

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Supplementary information on 42TR - West Rail (phase 1) -essential public infrastructure works for Tsuen Wan section

INTRODUCTION

In considering paper PWSC(98-99)73 - West Rail (phase 1) - essential public infrastructure works for Tsuen Wan section at the PWSC meeting on 24 February 1999, the Administration undertook to provide supplementary information on whether the entrustment of the essential public infrastructure works (EPIW) to the Kowloon-Canton Railway Corporation (KCRC) would result in savings.

THE ADMINISTRATION'S RESPONSE

2. Entrusting the EPIW works to the KCRC for implementation in conjunction with the Tsuen Wan section of the West Rail (phase 1) project will have the benefit of improving the interface between railway construction works and the EPIW and enabling simultaneous completion of these works, by having one single contract for related works in the same area. This could result in savings in the following ways -

- (a) the design, supervision and project management fees and other overheads will be lower as a result of economies of scale; and
- (b) there will be additional costs to the contractors in ensuring interface and co-ordination, if the EPIW and railway works are carried out by different contractors. These additional costs will be saved by carrying out the works under the same contract.

3. Without actually tendering out the contracts under the scenario of having Government departments to undertake such works, it would be difficult to quantify the savings in monetary terms, which will vary from project to project. Based on our experience, there could be up to 10% savings in the estimated engineering cost arising from (a) and (b) above.

Transport Bureau
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