

For discussion
on 11 November 1998

PWSC(98-99)40

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

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

Universities

The Chinese University of Hong Kong

26EF - Science building complex, phase I

Members are invited to recommend to Finance Committee to increase the approved project estimate of **26EF** from \$62,080,000 by \$19,247,000 to \$81,327,000 in money-of-the-day prices.

PROBLEM

The approved project estimate of **26EF** is insufficient for the works under the project.

PROPOSAL

2. The Secretary-General, University Grants Committee (SG, UGC), on the advice of the Director of Architectural Services (D Arch S) as Technical Advisor to the University Grants Committee (UGC), and with the support of the Secretary for Education and Manpower, proposes to increase the approved project estimate of **26EF** from \$62,080,000 by \$19,247,000 to \$81,327,000 in money-of-the-day (MOD) prices.

/PROJECT ..

PROJECT SCOPE AND NATURE

3. **26EF** is the phase I construction of a science building complex for the Chinese University of Hong Kong (CUHK). The project has a construction floor area of 7 079 square metres. Upon completion, it will provide a net usable area of 4 000 square metres in an eight-storey building for use as laboratories, lecture theatres, classrooms and offices.

JUSTIFICATION

4. The approved project estimate for **26EF** is \$62,080,000 in June 1992 prices. As a result of inflation over the years, this is insufficient to meet the costs of the works, professional fees and furniture and equipment required to complete the project. Details of the shortfall in provision are as follows -

Reasons for additional requirements	\$'000 (MOD)	%
(a) Price increases in construction works and furniture and equipment from the date of the preparation of original cost estimates to the date of the acceptance of tenders for the various contracts	17,394	90.4
(b) Corresponding increase in professional fees as a result of price increases in construction works	1,853	9.6
Total	19,247	100.0

A more detailed comparison of the approved project estimate for **26EF** and the proposed revision, together with explanations for the deviations, is at the Enclosure.

FINANCIAL IMPLICATIONS

5. Subject to Members' approval, we will phase the expenditure as follows -

/Year ..

Year	\$'000 (MOD)
Up to 31 March 1998	58,510
1998 - 99	18,017
1999 - 2000	4,800
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Total	81,327
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6. The proposed increase in project estimate will not give rise to any additional annually recurrent expenditure.

PUBLIC CONSULTATION

7. We do not consider it necessary to consult the public for the proposed increase in project estimate.

ENVIRONMENTAL IMPLICATIONS

8. The project has no long term adverse environmental impact and the proposed increase in project estimate will not give rise to any additional impact.

LAND ACQUISITION

9. The proposal does not require additional land acquisition.

BACKGROUND INFORMATION

10. **26EF** is part of CUHK's development programme aimed at providing adequate academic facilities for its approved students contingent. The Finance Committee of the Legislative Council approved funding of \$1,160,000 in

/March ..

March 1992 for site investigation and preliminary design work, and in May 1993,

revised the total project estimate to \$62,080,000 at June 1992 prices for the construction phase (FCR(93-94)19).

11. Site preparation and slope improvement works under the project commenced in late 1995. CUHK invited tenders for the superstructure construction works in February 1996 and awarded the main contract in May 1996. The construction works are now nearing completion.

12. Since 1 April 1995, project estimates for all newly approved UGC-funded capital works projects have been expressed in MOD prices to take into account anticipated inflation from the time the project estimates are approved to the acceptance of the main tenders for the works. UGC-funded institutions are required to complete projects within the approved project estimates where these are expressed in MOD prices.

13. Nevertheless, under existing arrangements, UGC-funded institutions may apply for funds from Government to cover additional expenditure on projects approved prior to April 1995 (from which date project estimates were expressed in MOD prices). Such funding shall not exceed the increase in tender price indices from the date the project estimate was approved and the dates the main tenders were received. In the same spirit, the approved project estimates will be reduced where there is a corresponding fall in tender price indices.

Education and Manpower Bureau
November 1998

(PWSC0007/WIN1)

26EF - Science building complex, phase I, CUHK

The table below shows the difference between the approved project estimate and the proposed revised project estimate for **26EF** -

	Approved project estimate		Revised project estimate		Difference
	\$'000		\$'000		\$'000
(a) Site investigation and development works	7,200		9,446		2,246
(b) Building works	24,950		35,149		10,199
(c) Building services works	18,680		21,676		2,996
(d) Professional fees	6,100		7,953		1,853
(e) Furniture and equipment	5,150		7,103		1,953
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Total	62,080	(at June 1992 prices)	81,327	(in MOD prices)	19,247
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2. As regards (a) above, the increase of \$2,246,000 is due to upward movement in the tender price index (TPI) for building works from the period when the original budget was fixed in the second quarter of 1992 to the period when tenders for the various works were received between the second quarter of 1995 and the first quarter of 1996 (TPI for building works increased from 548 to 712 and 772 respectively).

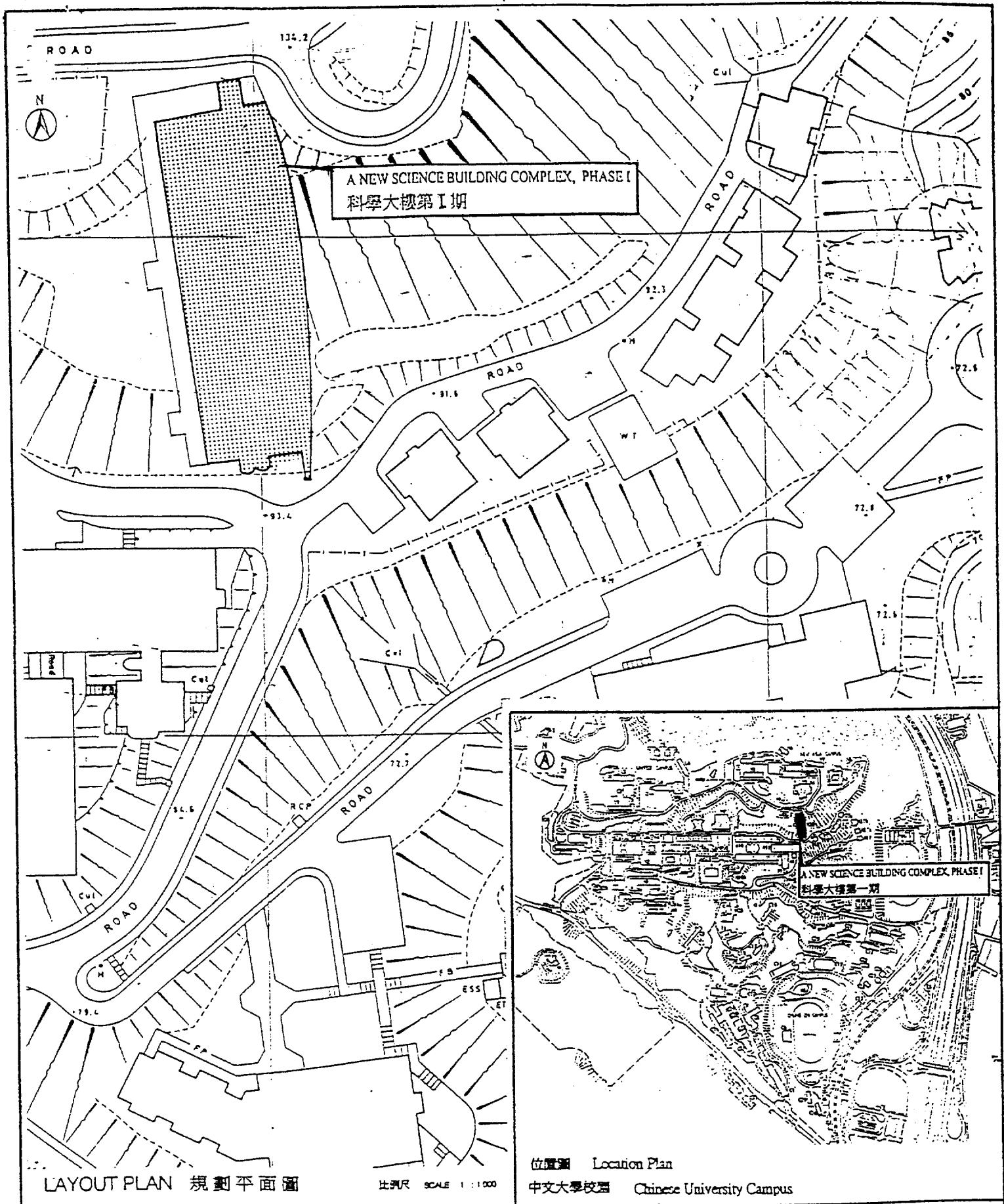
3. As regards (b) above, the increase of \$10,199,000 is due to an upward movement in the TPI for building works from the period when the original budget was fixed in the second quarter of 1992 to the period when tenders for the various contract/subcontracts were received in the first quarter of 1996 (TPI for building works increased from 548 to 772 over this period).

4. As regards (c) above, the increase of \$2,996,000 is due to an upward movement in the TPI for building services works from the period when the original budget was fixed in the second quarter of 1992 to the period when tenders for the various contract/subcontracts were received between the first and third quarters of 1996 (TPI for building services works increased from 111 to 127 and 129 respectively).

5. As regards (d) above, the increase of \$1,853,000 reflects the increase in professional fees as a result of the increase in the cost of construction works.

6. As regards (e) above, the increase of \$1,953,000 represents the inflation adjustment (37.9%) for furniture and equipment since the original budget was fixed in the second quarter of 1992.

(PWSC0007/WIN1)



LAYOUT PLAN 規劃平面圖

比例尺 SCALE 1:1000

位置圖 Location Plan
中文大學校園 Chinese University Campus

DRAWING TITLE 圖則名稱

A NEW SCIENCE BUILDING COMPLEX, PHASE I
科學大樓第 I 期

REVISIONS 修訂		
No.	Description	Date



Drawn by 繪圖	CELT	日期 Date	5-6-98
Checked by 審核	V. CSEN	比例 Scale	As shown
CAD by 電腦繪圖	TEMP'SK	圖號 Drawing No.	S/F-10