

## **ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

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

#### **Subventions—Miscellaneous**

#### **44QJ – Youth Hostel Scheme – construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long**

Members are invited to recommend to the Finance  
Committee –

- (a) the upgrading of part of **44QJ**, entitled  
“pre-construction works by Po Leung Kuk for  
the youth hostel project in Ma Tin Pok, Yuen  
Long” to Category A at an estimated cost of  
\$68.1 million in money-of-the-day prices; and
- (b) the retention of the remainder of **44QJ** in  
Category B.

### **PROBLEM**

Po Leung Kuk (PLK) has to carry out pre-construction works for  
the youth hostel project in Ma Tin Pok, Yuen Long under the Youth Hostel  
Scheme (YHS).

/ **PROPOSAL** .....

## PROPOSAL

2. The Secretary for Home Affairs proposes to upgrade part of **44QJ** to Category (Cat) A at an estimated cost of \$68.1 million in money-of-the-day (MOD) prices to carry out the pre-construction works for the youth hostel project in Ma Tin Pok, Yuen Long.

## PROJECT SCOPE AND NATURE

3. The part of the project that we propose to upgrade to Cat A includes –

- (a) a technical services consultancy to prepare technical specifications, conceptual drawings, detailed design, tender drawings, assess tenders and make statutory submissions for pre-construction and main works;
- (b) a quantity surveying consultancy to review the cost, prepare tender documents and assess tenders for pre-construction and main works; and
- (c) geotechnical assessment, traffic impact assessment, tree survey, preliminary environmental review, ground investigation, topographical survey and underground utility survey.

4. Subject to the approval of the Finance Committee (FC), we plan to commence the pre-construction works in the first quarter of 2016 for completion in the third quarter of 2018. Subject to progress of pre-construction works, PLK plans to seek funding for the main works from the FC in mid-2017<sup>1</sup>.

/ 5. ....

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<sup>1</sup> PLK plans to seek funding approval for the project's substantive construction costs (i.e. foundation and main works) in mid-2017. As the foundation works will take 16 months, PLK will conduct the tender of the main contract in the final stage of the foundation works. Part of the consultancy fees for the pre-construction works will be reserved for use in mid-2018 to cover the assessment of tenders for the main works.

5. We will retain the remainder of the project in Cat B which, subject to final design, shall mainly include the construction of a 24-storey tower for provision of about 1 250 hostel units (including 820 single units and 430 double units), management and communal facilities, as well as car-parking, and electrical and mechanical facilities.

6. A site location plan and a section plan of the proposed youth hostel are at Enclosure 1. An artist's impression of the hostel is at Enclosure 2.

## JUSTIFICATION

7. To unleash the potential of under-utilised sites held by non-governmental organisations (NGOs) and to meet the aspirations of some working youths in having their own living spaces, the Government announced the YHS in the 2011-12 Policy Address. Under the YHS, NGOs will be fully funded by the Government to construct youth hostels on sites owned by them. Upon completion, NGOs will run the youth hostels on a self-financing basis. To enable young tenants to accumulate savings to pursue their medium term aspirations, NGOs need to set the rental at a level which does not exceed 60% of the market rent of flats of similar size in the nearby areas.

8. The target tenants of YHS are working youths (including self-employed) who are Hong Kong permanent residents aged 18 to 30. The income level of a one-person household applicant should not exceed the 75<sup>th</sup> percentile of the monthly earnings of employed persons aged 18 to 30 (\$17,000 in 2014), and the household income level of a two-person household applicant should not exceed twice the level of a one-person household. The total net asset of a one-person household and a two-person household should not exceed HK\$300,000 and \$600,000 respectively.

9. Five YHS projects are currently under planning, namely PLK's project in Yuen Long, the Hong Kong Federation of Youth Groups' project in Tai Po, the Tung Wah Group of Hospitals' project in Sheung Wan, the Hong Kong Association of Youth Development's project in Mong Kok and the Hong Kong Girl Guides Association's project in Jordan.

10. The community at large welcomes the YHS initiative and has been urging the Government to expedite its implementation. The Home Affairs Bureau has been working closely with and providing necessary assistance to the interested NGOs to help them take forward their proposed YHS projects. We need to embark on the construction of YHS in a timely manner so as to benefit the young people as early as possible.

11. PLK plans to construct a youth hostel on a site at Ma Tin Pok, Yuen Long, by Dr. Lee Shau-kee, Chairman of Henderson Land Development Company Limited (HLD) donated under a memorandum of understanding. As PLK does not have the in-house staff resources and expertise to undertake the specialist tasks covered under the current funding application, it needs to engage consultants and contractors to carry out these pre-construction works.

12. To ensure that the youth hostel is developed and operated in accordance with the policy objectives and established procedures, PLK will enter into a grant and operation agreement with the Government when funding for the main works is approved. The agreement will set out, among other things, the rights and obligations of both parties, including the conditions under which PLK will manage and maintain the youth hostel.

## FINANCIAL IMPLICATIONS

13. We estimate the capital cost of the project to be \$68.1 million in MOD prices (please see paragraph 14 below), broken down as follows –

	<b>\$ million</b>
(a) Consultants' fee for the technical services and the quantity surveying consultancies	52.8
(b) geotechnical assessment, traffic impact assessment, tree survey, preliminary environmental review, ground investigation, topographical survey and underground utility survey	2.6

/ (c) .....

		<b>\$ million</b>	
(c)	Contingencies	5.5	
	Sub-total	60.9	(in September 2015 prices)
(d)	Provision for price adjustment	7.2	
	Total	68.1	(in MOD prices)

\_\_\_\_\_ A detailed breakdown of the estimates of the consultants' fees by man-months is at Enclosure 3.

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

<b>Year</b>	<b>\$ million (Sept 2015)</b>	<b>Price adjustment factor</b>	<b>\$ million (MOD)</b>
2016 – 2017	19.2	1.05875	20.3
2017 – 2018	26.7	1.12228	30.0
2018 – 2019	15.0	1.18961	17.8
	<u>60.9</u>		<u>68.1</u>

15. We have derived the MOD estimate on the basis of the Government's latest set of assumptions on the trend rate of change in the prices of public sector building and construction output for the period from 2016 to 2019. Subject to FC's funding approval, PLK will engage consultants and contractors to undertake the pre-construction consultancies and surveying work on a lump-sum basis. The ground investigation works will be delivered under a re-measurement contract because the quantity for works involved may vary depending on actual ground conditions. The contracts will provide for price adjustments.

16. The proposed pre-construction works will not give rise to any recurrent expenditure.

**PUBLIC CONSULTATION**

17. We consulted the Yuen Long District Council's Town Planning and Development Committee (YLTPDC) in July 2015. Members indicated strong support and passed a resolution urging the early implementation of the project. In September 2015, the Planning Department (PlanD) consulted the YLTPDC on the proposed amendments to the Yuen Long Outline Zoning Plan (OZP), which included the amendments relating to PLK's youth hostel project. YLTPDC supported PlanD's proposal. In November 2015, the Rural and New Town Planning Committee of the Town Planning Board agreed to the relevant proposed amendments to the OZP.

18. We consulted the Legislative Council Panel on Home Affairs on 22 December 2015. Members supported submitting the funding proposal to the Public Works Subcommittee for consideration. In response to Members' requests for supplementary information, an information note was issued on 26 January 2016.

**ENVIRONMENTAL IMPLICATIONS**

19. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). The development site will be subject to traffic noise and noise from nearby workshops, which can be mitigated. PLK undertakes to carry out a preliminary environmental review for the project in the part seeking upgrading with a view to formulating suitable mitigation measures for the agreement of the Director of Environmental Protection.

20. The site investigations will generate only a non-substantial quantity of construction waste.

**HERITAGE IMPLICATIONS**

21. The proposed pre-construction works will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites or buildings, sites of archaeological interest and government historic sites identified by the Antiquities and Monuments Office.

**LAND ACQUISITION**

22. The proposed pre-construction works do not require any clearance of any government land.

**BACKGROUND INFORMATION**

23. We upgraded the project to Cat B in October 2015. PLK has engaged consultants to undertake technical feasibility studies at its own cost.

24. The proposed pre-construction works will not involve any tree removal or planting proposals. We will require the consultant to consider at the design stage of the project the conservation of trees as far as practicable and establish tree removal proposals only if absolutely necessary. We will also adopt tree planting proposals as far as possible at the construction stage.

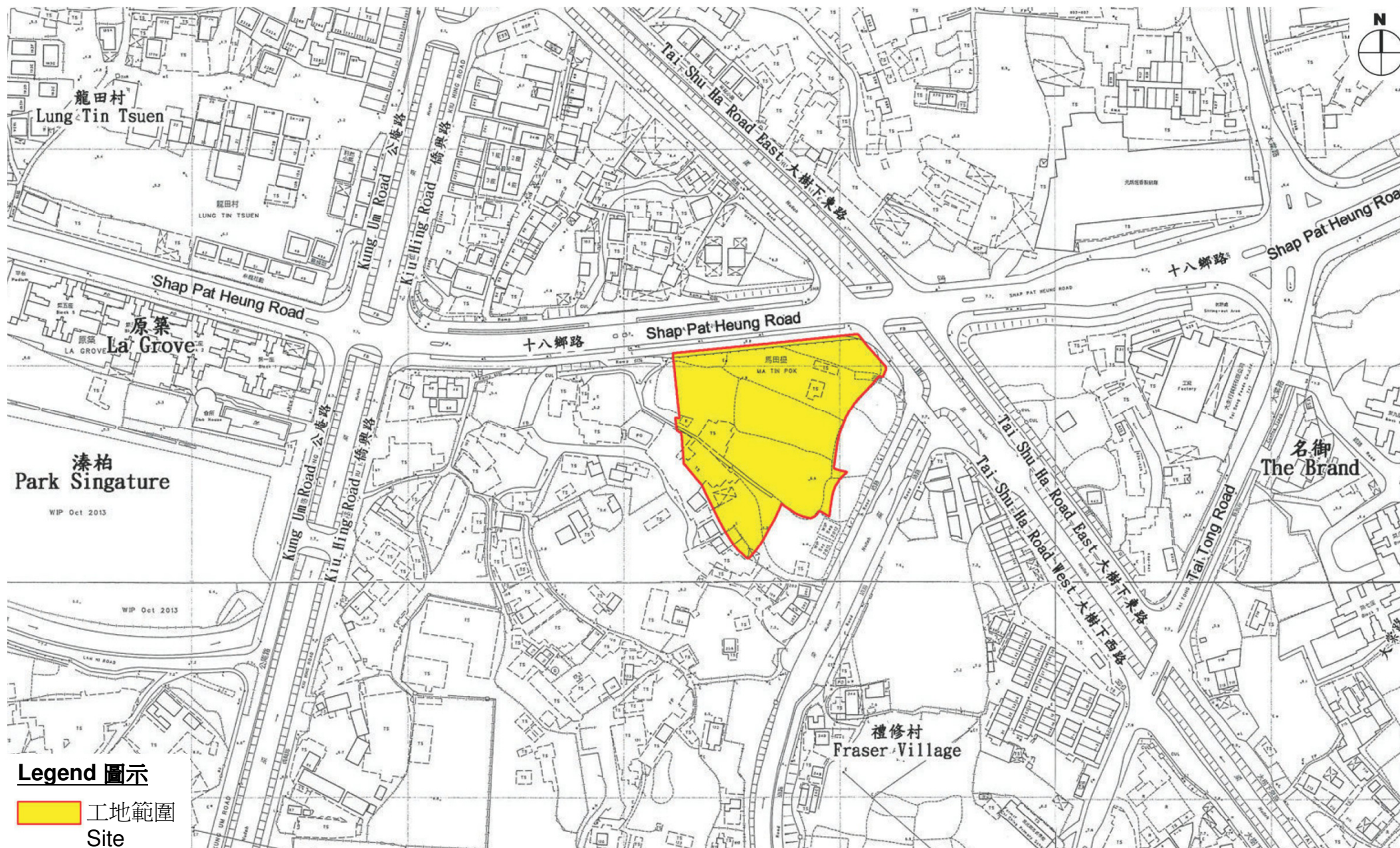
25. We estimate that the proposed works will create about 40 jobs (one for labourer and another 39 for professional or technical staff), providing a total employment of 540 man-months.

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**44QJ - Youth Hostel Scheme -  
Construction works by Po Leung Kuk for  
the youth hostel project in Ma Tin Pok, Yuen Long  
44QJ - 青年宿舍計劃 - 保良局元朗馬田壩青年宿舍**

**Enclosure 1 (Page 1 of 2)  
附件1 (全2頁中第1頁)**



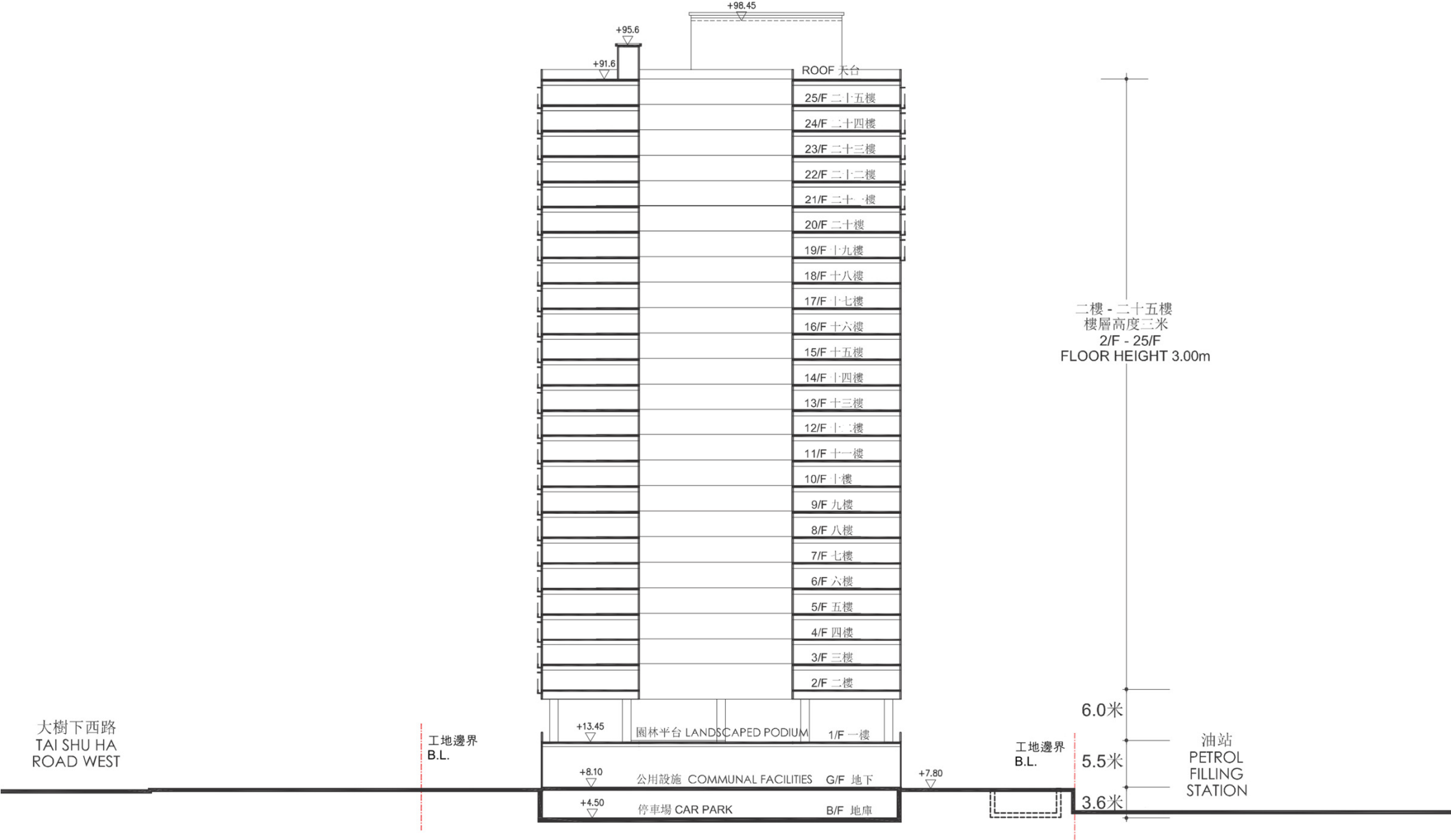
**Legend 圖示**

**工地範圍**  
Site

**工地範圍位置圖  
Site Location Plan**



44QJ - Youth Hostel Scheme -  
Construction works by Po Leung Kuk for  
the youth hostel project in Ma Tin Pok, Yuen Long  
44QJ - 青年宿舍計劃 - 保良局元朗馬田壘青年宿舍



剖面圖  
Section



**從東面望向大樓的構思圖  
Perspective View from Eastern Direction (Artist's Impression)**

**44QJ (part) – Youth Hostel Scheme – construction works by Po Leung Kuk  
for the youth hostel project in Ma Tin Pok, Yuen Long**

**Breakdown of estimates for consultants' fees  
(in September 2015 prices)**

		Estimated man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
Consultants' fee for contract administration (Notes 2 and 3)	Professional	260	38	2.0	38.6
	Technical	279	14	2.0	14.2
Sub-total					52.8

\* MPS = Master Pay Scale

**Notes**

1. A multiplier factor of 2.0 is applied to the average MPS point to estimate the full staff costs including the consultants' overheads and profit, as the staff will be employed in the consultants' offices. (As at 1 April 2015, MPS point 38 = \$74,210 per month and MPS point 14 = \$25,505 per month)
2. The consultants' staff costs are estimated based on the pre-construction consultancy services and works in the consultancy contracts. The assignment will only be executed subject to Finance Committee's approval to partially upgrade **44QJ** to Cat A for the proposed pre-construction consultancy services and works.
3. We will only know the actual man months and actual costs after completion of the pre-construction works.