-the-day (MOD) prices to demolish the Lo Wu Correctional Institution and the adjacent Lo Wu Saddle Club, and redevelop the site into three new penal institutions with two medium security institutions and one minimum security institution. We commenced construction works in April 2007 for completion in April 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **74LC** from \$1,376.3 million by \$148.2 million to \$1,524.5 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site works and demolition	12.1	23.7	23.7	11.6
(b) Site formation and geotechnical works	46.3	43.3	43.3	(3.0)
(c) Piling	127.3	41.5	41.5	(85.8)

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(d) Building	489.3	558.4	558.4	69.1
(e) Building services	277.8	321.7	321.7	43.9
(f) Drainage and sewage treatment plant	62.3	34.4	34.4	(27.9)
(g) External works	66.2	89.3	89.3	23.1
(h) Furniture and equipment	107.0	78.0	78.0	(29.0)
(i) Consultants' fees	6.0	6.0	4.0	(2.0)
(j) Contingencies	107.9	105.9	10.8	(97.1)
(k) Provision for price adjustment	74.1	74.1	319.4	245.3
Total	1,376.3	1,376.3	1,524.5	148.2

4. **As regards 3(a) (Site works and demolition)**, the increase of \$11.6 million is due to higher-than-expected rates submitted by the contractor.

5. **As regards 3(b) (Site formation and geotechnical works)**, the decrease of \$3.0 million is due to the more economic design of the site formation works which involves a balance cut and fill method of the earth works.

6. **As regards 3(c) (Piling)**, the decrease of \$85.8 million is due to the more economic building design as proposed by the contractor.

7. **As regards 3(d) (Building)**, the increase of \$69.1 million is due to higher-than-expected rates submitted by the contractor and inclusion of some consultants' work under the building contract. (See item 3(i) Consultants' fees)

8. **As regards 3(e) (Building services)**, the increase of \$43.9 million is due to higher-than-expected rates submitted by the contractor and inclusion of some furniture and equipment items under the building contract.

9. **As regards 3(f) (Drainage and sewage treatment plant)**, the decrease of \$27.9 million is due to very competitive rates submitted by the contractor for drainage works and economic design of sewage treatment plant proposed by contractor.

10. **As regards 3(g) (External works)**, the increase of \$23.1 million is due to higher-than-expected rates submitted by the contractor.

11. **As regards 3(h) (Furniture and equipment)**, the decrease of \$29.0 million is due to inclusion of some furniture and equipment items in item 3(e) (Building Services).

12. **As regards 3(i) (Consultants' fees)**, the decrease of \$2.0 million is due to the inclusion of some consultants' work in item 3(d) (Building).

13. **As regards 3(j) (Contingencies)**, the decrease of \$97.1 million is used to offset part of the upsurge in contract price fluctuation payment to the contractor during construction period.

14. **As regards 3(k) (Provision for price adjustment)**, the increase of \$245.3 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

15. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	129.3
2008 – 2009	400.0

² This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2009 – 2010	523.0
2010 – 2011	260.0
2011 – 2012	151.0
2012 – 2013	61.2
	<hr/>
	1,524.5
	<hr/>

Security Bureau
October 2008

HEAD 703 – BUILDINGS

Law and Order - Police

243LP – Reprovisioning of Central District Headquarters and Central Divisional Station of the Police

PROJECT SCOPE AND NATURE

In June 2006, the Finance Committee approved the upgrading of **243LP** “Reprovisioning of Central District Headquarters and Central Divisional Station of the Police” to Category A at an estimated cost of \$243.2 million in money-of-the-day (MOD) prices to construct an Annex Block and for modification/expansion of facilities in the exiting Waterfront Divisional (WFDIV) Station for use after the amalgamation of Central Division and WFDIV Station. We commenced construction of the works in April 2007 for completion in December 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **243LP** from \$243.2 million by \$45.6 million to \$288.8 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Reprovisioning of existing plant rooms and modification costs to existing WFDIV Station and site works	14.7	19.1	19.1	4.4
(b) Piling	23.6	32.0	32.0	8.4

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Building	94.8	83.9	83.9	(10.9)
(d) Building services	64.9	77.9	77.9	13.0
(e) Drainage	1.0	1.9	1.9	0.9
(f) External works	3.3	4.4	4.4	1.1
(g) Furniture and equipment	6.0	4.8	4.8	(1.2)
(h) Consultants' fee for quantity surveying services at construction stage	1.4	1.9	1.9	0.5
(i) Contingencies	20.3	4.1	4.1	(16.2)
(j) Provision for price adjustment	13.2	13.2	58.8	45.6
Total	243.2	243.2	288.8	45.6

4. As regards 3(a) (Reprovisioning of existing plant rooms and modification costs to existing WFDIV Station and site works), the increase of \$4.4 million is due to higher-than-expected rates submitted by the contractor.

5. As regards 3(b) (Piling), the increase of \$8.4 million is due to higher-than-expected rates submitted by the contractor for piling works.

6. As regards 3(c) (Building), the decrease of \$10.9 million is due to savings proposed in the contractor's design.

7. As regards 3(d) (Building Services), the increase of \$13.0 million is due to higher-than-expected rates submitted by the contractor.

8. **As regards 3(e) (Drainage)**, the increase of \$0.9 million is due to higher-than-expected rates submitted by the contractor.

9. **As regards 3(f) (External works)**, the increase of \$1.1 million is due to higher-than-expected rates submitted by the contractor.

10. **As regards 3(g) (Furniture and equipment)**, the decrease of \$1.2 million is due to revision of the furniture and equipment items.

11. **As regards 3(h) (Consultants' fee for quantity surveying services at construction stage)**, the increase of \$0.5 million is mainly due to the new control measures on the payment of wages of site personnel, which requires the employment of a Labour Relations Officer on site.

12. **As regards 3(i) (Contingencies)**, the decrease of \$16.2 million is to offset the net increase in items 3(a) to 3(h).

13. **As regards 3(j) (Provision for price adjustment)**, the increase of \$45.6 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

14. Subject to approval, we will revise the phasing of the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	65.9
2008 – 2009	70.0
2009 – 2010	75.0
2010 – 2011	39.0
2011 – 2012	20.0

² This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2012 – 2013	18.9
	<hr/> 288.8 <hr/>

Security Bureau
October 2008

HEAD 703 – BUILDINGS**Recreation, Culture and Amenities – Mixed amenity packages****47RG – Siu Sai Wan Complex****PROJECT SCOPE AND NATURE**

In December 2007, the Finance Committee approved the upgrading of **47RG** “Siu Sai Wan Complex” to Category A at an estimated cost of \$411.3 million in money-of-the-day (MOD) prices to construct indoor sports facilities, an indoor heated swimming pool complex, a small library and a community hall. We commenced construction works in March 2008 for completion in November 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **47RG** from \$411.3 million by \$52.4 million to \$463.7 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Piling	38.2	38.4	38.4	0.2
(b) Building	179.1	195.6	195.6	16.5
(c) Building Services	113.4	109.4	109.4	(4.0)
(d) Drainage Works	4.9	4.3	4.3	(0.6)
(e) External Works	5.7	8.8	8.8	3.1

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(f) Consultants' fees	15.0	15.0	15.0	-
(g) Furniture and Equipment	5.2	5.2	5.2	-
(h) Contingencies	36.0	20.8	12.1	(23.9)
(i) Provision for price adjustment	13.8	13.8	74.9	61.1
	_____	_____	_____	_____
	_____	_____	_____	_____
Total	411.3	411.3	463.7	52.4
	_____	_____	_____	_____
	_____	_____	_____	_____

4. **As regards 3(a) (Piling)**, the increase of \$0.2 million is due to higher-than-expected rates submitted by the contractor.

5. **As regards 3(b) (Building)**, the increase of \$16.5 million is due to higher-than-expected rates submitted by the contractor.

6. **As regards 3(c) (Building services)**, the decrease of \$4.0 million is due to very competitive rates submitted by the contractor.

7. **As regards 3(d) (Drainage works)**, the decrease of \$0.6 million is due to competitive rates submitted by the contractor.

8. **As regards 3(e) (External works)**, the increase of \$3.1 million is due to higher-than-expected rates submitted by the contractor.

9. **As regards 3(h) (Contingencies)**, the decrease of \$23.9 million is used to offset the net increase in items 3(a) to 3(e), and part of upsurge in contract price fluctuation payment.

10. **As regards 3(i) (Provision for price adjustment)**, the increase of \$61.1 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

11. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	0.0
2008 – 2009	75.0
2009– 2010	180.0
2010 – 2011	80.0
2011 – 2012	60.0
2012 – 2013	36.0
2013 – 2014	32.7
	463.7

Home Affairs Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS

Recreation, Culture and Amenities – Open spaces

395RO – Ma On Shan waterfront promenade

PROJECT SCOPE AND NATURE

In January 2007, the Finance Committee approved the upgrading of **395RO** “Ma On Shan waterfront promenade” to Category A at an estimated cost of \$205.3 million in money-of-the-day (MOD) prices for the construction of Ma On Shan waterfront promenade with a jogging trail, an extensive landscaped area, children play areas, ancillary facilities, and upgrading of about 2.5-kilometre long existing seawall¹. We commenced construction works in May 2007 for completion in May 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **395RO** from \$205.3 million by \$15.5 million to \$220.8 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate² (\$ million)	(C) Latest Estimate (\$ million)	(C)-(A) Difference (\$ million)
(a) Site formation	4.9	6.4	6.4	1.5
(b) Engineering works (seawall upgrading)	41.0	36.0	36.0	(5.0)

1 The engineering works for upgrading the existing seawall is carried out by the Civil Engineering and Development Department (CEDD).

2 Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C)-(A) Difference (\$ million)
(c) Building	6.2	6.2	8.1	1.9
(d) Building services	18.2	18.2	20.6	2.4
(e) Drainage works	9.6	9.6	12.2	2.6
(f) External works	76.9	82.1	85.2	8.3
(g) Soft landscaping works	11.9	12.0	12.0	0.1
(h) Consultants' fees	8.3	8.3	8.7	0.4
(i) Furniture and equipment	0.5	0.5	0.5	-
(j) Contingencies	16.6	14.8	4.0	(12.6)
(k) Provision for price adjustment	11.2	11.2	27.1	15.9
Total	205.3	205.3	220.8	15.5

4. **As regards item 3(a) (Site formation)**, the increase of \$1.5 million is due to higher-than-expected rates submitted by the contractor.

5. **As regards item 3(b) (Engineering works (seawall upgrading))**, the decrease of \$5.0 million is due to very competitive prices submitted by the separate contractor under CEDD's contract.

6. **As regards item 3(c) (Building)**, the increase of \$1.9 million is due to the revision of the location of the toilet block and service block.

7. **As regards item 3(d) (Building services)**, the increase of \$2.4 million is due to revisions of the design to cope with site constraints.

8. **As regards item 3(e) (Drainage works)**, the increase of \$2.6 million is due to the revision of drainage layout and schedule of manholes to suit the site constraint.

9. **As regards item 3(f) (External works)**, the increase of \$8.3 million is due to the costs arising from higher-than-expected rates submitted by contractor and additional works during construction to cope with the constraints of existing site feature.

10. **As regards item 3(g) (Soft landscaping works)**, the increase of \$0.1 million is due to higher-than-expected rates submitted by the contractor.

11. **As regards item 3(h) (Consultants' fees for contract administration and site supervision)**, the increase of \$0.4 million is mainly due to the cost for provision of Labour Relations Officer to comply with the government new measures on protection of construction workers' wages.

12. **As regards item 3(j) (Contingencies)**, the decrease of \$12.6 million together with the saving of \$5.0 million in item 3(b) is used to offset the increases in items 3(a) and 3(c) to 3(h), and part of the upsurge in contract price fluctuation payment to the contractor during the construction period.

13. **As regards item 3(k) (Provision for price adjustment)**, the increase of \$15.9 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

14. Subject to approval, we will revise the phasing of the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	26.3
2008 – 2009	50.0

³ This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2009 – 2010	60.0
2010 – 2011	45.0
2011 – 2012	30.0
2012 – 2013	9.5
	<hr/> 220.8 <hr/>

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HEAD 703 – BUILDINGS**Recreation, Culture and Amenities – Open spaces****406RO – District open space at Po Kong Village Road, Wong Tai Sin****PROJECT SCOPE AND NATURE**

In July 2007, the Finance Committee approved the upgrading of **406RO** to Category A at an estimated cost of \$421.5 million in money-of-the-day (MOD) prices to construct a district open space at Po Kong Village Road, Wong Tai Sin. We commenced construction works in January 2008 for completion in November 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **406RO** from \$421.5 million by \$54.1 million to \$475.6 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site formation and geotechnical works	24.2	22.9	22.9	(1.3)
(b) Building	58.0	63.7	63.7	5.7
(c) Piling	11.3	42.7	42.7	31.4
(d) Building services	83.4	79.5	79.5	(3.9)
(e) Drainage works	15.1	15.1	15.1	-

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(f) External works	142.4	126.6	126.6	(15.8)
(g) Soft Landscaping works	18.0	18.0	18.0	-
(h) Consultants fees	11.5	11.5	11.5	-
(i) Furniture and equipment	6.1	6.1	6.1	-
(j) Contingencies	41.0	24.9	15.8	(25.2)
(k) Provision for price adjustment	10.5	10.5	73.7	63.2
Total	421.5	421.5	475.6	54.1

4. **As regards item 3(a) (Site formation and geotechnical works)**, the decrease of \$1.3 million is due to competitive rates submitted by the contractor.

5. **As regards item 3(b) (Building)**, the increase of \$5.7 million is due to higher-than-expected rates submitted by the contractor.

6. **As regards item 3(c) (Piling)**, the increase of \$31.4 million is due to higher-than-expected rates submitted by the contractor for piling works.

7. **As regards 3(d) (Building services)**, the decrease of \$3.9 million is due to competitive rates submitted by the contractor.

8. **As regards item 3(f) (External works)**, the decrease of \$15.8 million is partly due to very competitive rates submitted by the contractor and partly due to reduced number of tensile structures.

9. **As regards 3(j) (Contingencies)**, the decrease of \$25.2 million is used to offset the net increase in items 3(a) to 3(f) and part of the upsurge in contract price fluctuation payment during the construction period.

10. **As regards 3(k) (Provision for price adjustment)**, the increase of \$63.2 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

11. Subject to approval, we will revise the phasing of the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	3.0
2008 – 2009	150.0
2009 – 2010	202.0
2010 – 2011	60.0
2011 – 2012	33.0
2012 – 2013	17.0
2013 – 2014	10.6
	475.6

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² This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS
Recreation, Culture and Amenities – Sports Facilities
242RS –Tseung Kwan O Sports Ground

PROJECT SCOPE AND NATURE

In February 2005, the Finance Committee (FC) approved the upgrading of **242RS** “Tseung Kwan O Sports Ground” to Category A at an estimated cost of \$293.1 million in money-of-the-day (MOD) prices. In March 2006, FC’s approval was given to increase the APE of **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in MOD prices. The approved scope of **242RS** comprises construction of a main sports ground, a secondary sports ground and ancillary facilities. We commenced construction works in April 2006 for completion in April 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **242RS** from \$352.3 million by \$40.5 million to \$392.8 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) - (A) Difference (\$ million)
(a) Site formation	1.6	1.6	1.6	-
(b) Piling	35.3	35.3	35.4	0.1
(c) Main sports ground facilities	28.0	28.0	28.0	-

¹ This refers to the revised project estimate approved by the Finance Committee in March 2006.

² Revised estimate after the award of the contract.

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) - (A) Difference (\$ million)	
(d) Secondary sports ground facilities	13.6	13.6	13.6	-	
(e) Spectator stand (including the ancillary facilities below)	99.7	99.7	99.7	-	
(f) Administration block	34.3	34.3	34.3	-	
(g) Building services	66.5	66.5	65.0	(1.5)	
(h) Drainage	9.4	9.4	9.4	-	
(i) External works	36.5	36.5	39.8	3.3	
(j) Soft landscaping works	5.0	5.0	5.0	-	
(k) Furniture and equipment	3.2	3.2	3.2	-	
(l) Consultant's fee for contract administration	3.2	3.2	3.2	-	
(m) Contingency	3.0	3.0	1.0	(2.0)	
(n) Provision for price adjustment	13.0	13.0	53.6	40.6	
	Total	352.3	352.3	392.8	40.5

4. As regards item 3(b) (Piling), the increase of \$0.1 million is due to the additional independent loading test for piling works.

5. As regards item 3(g) (Building services), the decrease of \$1.5 million is due to decrease in the number of CCTV installations.

6. As regards item 3(i) (External works), the increase of \$3.3 million

is due to the revision of the landscaped piazza in the northern corner of the site to facilitate pedestrian circulation and holding of major sports events.

7. **As regards item 3(m) (Contingencies)**, the decrease of \$2.0 million is used to offset the net increase in items 3(b), 3(g) and 3(i), and part of the upsurge in contract price fluctuation payment to the contractor during the construction period.

8. **As regards item 3(n) (Provision for price adjustment)**, the increase of \$40.6 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

9. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	156.6
2008 – 2009	205.0
2009– 2010	26.0
2010 – 2011	4.0
2011 - 2012	1.2
	392.8

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³ This is the actual expenditure up to 31 March 2008.

HEAD 703 – BUILDINGS**Recreation, Culture and Amenities – Sports Facilities****256RS – Indoor recreation centre, community hall cum library in Area 17,
Tung Chung, Lantau****PROJECT SCOPE AND NATURE**

In May 2006, the Finance Committee approved the upgrading of **256RS** “Indoor recreation centre, community hall cum library in Area 17, Tung Chung, Lantau” to Category A at an estimated cost of \$391.6 million in money-of-the-day (MOD) prices to construct an indoor recreation centre, community hall cum library in Area 17, Tung Chung, Lantau. We commenced construction works in December 2006 for completion in October 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **256RS** from \$391.6 million by \$38.1 million to \$429.7 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site formation	2.1	2.9	2.9	0.8
(b) Piling	68.9	58.9	58.9	(10.0)
(c) Building	170.9	160.7	160.7	(10.2)
(d) Building services	67.5	78.2	78.2	10.7

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(e) Drainage	3.5	4.2	4.2	0.7
(f) External works	8.9	15.6	15.6	6.7
(g) Furniture and equipment	15.2	15.2	15.2	-
(h) Consultants’ fees for contract administration	0.8	2.1	2.1	1.3
(i) Contingencies	32.2	32.2	10.9	(21.3)
(j) Provision for price adjustment	21.6	21.6	81.0	59.4
Total	391.6	391.6	429.7	38.1

4. **As regards item 3(a) (Site formation)**, the increase of \$0.8 million is due to higher-than-expected rates submitted by the contractor.

5. **As regards item 3(b) (Piling)**, the decrease of \$10.0 million is due to more economic piling system proposed by the contractor.

6. **As regards item 3(c) (Building)**, the decrease of \$10.2 million is due to competitive rates submitted by the contractor.

7. **As regards item 3(d) (Building services)**, the increase of \$10.7 million is due to higher-than-expected rates submitted by the contractor.

8. **As regards item 3(e) (Drainage)**, the increase of \$0.7 million is due to higher-than-expected rates submitted by the contractor.

9. **As regards item 3(f) (External works)**, the increase of \$6.7 million is due to higher-than-expected rates submitted by the contractor.

10. **As regards item 3(h) (Consultants' fee for contract administration)**, the increase of \$1.3 million is due to the cost for provision of Labour Relations Officer to comply with the government new measures on protection of construction workers' wages.

11. **As regards 3(i) (Contingencies)**, the decrease of \$21.3 million will be used to offset part of the upsurge in contract price fluctuation payment to the contractor during the construction period.

12. **As regards item 3(j) (Provision for price adjustment)**, the increase of \$59.4 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

13. Subject to approval, we will revise the phasing of the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	59.5
2008 – 2009	178.0
2009 – 2010	135.0
2010 – 2011	25.0
2011 – 2012	20.0
2012 – 2013	12.2
	429.7

² This is the actual expenditure up to 31 March 2008.

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October 2008

HEAD 704 – DRAINAGE**Civil Engineering – Drainage and erosion protection****127CD – Drainage improvement in Northern Hong Kong Island – Sheung Wan stormwater pumping station****PROJECT SCOPE AND NATURE**

In June 2006, the Finance Committee approved the upgrading of the remaining part of **127CD** “Drainage improvement in Northern Hong Kong Island – Sheung Wan stormwater pumping station” to Category A at an estimated cost of \$177.6 million in money-of-the-day (MOD) prices to implement the drainage improvement works in Sheung Wan. The approved project scope comprises construction of a stormwater pumping station, stormwater drains, landscaping works and ancillary works. We commenced construction works in June 2006 for completion in September 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **127CD** from \$177.6 million by \$21.4 million to \$199.0 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Construction of Sheung Wan stormwater pumping station	135.5	127.5	144.8	9.3

¹ Revised estimate after award of contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) - (A) Difference (\$ million)
(i) civil works	111.0	94.9	111.3	0.3
(ii) electrical and mechanical works	24.5	32.6	33.5	9.0
(b) Construction of associated stormwater drains	11.6	11.0	14.0	2.4
(c) Landscaping works	4.0	4.0	6.0	2.0
(d) Ancillary works	0.5	0.5	0.5	0.0
(e) Environmental mitigation measures	3.0	3.0	3.0	0.0
(f) Contingencies	15.1	23.7	1.4	(13.7)
(g) Provision for price adjustment	7.9	7.9	29.3	21.4
	_____	_____	_____	_____
Total	177.6	177.6	199.0	21.4
	_____	_____	_____	_____

4. As regards 3(a) (Construction of Sheung Wan stormwater pumping station), the increase of \$9.3 million is due to additional ground improvement works to account for unexpected subsoil conditions and higher-than-expected rates submitted by the contractor in electrical and mechanical works.

5. As regards 3(b) (Construction of associated stormwater drains), the increase of \$2.4 million is due to more drainage works by trenchless method.

6. As regards 3(c) (Landscaping works), the increase of \$2.0 million is to cover additional cost associated with changes in landscaping layout for a Pet Garden in the Open Space as requested by the Central and Western District Council.

7. **As regards 3(f) (Contingencies)**, the decrease of \$13.7 million is used to cover the additional cost in 3(a) to (c) above.

8. **As regards 3(g) (Provision for price adjustment)**, the increase of \$21.4 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

9. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	83.5
2008 – 2009	79.8
2009 – 2010	29.1
2010 – 2011	6.6
	199.0

Development Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 704 – DRAINAGE**Environmental Protection – Sewerage and sewage treatment****143DS – Central, Western and Wan Chai West Sewerage, stage 2 phase 2B****PROJECT SCOPE AND NATURE**

In February 2004, the Finance Committee approved the upgrading of **143DS** “Central, Western and Wan Chai West Sewerage, stage 2 phase 2B” to Category A at an estimated cost of \$234.4 million in money-of-the-day (MOD) prices to upgrade the existing sewers at Central and Western district. We commenced construction works in May 2004 and the works have been substantially completed in June 2008. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **143DS** from \$234.4 million by \$19.0 million to \$253.4 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Construction of about 9.5 km of sewers	197.2	164.5	213.5	16.3
(i) trenchless method ²	28.0	22.0	75.0	47.0

¹ Revised estimate after the award of the contract

² Trenchless method refers to the use of micro-tunnelling or boring techniques to construct underground sewers and drain pipes without opening up the road surface along the alignment of the sewers and drains. Although the method, in general, is about four times more expensive than the conventional open cut method, the former method, if feasible, is preferred for carrying out works at busy road sections since it will greatly reduce the need for road opening thus minimise disruption to traffic during the construction phase.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(ii) by open cut method	169.2	142.5	138.5	(30.7)
(b) Environmental mitigation measures	2.0	2.0	2.0	0.0
(c) Consultants' fees for	20.1	20.1	22.3	2.2
(i) contract administration	1.1	1.1	1.1	-
(ii) site supervision	19.0	19.0	21.2	2.2
(d) Contingencies	21.9	54.6	3.4	(18.5)
(e) Provision for price adjustment	(6.8)	(6.8)	12.2	19.0
Total	234.4	234.4	253.4	19.0

4. As regards 3(a)(i) (Construction of sewers by trenchless method), the increase of \$47.0 million is due to adopting of more trenchless method in sewer construction so as to minimise disturbance to traffic and the public on the busy roads.

5. As regards 3(a)(ii) (Construction of sewers by open cut method), the decrease of \$30.7 million is due to very competitive rates submitted by the contractor and reduced length of sewers constructed by open cut method.

6. As regards 3(c) (Consultants' fees), the increase of \$2.2 million is to cover additional site staff cost due to the more input required for supervision of trenchless works.

7. As regards 3(d) (Contingencies), the decrease of \$18.5 million is used to cover the additional cost in 3(a) to 3(c) above.

8. As regards 3(e) (Provision for price adjustment), the increase of \$19.0 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

9. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	195.7
2008 – 2009	21.9
2009 – 2010	18.0
2010 – 2011	9.1
2011 – 2012	8.7
	<hr/>
	253.4
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Environment Bureau
October 2008

³ This is the actual expenditure up to 31 March 2008.

HEAD 704 – DRAINAGE**Environmental Protection – Sewerage and sewage treatment****215DS – Yuen Long and Kam Tin sewerage and sewage disposal – Kam Tin trunk sewerage phase 1 and Au Tau trunk sewers****PROJECT SCOPE AND NATURE**

In December 2005, the Finance Committee approved the upgrading of **215DS** “Yuen Long and Kam Tin sewerage and sewage disposal – Kam Tin trunk sewerage phase 1 and Au Tau trunk sewers” to Category A at an estimated cost of \$389.4 million in money-of-the-day (MOD) prices to upgrade the existing sewers at Au Tau, Yuen Long and provide public sewerage at Kam Tin and Nam Sang Wai. We commenced construction works in December 2005 for completion in December 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **215DS** from \$389.4 million by \$88.2 million to \$477.6 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Trunk sewers	91.8	73.7	84.0	(7.8)
(i) by open trench method	42.3	42.8	48.7	6.4
(ii) by trenchless method ²	49.5	30.9	35.3	(14.2)

¹ Revised estimate after the award of the contract

² Trenchless method refers to techniques of constructing underground pipes without opening up the road surface along the alignments of the pipes, such as pipe-jacking, micro-tunnelling or boring. Although the method is more expensive than the conventional open cut method, the trenchless method, if feasible, is preferred for carrying out works at busy road sections since it will greatly reduce the need for road opening and thus minimise disruption to traffic during the construction phase.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(b) Twin rising mains	108.2	125.8	133.8	25.6
(i) by open trench method	54.0	72.2	76.6	22.6
(ii) by trenchless method	54.2	53.6	57.2	3.0
(c) Three sewage pumping stations	132.2	132.9	132.9	0.7
(i) civil works	83.7	84.3	84.3	0.6
(ii) E&M works	48.5	48.6	48.6	0.1
(d) Consultants' fees for	23.5	26.4	31.4	7.9
(i) contract administration	3.6	1.4	2.1	(1.5)
(ii) site supervision	16.9	22.9	28.2	11.3
(iii) environmental monitoring and audit	2.0	1.1	1.1	(0.9)
(iv) investigation and surveys for environmental monitoring and audit	1.0	1.0	0.0	(1.0)
(e) Environmental mitigation measures	5.8	4.5	4.5	(1.3)
(f) Contingencies	26.6	24.8	1.5	(25.1)
(g) Provision for price fluctuation	1.3	1.3	89.5	88.2

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
Total	<u>389.4</u>	<u>389.4</u>	<u>477.6</u>	<u>88.2</u>

4. **As regards 3(a) (Construction of trunk sewers)**, the decrease of \$7.8 million is due to very competitive rates submitted by the contractor for trunk sewers by trenchless method.

5. **As regards 3(b) (Construction of twin rising mains)**, the increase of \$25.6 million is due to higher-than-expected rates submitted by the contractor for rising mains by open trench method and additional cost for variations to account for unexpected soft ground conditions.

6. **As regards 3(c) (Civil and E&M works for the three sewage pumping stations)**, the increase of \$0.7 million is due to higher-than-expected rates submitted by the contractor for civil and E&M works of the three sewage pumping stations.

7. **As regards 3(d) (Consultant's fees)**, the increase of \$7.9 million is to cover additional cost due to increase in salaries of resident site staff in the past years and more input required for supervision of the variations to sewers and rising mains works due to unexpected soft ground conditions.

8. **As regards 3(e) (Environmental mitigation measures)**, the decrease of \$1.3 million is due to competitive rates submitted by the contractor for environmental mitigation measures.

9. **As regards 3(f) (Contingencies)**, the decrease of \$25.1 million is used to cover the net increase in 3(a) to 3(c) above.

10. **As regards 3(g) (provision for price fluctuation)**, the increase of \$88.2 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

11. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	185.2
2008 – 2009	79.0
2009 – 2010	90.2
2010 – 2011	80.2
2011 – 2012	38.0
2012 – 2013	5.0
	<hr/>
	477.6
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Environment Bureau
October 2008

³ This is the actual expenditure up to 31 March 2008.

HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
166DR – Restoration of Tseung Kwan O Landfills –
post-completion environmental monitoring work

PROJECT SCOPE AND NATURE

In January 2005, the Finance Committee approved the upgrading of **166DR** “Restoration of Tseung Kwan O Landfills – post-completion environmental monitoring works” to Category A at an estimated cost of \$96.8 million in money-of-the-day (MOD) prices to continue the post-completion environmental monitoring work at Tseung Kwan O Landfills. The environmental monitoring work commenced in February 2006 and will continue for a further period of seven years for completion in January 2013. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **166DR** from \$96.8 million by \$38.1 million to \$134.9 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Operation and maintenance of LFG management systems	32.1	32.1	32.1	-
(b) Operation and maintenance of leachate management systems	28.5	28.5	28.5	-

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Environmental monitoring and audit	8.6	8.6	8.6	-
(d) Maintenance of landscape	9.2	9.2	9.2	-
(e) Maintenance of site infrastructure	12.0	12.0	12.0	-
(f) Contingencies	4.6	4.6	4.6	-
(g) Provision for price adjustment	1.8	1.8	39.9	38.1
Total	96.8	96.8	134.9	38.1

4. As regards 3(g) (Provision for price adjustment), the increase of \$38.1 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

5. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	32.3
2008 – 2009	17.0
2009 – 2010	19.6
2010 – 2011	20.9
2011 – 2012	22.1

² Revised estimate after the award of the contract.

³ This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2012 – 2013	23.0
	<hr/> 134.9 <hr/>

Environment Bureau
October 2008

HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
169DR – Restoration of Northwest New Territories landfills and Gin
Drinkers Bay landfill – aftercare work

PROJECT SCOPE AND NATURE

In March 2006, the Finance Committee approved the upgrading of **169DR** “Restoration of Northwest New Territories landfills and Gin Drinkers Bay landfill – aftercare work” to Category A at an estimated cost of \$95.7 million in money-of-the-day (MOD) to continue the aftercare work for the three closed Northwest New Territories landfills¹ and the Gin Drinkers Bay landfill to monitor landfill gas and leachate pollution. The aftercare work commenced in June 2007 and will continue for a further period of seven years for completion in May 2014. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **169DR** from \$95.7 million by \$48.6 million to \$144.3 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Operation and maintenance of LFG management systems	31.4	31.4	31.4	-
(b) Operation and maintenance of leachate management systems	27.9	27.9	27.9	-

¹ The three closed Northwest New Territories Landfills are Siu Lang Shui Landfill, Ma Tso Lung Landfill and Ngau Tam Mei Landfill.

² Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ³ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Environmental monitoring and audit	8.7	8.7	8.7	-
(d) Maintenance of landscape	9.0	9.0	9.0	-
(e) Maintenance of site infrastructure	11.3	11.3	11.3	-
(f) Contingencies	4.5	4.5	4.5	-
(g) Provision for price adjustment	2.9	2.9	51.5	48.6
Total	95.7	95.7	144.3	48.6

4. As regards 3(g) (Provision for price adjustment), the increase of \$48.6 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

5. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ⁴	9.4
2008 – 2009	16.4
2009 – 2010	19.3
2010 – 2011	20.7
2011 – 2012	22.0
2012 – 2013	23.1

³ Revised estimate after the award of the contract.

⁴ This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2013 – 2014	24.4
2014 – 2015	9.0
	<hr/>
	144.3
	<hr/>

Environment Bureau
October 2008

HEAD 706 – HIGHWAYS**Transport – Roads****711TH – Route 8 between Tsing Yi and Cheung Sha Wan – remaining works****PROJECT SCOPE AND NATURE**

In June 2002, the Finance Committee approved the upgrading of 711TH “Route 8 between Tsing Yi and Cheung Sha Wan – remaining works” to Category A at an estimated cost of \$7,468.2 million in money-of-the-day (MOD) prices to provide the highway structures, the associated electrical and mechanical systems and the landscape and drainage works for the section of Route 8 between Tsing Yi and Cheung Sha Wan. We commenced construction works in April 2003 for completion in August 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of 711TH from \$7,468.2 million by \$600.0 million to \$8,068.2 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest estimate in MOD prices is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Roads and drains	281.7	210.5	267.9	(13.8)
(b) Stonecutters Bridge and the associated look-out point and exhibition centre	3,217.9	2,780.8	3,066.1	(151.8)
(c) Elevated highway structures	1,272.4	1,250.8	1,260.2	(12.2)
(d) Tunnel	927.1	780.9	914.3	(12.8)
(e) Environmental mitigation measures	10.2	10.2	10.2	-

¹ Revised estimate after the award of the contracts.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(i) Noise barriers	4.7	4.7	4.7	-
(ii) Low noise barriers	5.5	5.5	5.5	-
(f) Landscaping works	13.2	6.8	7.6	(5.6)
(g) Electrical and mechanical works	370.8	340.2	357.3	(13.5)
(h) Overseas duty visits	0.3	0.3	0.3	-
(i) Consultants' fees	869.2	869.2	869.2	-
(i) supervision of construction and administration of contract	128.3	128.3	128.3	-
(ii) site staff costs	696.0	696.0	696.0	-
(iii) environmental monitoring and audit programme	24.9	24.9	24.9	-
(iv) Electrical and Mechanical Services Trading Fund charges	20.0	20.0	20.0	-
(j) Contingencies	628.5	941.6	85.0	(543.5)
(k) Provision for price adjustment	(123.1)	(123.1)	1,230.1	1,353.2
Total	7,468.2	7,068.2	8,068.2	600.0

4. As regards 3(a), 3(b), 3(c), 3(d), 3(f) and 3(g) (Roads and drains, Stonecutters Bridge and the associated lookout point & exhibition centre, Elevated highway structures, Tunnel, Landscaping works and Electrical and mechanical works), the decrease of \$13.8 million, \$151.8 million, 12.2 million, \$12.8 million, \$5.6 million and \$13.5 million respectively is due to savings from very competitive rates submitted by the contractor. They are all used to offset part of the upsurge in contract price fluctuation payment.

5. **As regards 3(j) (Contingencies)**, the decrease of \$543.5 million is used to offset part of the upsurge in contract price fluctuation payment.

6. **As regards 3(k) (Provision for price adjustment)**, the increase of \$1,353.2 million is due to the upsurge in contract price fluctuation payment to the contractors during the construction period.

7. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	5,790.3
2008 – 2009	1,146.9
2009 – 2010	646.3
2010 – 2011	484.7
	8,068.2

Transport and Housing Bureau
October 2008

HEAD 706 – HIGHWAYS

Transport – Roads

718TH – Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha

PROJECT SCOPE AND NATURE

In July 2003, the Finance Committee (FC) approved the upgrading of **718TH** “Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha” to Category A at an estimated cost of \$629.8 million in money-of-the-day (MOD) prices to carry out improvement to Tung Chung Road. In June 2004, FC approved the increase in the APE of **718TH** from \$629.8 million by \$58.7 million to \$688.5 million in MOD prices prior to the award of the contract to allow for the higher-than-expected tender price. In February 2007, FC approved the increase in the APE of **718TH** from \$688.5 million by \$143.5 million to \$832.0 million. The increase was required due to additional costs in price fluctuation payments under the contract, variations of works to suit the actual site conditions, and additional consultants’ fees and resident site staff costs for the contract. We commenced construction works in June 2004 for completion in September 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **718TH** from \$832.0 million by \$33.1 million to \$865.1 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate¹ (\$ million)	(B) Revised Estimate² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Road and drainage works	127.3	119.0	133.6	6.3

¹ This refers to the revised project estimate approved by Financial Committee in February 2007.

² Revised estimate after the award of the contract.

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(b) Earthworks and retaining walls	261.6	248.7	258.7	(2.9)
(c) Elevated highway structures	175.0	166.1	181.8	6.8
(d) Traffic control and surveillance system	4.1	4.1	3.9	(0.2)
(e) Landscaping works	4.5	4.5	5.0	0.5
(f) Consultants' fees	104.5	80.9	109.7	5.2
(i) construction supervision and construction administration	12.0	9.6	18.3	6.3
(ii) resident site staff costs	86.8	65.6	90.0	3.2
(iii) environmental monitoring and audit programme	5.4	5.4	1.1	(4.3)
(iv) Electrical and Mechanical Services Trading Fund charges	0.3	0.3	0.3	-
(g) Additional road safety enhancement measures	8.0	8.0	5.5	(2.5)
(h) Contingencies	57.2	57.2	44.0	(13.2)
(i) Provision for price adjustment	89.8	0.0	122.9	33.1
Total	832.0	688.5	865.1	33.1

4. **As regards 3(a) (Roads and drainage works)**, the increase of \$6.3 million is due to additional works following the exceptionally heavy rainstorm in June 2008.

5. **As regards 3(b) (Earthworks and retaining wall works)**, the decrease of \$2.9 million is due to deletion of some geotechnical works after review of the actual site situation.

6. **As regards 3(c) (Elevated highway structures)**, the increase of \$6.8 million is due to higher-than-expected amount of rock encountered in piling for the foundation of the structures.

7. **As regards 3(d) (Traffic control and surveillance system) and 3(e) (Landscaping works)**, the respective decrease of \$0.2 million and increase of \$0.5 million is due to remeasurement of actual quantities.

8. **As regards 3(f) (Consultants' fees)**, the increase of \$5.2 million is due to additional consultants' fees and resident site staff costs as a result of extended construction period.

9. **As regards 3(g) (Additional road safety enhancement measures)**, the decrease of \$2.5 million is due to remeasurement of actual quantities.

10. **As regards 3(h) (Contingencies)**, the decrease of \$13.2 million is used to offset the net increase in 3(a) to 3(g) above.

11. **As regards 3(i) (Provision for price adjustment)**, the increase of \$33.1 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

12. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	621.9

³ This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2008 – 2009	148.3
2009 – 2010	69.0
2010 – 2011	22.0
2011 – 2012	3.9
	<hr/> 865.1 <hr/>

Transport and Housing Bureau
October 2008

HEAD 706 – HIGHWAYS**Transport – Roads****764TH – Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi and Tsuen Wan approaches****PROJECT SCOPE AND NATURE**

In May 2007, the Finance Committee (FC) approved the upgrading of **764TH** “Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi and Tsuen Wan approaches” to Category A at an estimated cost of \$129.9 million in money-of-the-day (MOD) prices for the retrofitting of noise barriers on Tsing Tsuen Bridge. In December 2007, an approval was given to increase the APE of **764TH** from \$129.9 million by \$14.6 million to \$144.5 million in MOD prices under delegated authority of the Secretary for the Financial Services and the Treasury, prior to the award of the contract to allow for the higher-than-expected tender price. We commenced the works in January 2008 for completion in December 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **764TH** from \$144.5 million by \$28.1 million to \$172.6 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and latest project estimate in MOD prices, is as follows –

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Noise barriers	101.9	101.9	103.5	1.6
(i) vertical	5.7	5.7	5.8	0.1
(ii) single-leaf cantilevered	96.2	96.2	97.7	1.5
(b) Road and drainage works	20.8	20.8	21.2	0.4

¹ This refers to the revised project estimate approved by the Secretary for Financial Services and the Treasury in December 2007.

² Revised estimate after the award of the contract.

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate ² (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Landscaping works	1.8	1.8	1.8	-
(d) Consultants' fees	11.2	11.2	13.7	2.5
(i) construction supervision and contract administration	0.7	0.7	0.7	-
(ii) resident site staff (RSS) cost	10.3	10.3	12.8	2.5
(iii) environmental monitoring and audit programme	0.2	0.2	0.2	-
(e) Contingencies	7.0	7.0	2.5	(4.5)
(f) Provision for price adjustment	1.8	1.8	29.9	28.1
Total	144.5	144.5	172.6	28.1

4. **As regards 3(a) and 3(b) (Noise barriers and Road and drainage works)**, the increase in \$1.6 million and \$0.4 million respectively is due to the difference between amounts of works in the latest estimate and the last approved APE.

5. **As regards 3(d) (Consultants' fees)**, the increase of \$2.5 million is due to increase in RSS cost.

6. **As regards 3(e) (Contingencies)**, the decrease of \$4.5 million is used to offset the total increase in 3(a), 3(b) and 3(d) above.

7. **As regards 3(f) (Provision for price adjustment)**, the increase of \$28.1 million is due to the upsurge in contract price fluctuation payment to the contractors during the construction period.

8. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ³	3.2
2008 – 2009	90.0
2009 – 2010	44.6
2010 – 2011	27.5
2011 – 2012	7.3
	<hr/>
	172.6
	<hr/>

Environment Bureau
October 2008

³ This is the actual expenditure up to 31 March 2008.

HEAD 706 – HIGHWAYS**Transport – Roads****765TH – Retrofitting of noise barriers on Tseung Kwan O Road****PROJECT SCOPE AND NATURE**

In May 2007, the Finance Committee approved the upgrading of **765TH** “Retrofitting of noise barriers on Tseung Kwan O Road” to Category A at an estimated cost of \$142.1 million in money-of-the-day (MOD) prices for retrofitting of noise barriers on Tseung Kwan O Road. We commenced the works in September 2007 for completion in December 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **765TH** from \$142.1 million by \$25.6 million to \$167.7 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices, is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Noise barriers	84.4	80.5	80.5	(3.9)
(i) vertical	2.0	1.9	1.9	(0.1)
(ii) single-leaf cantilevered	70.2	67.0	67.0	(3.2)
(iii) double-leaf cantilevered	12.2	11.6	11.6	(0.6)
(b) Road and drainage works	23.7	30.2	30.2	6.5

¹ Revised estimate after the award of the contract.

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Laying of low noise surfacing material	5.0	4.8	4.8	(0.2)
(d) Landscaping works	2.4	2.3	2.3	(0.1)
(e) Consultants' fees	12.2	12.8	15.0	2.8
(i) construction supervision and contract administration	0.7	0.7	0.7	-
(ii) resident site Staff (RSS) cost	11.2	11.8	14.0	2.8
(iii) environmental monitoring and audit programme	0.3	0.3	0.3	-
(f) Contingencies	12.8	9.9	7.7	(5.1)
(g) Provision for price adjustment	1.6	1.6	27.2	25.6
Total	142.1	142.1	167.7	25.6

4. As regards 3(a), 3(c) and 3(d) (Noise barriers, Laying of low noise surfacing material and Landscaping works), the decrease in \$3.9 million, \$0.2 million and \$0.1 million respectively are due to competitive rates submitted by the contractor.

5. As regards 3(b) (Road and drainage works), the net increase of \$6.5 million is due to an additional sum of \$7.6 million required for diverting a 600 millimetres diameter freshwater main on Tseung Kwan O Road, which is partly offset by a reduced sum of \$1.1 million due to the competitive rates submitted by contractor.

6. As regards 3(e) (Consultants' fees), the increase of \$2.8 million is due to increase in RSS cost.

7. As regards 3(f) (Contingencies), the decrease of \$5.1 million is used to offset the net increase in 3(a) to 3(e) above.

8. As regards 3(g) (Provision for price adjustment), the increase of \$25.6 million is due to the upsurge in contract price fluctuation payment to the contractors during the construction period.

9. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	12.2
2008 – 2009	78.1
2009 – 2010	66.0
2010 – 2011	9.9
2011 – 2012	1.5
	<hr/> 167.7 <hr/>

Environment Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 707 –NEW TOWNS AND URBAN AREA DEVELOPMENT**New Territories East Development****Civil Engineering - Land development****177CL - Sha Tin New Town - remaining engineering works****PROJECT SCOPE AND NATURE**

In June 2005, the Finance Committee approved the upgrading of **177CL** “Sha Tin New Town - remaining engineering works” to Category A at an estimated cost of \$491.6 million in money-of-the-day (MOD) prices to provide the essential engineering infrastructure, including road network, drainage and sewerage system, to support the planned development at Shui Chuen O and Kau To, Sha Tin. We commenced construction works in March 2006 for completion in February 2009. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **177CL** from \$491.6 million by \$43.0 million to \$534.6 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Roadworks	100.3	108.2	104.5	4.2
(b) Elevated highway structures	81.7	77.8	78.2	(3.5)
(c) Earth retaining structures	74.2	72.3	72.1	(2.1)

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(d) Slope stabilization works	77.5	75.3	74.2	(3.3)
(e) Drainage works	17.3	20.6	19.3	2.0
(f) Sewerage works	30.1	33.1	33.3	3.2
(g) Noise barriers	8.9	9.2	8.5	(0.4)
(h) Landscape works	2.5	3.8	3.8	1.3
(i) Environmental mitigation measures	3.0	1.6	1.6	(1.4)
(j) Consultants' fees for contract administration and site supervision	48.1	48.1	48.1	-
(i) construction stage	5.8	5.8	5.8	-
(ii) resident site staff costs	40.3	40.3	40.3	-
(iii) EM&A programme	2.0	2.0	2.0	-
(k) Contingencies	44.4	38.0	13.1	(31.3)
(l) Provision for price adjustment	3.6	3.6	77.9	74.3
Total	491.6	491.6	534.6	43.0

4. **As regards 3(a) to 3(i)**, the differences are due to pricing strategy adopted by the Contractor and the updated re-measurement of quantities.
5. **As regards 3(k) (Contingencies)**, the decrease of \$31.3 million is used to offset part of the upsurge in contract price fluctuation payment.
6. **As regards 3(l) (Provision for price adjustment)**, the increase of \$74.3 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.
7. Subject to approval, we will phase the expenditure as follows -

Year	\$ million (MOD)
Up to 31 March 2008 ²	272.8
2008 – 2009	193.0
2009 – 2010	44.0
2010 – 2011	19.6
2011 – 2012	5.2
	534.6

Development Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT
New Territories North and West Development
Civil Engineering – Land development
695CL – Remaining engineering infrastructure works for Pak Shek Kok
development – stage 1

PROJECT SCOPE AND NATURE

In December 2001, the Finance Committee approved the upgrading of **695CL** “Remaining engineering infrastructure works for Pak Shek Kok development – stage 1” to Category A at an estimated cost of \$537 million in money-of-the-day (MOD) prices to provide the essential engineering infrastructure, including road network, drainage and sewerage system, to support the planned development at Pak Shek Kok. We commenced construction works in April 2002 for completion in stages from April 2005 to 2012. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **695CL** from \$537.0 million by \$38.0 million to \$575.0 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Road works	75.0	75.9	75.9	0.9
(b) Vehicular bridges and pedestrian subways	76.1	77.0	77.0	0.9

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Public transport interchange and loading/unloading area	19.9	19.2	19.2	(0.7)
(d) Drainage works	98.9	97.2	97.2	(1.7)
(e) Sewerage works	41.8	68.9	68.9	27.1
(i) sewers and rising main	17.2	19.7	19.7	2.5
(ii) sewage pumping stations	24.6	49.2	49.2	24.6
(f) Reclamation	20.6	20.6	20.6	-
(g) Seawall and public landing steps	63.5	63.5	63.5	-
(h) Environmental mitigation measures	25.1	25.1	25.1	-
(i) noise barriers	22.3	22.3	22.3	-
(ii) other mitigation measures at construction stage	2.8	2.8	2.8	-
(i) Landscaping works	25.0	25.2	25.2	0.2
(j) EM&A programme	2.7	3.1	3.1	0.4
(k) Consultants' fees for contract administration and site supervision	36.4	46.5	46.5	10.1

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(i) construction stage	4.6	5.0	5.0	0.4
(ii) resident site staff costs	31.8	41.5	41.5	9.7
(l) Contingencies	47.0	9.8	3.3	(43.7)
(m) Provision for price adjustment	5.0	5.0	49.5	44.5
Total	537.0	537.0	575.0	38.0

4. As regards 3(a) to 3(d) and 3(i) to 3(j), the differences are due to pricing strategy adopted by the Contractor.

5. As regards 3(e) (Sewerage works), the increase of \$27.1 million is due to higher-than-expected rates submitted by the contractor for sewerage works including sewers and rising mains, and sewage pumping stations under one contract awarded.

6. As regards 3(k) (Consultants' fees), the increase of \$10.1 million is due to additional expenditure on consultants' fee and resident site staff costs as a result of prolongation of construction periods due to change of housing development programmes.

7. As regards 3(l) (Contingencies), the decrease of \$43.7 million is used to offset the increase in 3(e) and 3(k) above and part of the upsurge in contract price fluctuation payment.

8. As regards 3(m) (Provision for price adjustment), the increase of \$44.5 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

9. Subject to approval, we will phase the expenditure as follows -

Year	\$ million (MOD)
Up to 31 March 2008 ²	492.7
2008 – 2009	23.1
2009 – 2010	14.2
2010 – 2011	22.8
2011 – 2012	14.6
2012 – 2013	7.6
	<hr/>
	575.0
	<hr/>

Development Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT**New Territories North and West Development****Civil Engineering – Land development****704CL – Engineering infrastructure works for Pak Shek Kok development – stage 2A****PROJECT SCOPE AND NATURE**

In July 2003, the Finance Committee approved the upgrading of **704CL** “Engineering infrastructure works for Pak Shek Kok development – stage 2A” to Category A at an estimated cost of \$191.8 million in money-of-the-day (MOD) prices to provide the essential engineering infrastructure, including road network, drainage and sewerage system and other facilities to serve the proposed development at Pak Shek Kok. We commenced construction works in June 2004 and completed the works in August 2008. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **704CL** from \$191.8 million by \$16.0 million to \$207.8 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Road works (including cycle tracks, footpaths and associated facilities)	9.5	9.0	9.0	(0.5)
(b) Drainage and sewerage works	39.1	39.6	39.6	0.5

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(c) Waterfront promenade	70.1	70.1	70.1	-
(d) Public landing steps	24.2	24.2	24.2	-
(e) Ancillary works including fire mains, public toilet, and refreshment kiosk	5.3	16.8	16.8	11.5
(f) Landscape works	7.1	7.1	7.1	-
(g) Environmental mitigation measures and EM&A Programme	13.3	13.3	13.3	-
(h) Consultants' fees for contract administration and site supervision	18.7	18.7	18.7	-
(i) construction stage	1.8	1.8	1.8	-
(ii) resident site staff costs	16.9	16.9	16.9	-
(i) Contingencies	18.7	7.2	0.0	(18.7)
(j) Provision for price adjustment	(14.2)	(14.2)	9.0	23.2
Total	191.8	191.8	207.8	16.0

4. As regards 3(a) and 3(b), the differences are due to pricing strategy adopted by the Contractor.

5. **As regards 3(e) (Ancillary works including fire mains, public toilet, and refreshment kiosk),** the increase of \$11.5 million is due to the provision of additional facilities in the waterfront promenade as requested by Tai Po and Sha Tin District Councils during further consultation with the two district councils in July 2003.

6. **As regards 3(i) (Contingencies),** the decrease of \$18.7 million is used to offset the increase in 3(e) above and part of the upsurge in contract price fluctuation payment.

7. **As regards 3(j) (Provision for price adjustment),** the increase of \$23.2 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

8. Subject to approval, we will phase the expenditure as follows -

Year	\$ million (MOD)
Up to 31 March 2008 ²	159.9
2008 – 2009	19.6
2009 – 2010	22.3
2010 – 2011	6.0
	207.8

² This is the actual expenditure up to 31 March 2008.

Development Bureau
October 2008

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT

Transport – Roads

824TH – Ping Ha Road Improvement – remaining works (Ha Tsuen Section between Tin Wah Road and Sha Chau Lei)

PROJECT SCOPE AND NATURE

In July 2007, the Finance Committee approved the part upgrading of **811TH** “Ping Ha Road Improvement – remaining works (Ha Tsuen Section)” to Category A as **824TH** “Ping Ha Road Improvement – remaining works (Ha Tsuen Section between Tin Wah Road and Sha Chau Lei)” at an estimated cost of \$170.0 million in MOD prices to improve the Ha Tsuen Section of Ping Ha Road (PHR) from Tin Wah Road to Sha Chau Lei and carry out associated drainage, landscaping and environmental impact abatement works. In December 2007, approval was given to increase the APE of **824TH** from \$170.0 million by \$9.4 million to \$179.4 million in MOD prices under the delegated authority of the Secretary for Financial Services and the Treasury in order to allow the award of the contract for the project. We commenced construction works in December 2007 for completion in November 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **824TH** from \$179.4 million by \$56.4 million to \$235.8 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate (\$million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Road works	53.1	53.1	53.1	-

¹ This refers to the revised project estimate approved by the Secretary for Financial Services and the Treasury in December 2007.

	(A) Approved Estimate ¹ (\$ million)	(B) Revised Estimate (\$million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(b) Drainage works	35.0	35.0	35.0	-
(c) Noise barriers	61.2	61.2	61.2	-
(d) Waterworks	9.3	9.3	9.3	-
(e) Landscaping works	7.9	7.9	7.9	-
(f) Environmental mitigation measures and EM&A programme	3.0	3.0	3.0	-
(i) mitigation measures at construction stage	1.2	1.2	1.2	-
(ii) EM&A programme	1.8	1.8	1.8	-
(g) Contingencies	6.9	6.9	6.9	-
(h) Provision for price adjustment	3.0	3.0	59.4	56.4
Total	179.4	179.4	235.8	56.4

4. As regards 3(h) (Provision for price adjustment), the increase of \$56.4 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

5. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2008 ²	8.7
2008 – 2009	52.0
2009 – 2010	65.0
2010 – 2011	66.4
2011 – 2012	30.2
2012 – 2013	13.5
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	235.8
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Transport and Housing Bureau
October 2008

² This is the actual expenditure up to 31 March 2008.

**HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS
AND EQUIPMENT**

Medical Subventions

51MM – Princess of Wales Hospital –extension block

PROJECT SCOPE AND NATURE

In July 2006, the Finance Committee approved the upgrading of **51MM** “Princess of Wales Hospital –extension block” to Category A at an estimated cost of \$1,882.1 million in money-of-the-day (MOD) prices to construct a new block of around 800 in-patient beds for the provision of all essential services for the acute, emergency and critical care of adult patients. We commenced construction works in April 2007 for completion in June 2010. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **51MM** from \$1,882.1 million by \$288.6 million to \$2,170.7 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD prices is as follows –

	(A) Approved Estimate (\$million)	(B) Revised Estimate¹ (\$million)	(C) Latest Estimate (\$million)	(C) – (A) Difference (\$million)
(a) Site works	14.0	0.9	0.9	(13.1)
(b) Piling	133.3	133.4	133.4	0.1
(c) Building	588.1	631.3	631.3	43.2
(d) Building services	525.8	694.3	694.3	168.5

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$million)	(B) Revised Estimate ¹ (\$million)	(C) Latest Estimate (\$million)	(C) – (A) Difference (\$million)
(e) Drainage	8.3	9.8	9.8	1.5
(f) External works	38.1	12.4	12.4	(25.7)
(g) Link bridge and connections	57.8	25.0	25.0	(32.8)
(h) Furniture and equipment	250.0	226.8	226.8	(23.2)
(i) Consultants' fees for contract administration	5.3	5.3	5.3	-
(j) Contingencies	136.5	18.0	18.0	(118.5)
(k) Provision for Price Adjustment	124.9	124.9	413.5	288.6
Total	1,882.1	1,882.1	2,170.7	288.6

4. **As regards 3(a) (Site works)**, the decrease of \$13.1 million is due to the construction method and sequence proposed by the contractor enabling a reduction in the extent of sheet piling works and modification works to the existing retaining walls and the competitive prices submitted by the contractor.

5. **As regards 3(b) (Piling)**, the increase of \$0.1 million is due to slightly higher rates submitted by the contractor.

6. **As regards 3(c) (Building)**, the increase of \$43.2 million is due to higher-than-expected rates submitted by the contractor.

7. **As regards 3(d) (Building services)**, the increase of \$168.5 million is due to higher-than-expected rates submitted by the contractor and inclusion of some furniture and equipment items under the building contract.

8. **As regards 3(e) (Drainage)**, the increase of \$1.5 million is due to higher-than-expected rates submitted by the contractor.

9. **As regards 3(f) (External works)**, the decrease of \$25.7 million is due to transplanting works being carried out by other contractors engaged under the project, and the contractor's proposal on the extent of landscaping works and external works. Contractor's proposal minimizes the extent of transplanting works and utilizes more on-site transplanting opportunity. The area reduction of external works has been balanced off with a bigger footprint and hence the savings.

10. **As regards 3(g) (Link bridge and connections)**, the decrease of \$32.8 million is due to the reduced length of the link bridge and the number of piles under the tenderer's proposal.

11. **As regards 3(h) (Furniture and equipment)**, the decrease of \$23.2 million is due to inclusion of some furniture and equipment items in item 3(d) (Building Services).

12. **As regards 3(j) (Contingencies)**, the decrease of \$118.5 million is to offset the net increase in items 3(a) to 3(h).

13. **As regards 3(k) (Provision for Price Adjustment)**, the net increase of \$288.6 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

14. Subject to approval, we will revise the phasing of the expenditure as follows-

Year	\$ million (MOD)
Up to 31 March 2008 ²	203.6
2008 – 2009	600.0

² This is the actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2009 – 2010	500.0
2010 – 2011	400.0
2011 – 2012	250.0
2012 – 2013	150.0
2013 – 2014	67.1
	<hr/>
	2,170.7
	<hr/>

Food and Health Bureau
October 2008

HEAD 711 – HOUSING**Recreation, Culture and Amenities – Open Spaces****418RO – District open space adjoining Sau Mau Ping public housing development****PROJECT SCOPE AND NATURE**

In December 2006, the Finance Committee approved the part upgrading of **407RO** “District open space adjoining Kwai Chung Estate, Sau Mau Ping and Choi Wan Road public housing development” to Category A as **418RO** “District open space adjoining Sau Mau public housing development” at an estimated cost of \$66.2 million in money-of-the-day (MOD) prices to provide the essential construction works for Sau Mau Ping district open space. We commenced construction works in March 2007 for completion in December 2008. There is no change to the approved project scope.

FINANCIAL IMPLICATIONS

2. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **418RO** from \$66.2 million by \$17.4 million to \$83.6 million in MOD prices to meet the additional expenditure required under the project.

3. A comparison of the cost breakdowns of the APE and the latest project estimate in MOD price is as follows –

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(a) Site formation	3.0	4.6	4.6	1.6
(b) Building	6.6	6.4	6.4	(0.2)
(c) Building services	2.3	2.8	2.8	0.5

¹ Revised estimate after the award of the contract

	(A) Approved Estimate (\$ million)	(B) Revised Estimate ¹ (\$ million)	(C) Latest Estimate (\$ million)	(C) – (A) Difference (\$ million)
(d) Drainage and sewerage works	4.2	6.2	6.2	2.0
(e) External works	32.6	32.7	32.7	0.1
(f) Soft landscaping works	3.0	1.7	1.7	(1.3)
(g) On-cost payable to Housing Authority (HA) ²	6.5	7.4	7.4	0.9
(h) Furniture and Equipment	0.1	0.2	0.2	0.1
(i) Contingencies	5.9	2.2	2.2	(3.7)
(j) Provision for price adjustment	2.0	2.0	19.4	17.4
Total	66.2	66.2	83.6	17.4

4. **As regards 3(a) to 3(h)**, the differences are due to pricing strategy adopted by the Contractor. The net increase of \$3.7 million is due to higher-than-expected rates submitted by the contractor.

5. **As regards 3(i) (Contingencies)**, the decrease of \$3.7 million is used to offset the net increase in 3(a) to 3(h).

6. **As regards 3(j) (Provision for price adjustment)**, the increase of \$17.4 million is due to the upsurge in contract price fluctuation payment to the contractor during the construction period.

³ We will pay on-costs to HA for the entrusted works at 12.5% of the estimated construction cost.

7. Subject to approval, we will phase the expenditure as follows -

Year	\$ million (MOD)
Up to 31 March 2008 ³	9.7
2008 – 2009	72.5
2009 – 2010	1.4
	<hr/>
	83.6
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Transport and Housing Bureau
October 2008

³ This is the actual expenditure up to 31 March 2008.