

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT Civil Engineering – Land development 343CL – Central reclamation phase III – engineering works

Members are invited to recommend to Finance
Committee to –

- (a) extend the project scope of **343CL** for implementing protection works at the Central reclamation phase III (CRIII); and
- (b) increase the approved project estimate of **343CL** from \$3,561.5 million by \$2,200.0 million to \$5,761.5 million in money-of-the-day (MOD) prices.

PROBLEM

In light of delays to the implementation programme of the Central-Wan Chai Bypass and Island Eastern Corridor (the Trunk Road), it is necessary to implement protection works (Protection Works) at CRIII in order to remove constraints to the development of the new Central harbourfront. In addition, the approved project estimate (APE) of **343CL** is not sufficient to cover the cost of the approved works because of the higher-than-expected contract price fluctuation payment under the project.

/PROPOSAL

PROPOSAL

2. The Director of Civil Engineering and Development (DCED), with the support of the Secretary for Development, proposes to extend the scope of **343CL** for implementing the Protection Works in the CRIII project and to increase the APE of **343CL** from \$3,561.5 million by \$2,200.0 million to \$5,761.5 million in MOD prices.

PROJECT SCOPE AND NATURE

3. The approved scope of the project comprises –
- (a) reclamation of about 18 hectares (ha) of seabed from the “Star” Ferry Piers at Central to Lung King Street including construction of 1.2 kilometres (km) of seawalls;
 - (b) construction of primary distributor Roads P1 and P2 of about 1.1 km in total length, including a 200-metre (m) depressed road/underpass, and other district distributor roads D5, D6, D7, D8, D9 and D11 of about 1.4 km in total length;
 - (c) construction of a network of emergency vehicular access cum promenade of about 1.3 km in total length;
 - (d) construction of three at-grade public transport interchanges and drop-off facilities;
 - (e) construction of a footbridge of about 300 m and an at-grade covered walkway of about 120 m;
 - (f) construction of associated footpaths and roadside amenities;
 - (g) construction of associated stormwater drainage and sewerage works;
 - (h) construction of stormwater box culverts of about 925 m in total length and hinterland drainage improvement works to cope with the proposed reclamation;

/(i)

- (i) construction of a berth of about 150 m and associated facilities for use by the Chinese People's Liberation Army Forces Hong Kong;
- (j) refurbishment of the existing Ferry Pier No. 7 and construction of a new Ferry Pier No. 8 and associated structures for reprovisioning of the "Star" Ferry Piers to be affected by the proposed reclamation;
- (k) construction of two public piers No. 9 and 10 and associated facilities for reprovisioning of the Queen's Pier and other public landing steps to be affected by the proposed reclamation;
- (l) construction of new waterfront pumping station structures to be reserved for the future cooling water pumping systems of planned developments at CRIII;
- (m) reprovisioning of the Government and private cooling water pumping systems to be affected by the proposed reclamation;
- (n) relocation of the Tamar Government helipad to be affected by the proposed roads to Wan Chai Basin, and relocation of the Public Cargo Working Area (PCWA) at Wan Chai Basin to be affected by the proposed helipad relocation to Chai Wan Basin;
- (o) interim landscaping works to vacant development sites formed;
- (p) implementation of an environmental monitoring and audit (EM&A) programme for the works mentioned in (a) to (o) above; and
- (q) employment of project specific, temporary staff in the Civil Engineering and Development Department¹ (CEDD) (formerly the Territory Development Department) for the delivery of works in relation to CRIII.

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¹ The then Territory Development Department and Civil Engineering Department were merged to form the Civil Engineering and Development Department on 1 July 2004.

4. For reasons stated in paragraphs 6 to 11 below, we propose to extend the scope of **343CL** for implementing Protection Works under the project. Details of the Protection Works are at Enclosure 1.

JUSTIFICATION

5. The project **343CL** aims to provide land necessary for the construction of the following essential transport infrastructure -

- (a) the Trunk Road;
- (b) the Hong Kong Station extended overrun tunnel;
- (c) the North Hong Kong Island Line;
- (d) other supporting road network under this project; and
- (e) a world-class waterfront promenade.

6. We have awarded three construction contracts for the project. We commenced the first contract for the core part of the proposed works (paragraphs 4(a) – (g), (h)(part), (i) – (m), (n)(part) and (o) above) in February 2003 and anticipate substantial completion of the works by end 2009. We commenced the second contract for the construction of the marine works associated with the PCWA relocation (part of paragraph 4(n) above) in May 2003 and completed the works in October 2003. We commenced the third contract for the construction of the hinterland drainage works (part of paragraph 4(h) above) in December 2003 and have substantially completed the works in October 2008.

7. The section of the Trunk Road within CR III comprises a dual three-lane underground tunnel of approximately 950 metres in length. To minimise interface issues, the original intention was to construct this part of the Trunk Road tunnel box together with the reclamation assuming that the statutory procedure for the Trunk Road project could be completed in time. Pending authorization of the Trunk Road works under the Roads (Works, Use and Compensation) Ordinance (Cap 370), a “section subject to excision”² has been included in the first contract for this purpose. However, the implementation

/programme

² A section subject to excision is a separately identified part of the works included in the contract and this could only be implemented at the decision of the Employer which decision could be made and conveyed to the contractor within a period prescribed in the contract.

programme of the Trunk Road has been subject to considerable delays and uncertainty as a result of successive judicial challenges. Consequently, it is evident that it will not be possible for the Trunk Road works to be implemented under the first contract.

8. Arising from this programme mismatch between CRIII and the Trunk Road, a substantial part of the reclaimed land completed under CRIII by end 2009 would have to lie idle pending implementation of the Trunk Road works at a later stage. Based on the latest assessment of the programme for the Trunk Road, the earliest that the reclaimed land could be released for harbourfront development would be mid-2013. This would be most undesirable given the prime location of the new Central harbourfront and public aspiration for a vibrant and accessible harbourfront to be available for public enjoyment as soon as possible. Worse still, parts of the reclaimed land in Central would have to be dug up for works on the Trunk Road. The Tamar Development Project which will house the new Government Headquarters and the Legislative Council is scheduled to be completed by 2011. If the reclaimed land in front of the Tamar development were to be dug up for the works on the Trunk Road, there would be considerable nuisance to members of the public as well as users of the offices at Tamar.

9. To address the above problems, we propose to implement Protection Works at CRIII which comprise essentially building diaphragm sidewalls with a top slab along the future Trunk Road alignment. The Protection Works would provide the necessary environment to ensure that the Trunk Road tunnel box can be safely constructed underground in future without opening up the reclaimed land. It would also reduce disruption to the above ground traffic at the reclamation arising from future construction of the Trunk Road. In any case, the diaphragm walls could be reused as permanent works when the Trunk Road is built at a later stage.

10. We intend to implement the Protection Works under the first contract for CRIII, under which the reclamation and associated engineering works are actively in progress. This would have the following major benefits:

/(a)

- (a) Some large underground utilities and structures, including a three-cell drainage culvert (Culvert F) and an approach ramp of a road underpass (Road P2 Underpass), will be constructed in this contract. These will lie above the alignment of the Trunk Road. Constructing the Protection Works in conjunction with these utilities and structures will greatly facilitate the future construction of the Trunk Road and minimize any abortive works that would otherwise be generated.
- (b) The Trunk Road will lie partly underneath the primary distributor Roads P1 and P2 yet to be constructed in this contract. The relevant road sections would not have to be dug up again when the Trunk Road is constructed in future with the Protection Works in place.
- (c) The construction of the Trunk Road at CRIII will generate about 900 000 tonnes of construction waste. With the Protection Works implemented under this contract, about 190 000 tonnes of the inert construction waste could be reused directly in the remaining reclamation works instead of disposal at public fill reception facilities.

11. If the Protection Works are not implemented, the presence of underground utilities and structures upon the completion of CRIII will further constrain the future construction of the Trunk Road and add to the complexity of works. Part of these utilities and structures may even have to be removed temporarily for the construction of the Trunk Road, resulting in abortive work and possible disruption to provision of services or necessary replacement services. Road sections above the future Trunk Road would also need to be dug up, necessitating traffic diversions, and adverse effects on the traffic in the area could not be ruled out.

12. We plan to commence the Protection Works in early 2009 for completion by mid-2011 subject to funding approval. This would also tie in with the scheduled completion of the new Government Headquarters at Tamar.

13. We propose to extend the environmental monitoring and audit (EM&A) programme, the services of consultants and resident site staff for construction supervision, and the employment of non-civil service contract (NCSC) staff for the implementation of the proposed Protection Works³.

14. A negative provision of \$58.5 million was allowed for in the original APE for price adjustment in accordance with the forecast construction price inflation and project cashflow projected in 2002. However, in accordance with the contract price fluctuation (CPF) mechanism applicable to the CRIII contracts and the actual price indices compiled by the Census & Statistics Department, the total payment for contract price fluctuation⁴ under the project has already amounted to \$392.0 million by end October 2008. The APE is not sufficient to cover the anticipated total CPF payment. A comparison of the forecast price movements and the actual price inflation over the project period to date is at Enclosure 2.

15. Upon a review of the financial position of the project, we consider it necessary to increase the APE of **343CL** from \$3,561.5 million by \$2,200.0 million to \$5,761.5 million in MOD prices to meet the cost for implementing the Protection Works and the higher-than-expected price fluctuation payment. A summary of the proposed increase of \$2,200.0 million is as follows -

Factors	Proposed increased amount in MOD prices (\$ million)	% of the total increased amount
(a) Protection Works		
(i) Diaphragm walls	1,080.0	49.1%
(ii) Top slab and other structures	520.0	23.7%
(iii) EM&A programme	6.1	0.3%
		/(iv)

³ Upon funding approval of Finance Committee in June 2002, we have five NCSC Engineers since 2002 for the implementation of the CRIII project. Due to successive judicial challenges and the proposed protection works, completion of the CRIII works is deferred to mid-2011. In view of the size of the project, the implementation programme, the high degree of complexity, as well as the large amount of coordination and interfacing work, the extra staff resources are required until the end of the CRIII contract.

⁴ Under the provision of the Contract, the sum payable in any interim or final payment certified by the Engineer being due shall be increased or decreased in accordance with any changes in the Index Figures listed in the "Index Numbers of the Costs of Labour and Materials used in Public Sector Construction Projects" compiled by the Census and Statistics Department.

(iv) Consultants' fee for –		115.0	5.2%
(a) construction stage	12.0		
(b) resident site staff	103.0		
(v) Employment of NCSC staff		5.0	0.2%
(b) Provision for price adjustment		968.5	44.0%
Partly offset by-			
(c) Lower-than expected tender outturn prices		(475.8)	(21.6%)
(d) Drawdown from Contingencies		(18.8)	(0.9 %)
	Total	<u>2,200.0</u>	<u>100.0%</u>

16. A comparison of the cost breakdowns of the APE and the revised project estimate in MOD prices, together with reasons leading to the proposed increase in the APE, is at Enclosure 3.

FINANCIAL IMPLICATIONS

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

Year	\$ million (MOD)
Up to 31 March 2008 ⁵	2,300.8
2008-09	537.0
2009-10	400.0
2010-11	740.0

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⁵ This is actual expenditure up to 31 March 2008.

Year	\$ million (MOD)
2011-12	740.0
2012-13	535.0
2013-14	508.7
	<hr/>
	5,761.5
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18. The proposed increase in the APE will not give rise to additional recurrent expenditure.

PUBLIC CONSULTATION

19. We consulted the Harbourfront Enhancement Committee (HEC), the Traffic and Transport Committee of the Central and Western District Council, the Wan Chai District Council on 31 October 2008, 13 November 2008 and 18 November 2008 respectively on the proposed Protection Works. Members of HEC and the two district councils support this initiative. We consulted the Panel on Development of the Legislative Council on the proposal on 25 November 2008. Some members indicated support to the initiative and there was no objection raised.

ENVIRONMENTAL IMPLICATIONS

20. CRIII is a designated project under the Environmental Impact Assessment (EIA) Ordinance (Chapter 499) and an Environmental Permit has been issued for the project. The consultants engaged by CEDD completed the EIA for CRIII and concluded that the project would have no adverse long-term environmental implications. For short-term impacts during construction, we will control noise, dust, water quality and site run-off to within the established standards/guidelines through the implementation of appropriate monitoring and mitigation measures in the works contracts. We have included in the project estimate a sum of \$18.5 million for the EM&A programme.

21. The EIA report for CRIII was endorsed with condition by the Advisory Council on the Environment (ACE) on 27 August 2001 and was

/approved

approved with conditions by the Director of Environmental Protection under the EIA Ordinance on 31 August 2001. We have established an independent Environmental Monitoring Team to carry out the environmental monitoring works and to ensure compliance with environmental protection requirements. We have deployed an Independent Environmental Checker to review and audit the EM&A programme. In compliance with the condition specified by ACE, we have developed a designated website for uploading of EM&A data and reports for public information.

22. The Environment Permit issued for the CRIII in March 2002 has covered the construction of about 950 metres of the Trunk Road tunnel box within CRIII. The proposed Protection Works is similar in scale and nature to the construction of the Trunk Road tunnel box. No variation of the Environmental Permit is required.

23. We have considered the level, layout and construction sequence in the planning and design stages of the Protection Works to reduce the generation of construction waste where possible. In addition, we will require the contractor to reuse inert construction waste (e.g. excavated soil) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste to public fill reception facilities⁶. We will encourage the contractor to maximise the use of recycled or recyclable inert construction waste, as well as the use of non-timber formwork to further minimise the generation of construction waste.

24. We will also require the contractor to update and submit for approval the plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle the inert construction waste arising from the Protection Works. We will ensure that the day-to-day operations on site comply with the approved plan. We will require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. We will control the disposal of inert construction waste and non-inert construction waste to public fill reception facilities and landfills respectively through a trip ticket system.

25. We estimate that the Protection Works will generate in total about 460 240 tonnes of construction waste. Of these, we will reuse about 190 000 tonnes (41.28%) of inert construction waste on site and 270 000 tonnes
/(58.67%)

⁶ Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of public fill in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

(58.67%) of inert construction waste at other construction site(s). In addition, we will dispose of 240 tonnes (0.05%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at landfill sites is estimated to be \$30,000 for this project (based on a unit cost of \$125/tonne⁷ at landfills).

HERITAGE IMPLICATIONS

26. Since the proposed Protection Works is within the newly reclaimed land, it will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites/buildings, sites of archaeological interest and Government historic sites identified by the Antiquities and Monuments Office.

LAND ACQUISITION

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

BACKGROUND INFORMATION

28. We upgraded **343CL** to Category B in 1990 for the engineering works for Central reclamation phases I, II and III, Wan Chai reclamation phase I and Wan Chai Development phase II (WDII).

29. Finance Committee has approved the upgrading to Category A of most of the original works under **343CL**, as detailed below

Upgrade to Cat. A	Item No.	Project title (Approved project estimate)
June 1990	353CL	Central and Wan Chai reclamation, package I, phase I – consultants' fees and site investigation (\$116.0 million)

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⁷ The estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90/m³), nor the cost to provide new landfills, (which is likely to be more expensive) when the existing ones are filled.

Upgrade to Cat. A	Item No.	Project title (Approved project estimate)
December 1990	170GG	Reprovisioning of Tamar naval facilities to Stonecutters Island, phase I (\$358.0 million)
July 1993	386CL	Central reclamation phase I – engineering works (\$2,644.0 million)
July 1994	444CL	Central reclamation, phase II (Tamar basin reclamation) (\$325.3 million)
April 2000	671CL	Central reclamation phase III – consultants' fees and site investigation (\$35.7 million)

30. Wan Chai reclamation phase I was funded by an item “Capital Subvention to the Hong Kong Trade Development Council for constructing an extension to the Hong Kong Convention and Exhibition Centre” under **Head 708** approved by Finance Committee in February 1994.

31. A separate item **677CL** “Wan Chai development phase II, engineering works” was upgraded to Category B in September 2000.

32. We engaged consultants in February 1995 to undertake the study review, site investigation, design and construction services for the proposed CRIII works, and completed the site investigation and design for the original reclamation configuration in 1997.

33. In view of the large number of objections to the original scale of the proposed reclamation in the Outline Zoning Plan, we conducted a review study in July 1998 to determine the minimum practical reclamation option. The review recommended in November 1998 a minimum option to reduce the reclamation scale from 32 hectare (ha) to about 18 ha, with due regard to the presumption against reclamation in the harbour required under the Protection of the Harbour Ordinance.

34. We then commenced a comprehensive feasibility study in January 1999 to establish the engineering feasibility and to determine the land use for the CRIII minimum option, and substantially completed the study in January 2000. As the reclamation configuration of CRIII together with the infrastructure thereon had changed significantly, we then started in July 2000 to conduct the necessary additional site investigation and to revise the detailed design to meet the changes.

35. In June 2002, Finance Committee approved the upgrading of **343CL** “Central reclamation phase III – engineering works” to Category A at an estimated cost of \$3,561.5 million in MOD prices.

36. In October 2008, the Secretary for Financial Services and the Treasury approved under delegated authority to increase the APE of **671CL** from \$35.7 million by \$8.0 million to \$43.7 million in MOD prices to fund the detailed design of the Protection Works.


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

38. We estimate that the proposed increase in the APE enabling the remaining works to proceed and the implementation of the Protection Works will create about 1 390 jobs (1 130 labourers and another 260 professional /technical staff), providing a total employment of 37 600 man-months.

Development Bureau
December 2008

圖例
LEGEND :

 擬建之保護工程
PROPOSED PROTECTION WORKS

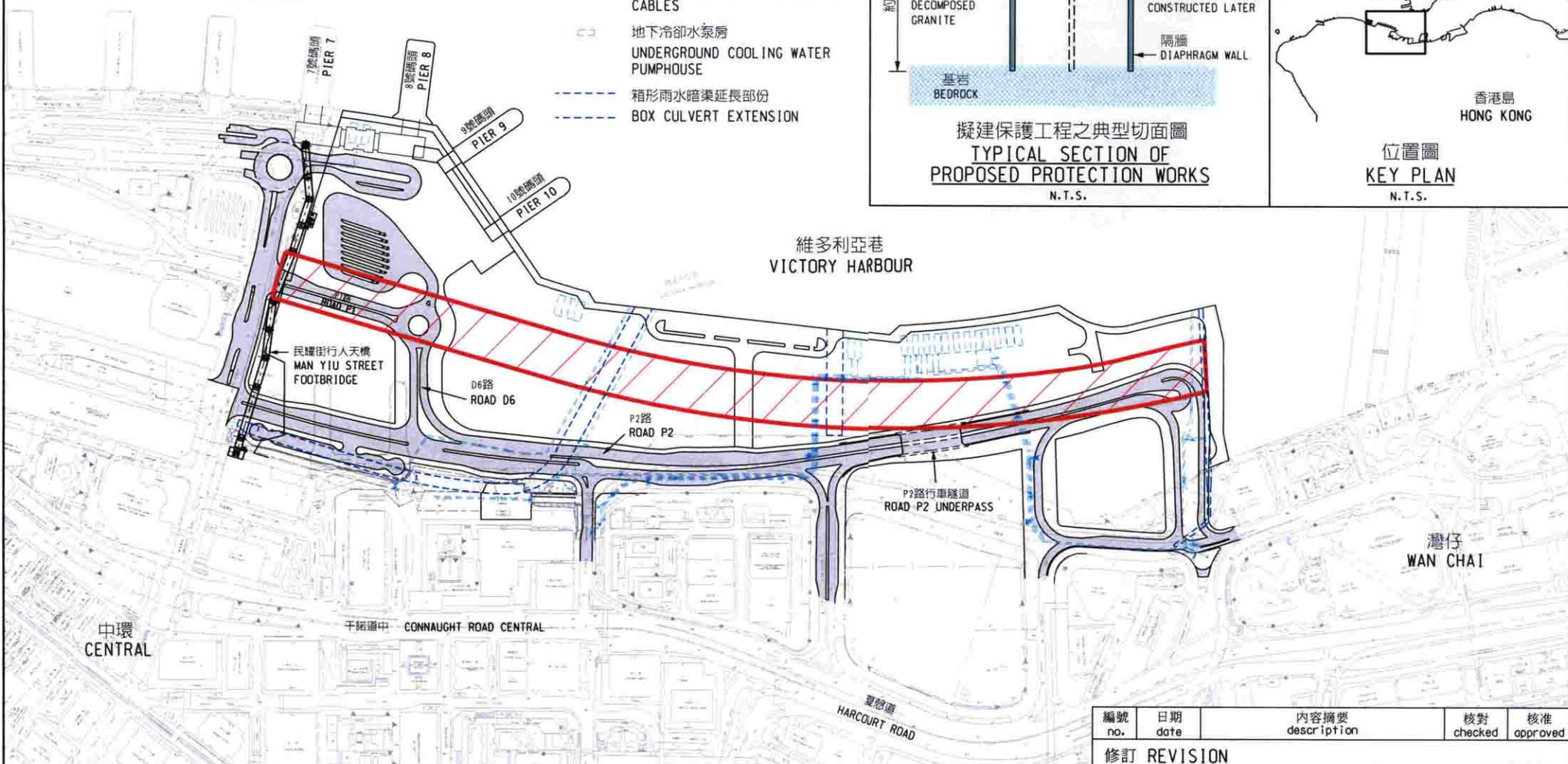
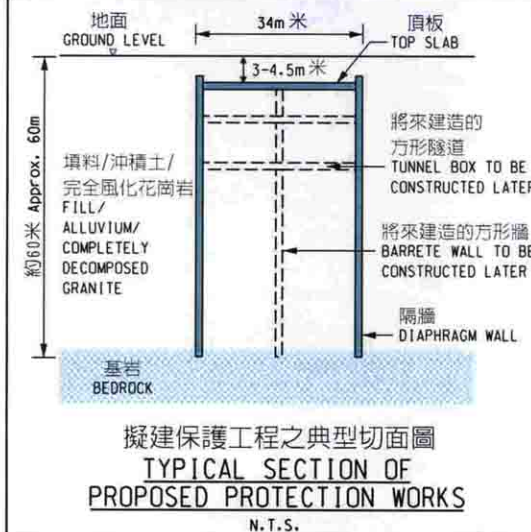
 中環填海計劃第三期內之道路網
ROAD NETWORK IN CENTRAL RECLAMATION
PHASE III

與保護工程相關的主要地下設施：
MAJOR UTILITIES HAVING AN INTERFACE
WITH THE PROTECTION WORKS:


 冷卻水管和電線
COOLING WATER PIPELINES AND
CABLES

 地下冷卻水泵房
UNDERGROUND COOLING WATER
PUMPHOUSE

 箱形雨水暗渠延長部份
BOX CULVERT EXTENSION



編號 no.	日期 date	內容摘要 description	核對 checked	核准 approved
修訂 REVISION				

二零零八年至二零零九年度工務小組委員會文件 PWSC SUBMISSION 2008/2009		繪圖 drawn S.H.CHENG	簽署 initial SIGNED	日期 date 16-10-08	項目編號 item no. 7343CL	辦事處 office 港島及離島拓展處 HONG KONG ISLAND AND ISLANDS DEVELOPMENT OFFICE  土木工程拓展署 CIVIL ENGINEERING AND DEVELOPMENT DEPARTMENT
圖則名稱 drawing title 中環填海計劃第三期 - 擬建之保護工程 CENTRAL RECLAMATION PHASE III - PROPOSED PROTECTION WORKS		核對 checked S.K.KEUNG	簽署 initial SIGNED	日期 date 16-10-08	比例 scale 1 : 4000	
		核准 approved K.S.LI	簽署 initial SIGNED	日期 date 16-10-08	圖則編號 drawing no. HKI-486	

7343CL - Central reclamation phase III - engineering Works

Comparison of the Forecast Price Movement and the Actual Price Inflation

Project Period	Forecast Price Movement ¹	Actual Price Inflation ²
Feb 2003	-1.4%	5.8%
Jun 2003	-1.6%	4.6%
Sep 2003	-1.6%	3.9%
Dec 2003	-1.6%	10.3%
Mar 2004	-1.6%	22.6%
Jun 2004	-1.6%	18.6%
Sep 2004	-1.6%	20.6%
Dec 2004	-1.6%	21.4%
Mar 2005	-1.6%	22.9%
Jun 2005	-1.6%	22.4%
Sep 2005	-1.6%	22.2%
Dec 2005	-1.6%	20.5%
Mar 2006	-1.6%	22.0%
Jun 2006	-1.6%	28.2%
Sep 2006	-1.6%	25.6%
Dec 2006	-1.6%	27.1%
Mar 2007	-1.6%	29.7%
Jun 2007	-1.6%	41.9%
Sep 2007	-1.6%	45.4%
Dec 2007	-1.6%	56.5%
Mar 2008	-1.6%	83.2%
Jun 2008	-1.6%	104.6%
Aug 2008	-1.6%	105.9%

¹ Based on the Government Economist's forecast of inflation for construction works in June 2002.

² The price fluctuation factor for the main reclamation contract determined in accordance with the Index Figures listed in the "Index Numbers of the Costs of Labour and Materials used in Public Sector Construction Projects" compiled by the Census and Statistics Department.

7343CL – Central reclamation phase III – engineering works

A comparison of the APE and the revised project estimate in MOD prices is as follows –

	(A)	(B)	(C)	(C) – (A)
	Approved Estimate	Revised Estimate (based on tender sum)	Latest Estimate	Difference
\$ million (in MOD prices)				
(a) Reclamation	456.0	359.0	402.5	(53.5)
(b) Seawalls	444.0	511.0	511.0	67.0
(c) Road works	115.0	75.7	75.7	(39.3)
(d) Depressed road and underpass	149.0	55.5	55.5	(93.5)
(e) Public transport interchanges	32.0	23.0	23.0	(9.0)
(f) Footbridge and covered walkway	90.0	74.3	74.3	(15.7)
(g) Sewerage and drainage works in reclamation area	43.0	45.1	45.1	2.1
(h) Box culverts	254.0	226.3	226.3	(27.7)
(i) Hinterland drainage improvement	32.0	24.1	40.8	8.8
(j) Berthing facilities for Chinese People's Liberation Army Forces	39.0	37.8	37.8	(1.2)
(k) Ferry piers and public piers	442.0	349.0	349.0	(93.0)
(l) Waterfront pumping station structures for future developments	44.0	71.0	71.0	27.0
(m) Reprovisioning of government cooling water pumping systems	271.0	177.6	177.6	(93.4)
(n) Reprovisioning of private cooling water pumping systems	348.0	311.8	311.8	(36.2)
(o) Relocation of government helipad and PCWA	116.0	44.3	44.3	(71.7)
(p) Landscaping works	56.0	72.3	72.3	16.3
(q) Protection Works for the reclamation	-	-	1600.0	1600.0
(r) EM&A programme	15.0	12.4	18.5	3.5
(s) Consultants' fee	325.0	325.0	440.0	115.0
(i) Construction stage	44.0	44.0	56.0	
(ii) Resident site staff	273.0	273.0	376.0	
(iii) Electrical and Mechanical Services Trading Fund charges	8.0	8.0	8.0	
(t) Employment of NCSC staff	20.0	20.0	25.0	5.0
(u) Provision for price adjustment	(58.5)	(58.5)	910.0	968.5
(v) Contingencies	329.0	329.0	250.0	(60.2) ¹ (18.8) ²
Total:	3,561.5	3,085.7	5,761.5	2,200.0

¹ Reduction in contingencies for additional reclamation and hinterland drainage improvement works.

² Drawdown from contingencies to meet expenditure for the Protection Works and higher-than-expected price fluctuation payment.

2. As regards (a) (Reclamation), the total decrease of \$53.5 million includes –

- (i) the decrease of \$97.0 million due to lower-than-expected rates submitted by the contractor; and
- (ii) the increase of \$43.5 million due to additional dredging and associated filling work for the reclamation when compared with the originally estimated dredging profile.

3. As regards (b) (Seawalls), the increase of \$67.0 million is due to higher-than-expected rates submitted by the contractor.

4. As regards (c) (Road works), the decrease of \$39.3 million is due to lower-than-expected rates submitted by the contractor.

5. As regards (d) (Depressed road and underpass), the decrease of \$93.5 million is due to lower-than-expected rates submitted by the contractor.

6. As regards (e) (Public transport interchanges), the decrease of \$9.0 million is due to lower-than-expected rates submitted by the contractor.

7. As regards (f) (Footbridge and covered walkway), the decrease of \$15.7 million is due to lower-than-expected rates submitted by the contractor.

8. As regards (g) (Sewerage and drainage works in reclamation area), the increase of \$2.1 million is due to higher-than-expected rates submitted by the contractor.

9. As regards (h) (Box culverts), the decrease of \$27.7 million is due to lower-than-expected rates submitted by the contractor.

10. As regards (i) (Hinterland drainage improvement), the total increase of \$8.8 million includes –

- (i) the decrease of \$7.9 million due to lower-than-expected rates submitted by the contractor; and
- (ii) the increase of \$16.7 million is due to design revisions of some box culvert and manholes to suit the site constraints arising from very congested underground utilities in roads of heavy traffic.

11. As regards (j) (PLA Berth), the decrease of \$1.2 million is due to lower-than-expected rates submitted by the contractor.

12. As regards (k) (Ferry piers and public piers), the decrease of \$93.0 million is due to lower-than-expected rates submitted by the contractor.

13. As regards (l) (Waterfront pumping station structures for future developments), the increase of \$27.0 million is due to higher-than-expected rates submitted by the contractor.

14. As regards (m) (Reprovisioning of government cooling water pumping systems), the decrease of \$93.4 million is due to lower-than-expected rates submitted by the contractor.

15. As regards (n) (Reprovisioning of private cooling water pumping systems), the decrease of \$36.2 million is due to lower-than-expected rates submitted by the contractor.

16. As regards (o) (Relocation of government helipad and PCWA), the decrease of \$71.7 million is due to lower-than-expected rates submitted by the contractor.

17. As regards (p) (Landscaping works), the increase of \$16.3 million is due to higher-than-expected rates submitted by the contractor.

18. As regards (r) (EM&A programme), the total increase of \$3.5 million includes –

- (i) the decrease of \$2.6 million due to lower-than-expected rates submitted by the contractor; and
- (ii) the increase of \$6.1 million due to extended construction period up to mid-2011 for completing the Protection Works.

19. As regards (s) (Consultants' fee), the total increase of \$115.0 million is to cover consultants' fee for construction stage and resident site staff for the extended construction period up to mid-2011 for completing the Protection Works.

20. As regards (t) (Employment of NCSC staff), the increase of \$5.0 million is to continue employment of NCSC staff for the management of the project for the extended construction period up to mid-2011 for completing the Protection Works.

21. As regards (u) (Provision for price adjustment), the increase of \$968.5 million is due to the upsurge in contract price fluctuation payment (CPF) during the construction period. The breakdown of the increase is:

- \$58.5 million – for replenishing the negative price adjustment provision in the original APE.
- \$910.0 million – the estimated total price fluctuation payment for the project comprising:
 - (a) CPF payment made up to end October 2008: \$392.0 million; and
 - (b) CPF payment for the remaining work within the original scope of the project : \$518.0 million.

22. As regards (v) (Contingency), in view of a substantial part of the construction works have not been completed, it is considered prudent to maintain \$250.0 million as contingency.