

ITEM FOR FINANCE COMMITTEE

HEAD 186 – TRANSPORT DEPARTMENT

Subhead 603 Plant, vehicles and equipment

New Item “Replacement of Specialised Vehicles Providing Towing Services for the Tsing Ma Control Area, North Lantau Highway and Penny’s Bay”

Members are invited to approve a new commitment of \$15.120 million to replace four specialised vehicles providing towing services for the Tsing Ma Control Area, North Lantau Highway and Penny’s Bay.

PROBLEM

We need to replace four specialised vehicles providing towing services for the Tsing Ma Control Area (TMCA), North Lantau Highway (NLH) and Penny’s Bay as they are approaching the end of their economic serviceable life.

PROPOSAL

2. The Commissioner for Transport, with the support of the Secretary for Transport and Housing, proposes to replace four specialised vehicles providing towing services for TMCA, NLH and Penny’s Bay at an estimated cost of \$15.120 million. These include one medium recovery vehicle for TMCA, and one medium recovery vehicle and two heavy recovery vehicles for NLH and Penny’s Bay.

JUSTIFICATION

3. The Government is responsible for providing the necessary vehicles and equipment to contractors engaged to operate, manage and maintain TMCA and to provide towing services at NLH and Penny’s Bay.

4. A heavy recovery vehicle is used for recovery operations for heavy goods vehicles, medium goods vehicles, double-deck buses and container vehicles, whereas a medium recovery vehicle is used for recovery operations for medium goods vehicles and light goods vehicles.

5. The medium recovery vehicle for TMCA was purchased in 1998, and the other three recovery vehicles for NLH and Penny's Bay were purchased in 1999. The Electrical and Mechanical Services Trading Fund (EMSTF) has advised that they are approaching the end of their economic serviceable life. Replacement is necessary to ensure safe operation as well as efficient and effective incident management of TMCA, NLH and Penny's Bay. Having regard to the lead time required for the procurement and delivery of the specialised vehicles, we need to commence the procurement exercise in 2011-12 for completion by November 2013. As the existing Euro II model vehicles will be replaced by new ones meeting Euro V standards, the replacement exercise will be conducive to improving the environment.

FINANCIAL IMPLICATIONS

Non-recurrent Expenditure

6. We estimate that the cost of the proposed replacement of the four specialised vehicles will be \$15.120 million, with the breakdown as follows –

	Qty	Unit Cost (\$ million)	Sub-total (\$ million)	Total (\$ million)
(a) Replacement of				12.600
(i) Heavy recovery vehicle	2	3.500	7.000	
(ii) Medium recovery vehicle	2	2.800	5.600	
(b) EMSTF project management charges				1.260
(c) Contingency (10% of (a))				1.260
			Total	<u>15.120</u>

7. Regarding paragraph 6(a) above, the estimated cost of \$12.6 million is for procuring two heavy recovery vehicles and two medium recovery vehicles, each to be installed with a hydraulic lifting boom and an under lift, dual deck winches on body and a winch at the front bumper.

8. Regarding paragraph 6(b) above, the estimated cost of \$1.26 million is for meeting the charges of EMSTF for the preparation of the tender specifications and tender documents, evaluation of the tender submissions, overseeing the vehicle procurement and delivery process, attending factory acceptance tests, undertaking inspection and commissioning tests, and providing training to the contractors on the operation and maintenance of the specialised vehicles.

9. We intend to phase the expenditure as follows –

Year	\$ million
2011-12	0.756
2012-13	4.536
2013-14	9.828
Total	15.120

Recurrent Expenditure

10. The proposed replacement will not incur any additional recurrent cost.

Impact on Fees and Charges

11. Under the current policy, the depreciation cost of the proposal will be taken into account in determining toll charges and other charges (e.g. removal fee or escort fee) where applicable. However, we expect the impact on the charges to be immaterial.

IMPLEMENTATION PLAN

12. We plan to commence the replacement exercise in December 2011 for completion by November 2013. The exercise will take about 24 months as the vehicles have to be manufactured according to our specifications. The detailed replacement programme is at the Enclosure.

Encl.

PUBLIC CONSULTATION

13. We issued an information paper on the proposal to the Legislative Council Panel on Transport on 1 November 2011. Members did not raise any comment on the proposal.

/BACKGROUND

BACKGROUND

14. Specialised vehicles are deployed at TMCA, NLH and Penny's Bay to ensure safe operation as well as efficient and effective incident management of the areas. Since 2007, we have been replacing specialised vehicles having regard to their economic serviceable life.

Transport and Housing Bureau
November 2011

**Replacement of Four Specialised Vehicles Providing Towing Services for the Tsing Ma Control Area,
North Lantau Highway and Penny's Bay**

	Task	Duration (months)	2011				2012				2013					
			1-6		7-12		1-6		7-12		1-6		7-12			
1	Tender preparation	2														
2	Tender invitation	2														
3	Tender evaluation	4														
4	Ordering, construction, testing and delivery of vehicles	16														
Total		24														
