

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Information note on

**151TB – Installation of air-conditioning system
at the Lo Wu Cross Boundary Footbridge**

**788TH – New Boundary Bridge
between Lok Ma Chau and Huanggang**

**9GB – Construction of boundary-crossing facilities
at Shenzhen Western Corridor under the ‘co-location’ arrangement**

INTRODUCTION

The Administration intends to revise downwards the funding to be sought for the following three projects –

- (a) **151TB** “Installation of air-conditioning system at the Lo Wu Cross Boundary Footbridge”;
- (b) **788TH** “New boundary bridge between Lok Ma Chau and Huanggang”; and
- (c) **9GB** “Construction of boundary-crossing facilities at Shenzhen Western Corridor under the ‘co-location’ arrangement”.

This note sets out the rationale and the way forward.

BACKGROUND

2. When considering PWSC(2003-04)28 on **9GB** “Construction of boundary-crossing facilities at Shenzhen Western Corridor under the ‘co-location’ arrangement”, Members requested the Administration to clarify the basis for preparing the estimates for those portions of works to be entrusted to the

/Shenzhen

Shenzhen authorities. More specifically, Members questioned whether it was appropriate to apply Hong Kong based costing assumptions to works based in Shenzhen.

3. The Administration has carefully reviewed the cost estimates for **9GB**, along with **151TB** and **788TH**, which are all due to be implemented in conjunction with the Shenzhen authorities. We are prepared to refine our project estimates to take into account the cost of works to be undertaken by the Shenzhen authorities, adjusted to fit the Hong Kong standard of works. We also intend to make some allowance for price adjustment for these works during the construction period, on the basis of a 3% annual inflation for projects of similar nature.

REVISED ESTIMATES

4. In the light of the foregoing, we will adjust the funding sought, represented by the “Approved Project Estimate” (APE) in money-of-the-day (MOD) prices, for **151TB** and **788TH** as follows –

	Project	Original APE	Revised APE
(a)	151TB	\$50.3 million	\$39.7 million
(b)	788TH	\$335.6 million	\$330.4 million

We have issued revised PWSC papers for **151TB** and **788TH**, which are due for discussion at the PWSC meeting on 25 June 2003. We set out below comparisons of the changes to the APE for these two items. For **9GB**, we are still working on the revised estimate and will issue the revised PWSC submission in time for the Finance Committee discussion on 18 July 2003.

151TB – Installation of air-conditioning system at the Lo Wu Cross Boundary Footbridge

5. Detailed design and construction works under this project would be entrusted to the Shenzhen authorities. A comparison of the changes to the APE is as follows –

/Original

	Original \$ million	Revised \$ million	
(a) Piling	10.0	4.0	
(b) Building	24.5	18.0	
(c) Building services	10.5	9.0	
(d) Entrustment fee for design and supervision (HKSAR's shared portion)	4.5	3.7	
(e) Contingencies	4.5	3.6	
Sub-total	54.0	38.3	
	(in Sept 2002 prices)	(latest available estimates)	
(f) Provision for price adjustment	(3.7)	1.4	
Total	50.3	39.7	(in MOD prices)

788TH – New boundary bridge between Lok Ma Chau and Huanggang

6. Only the section of the bridge over Shenzhen River (item (f) below) would be entrusted to the Shenzhen authorities. A comparison of the changes to the APE is as follows –

	Original \$ million	Revised \$ million
(a) Approach viaduct	86.9	86.9
(b) Road connections	73.5	73.5

/(c)

	Original \$ million	Revised \$ million	
(c) Nullah diversion	21.5	21.5	
(d) Reprovisioning works	20.0	20.0	
(e) Ancillary works	16.5	16.5	
(f) HKSAR bridge section (to be entrusted to the Shenzhen authorities)	46.7	32.7	
(g) On-cost ¹ payable to the SMPG	4.2	2.9	
(h) Lane change-over facilities	58.1	58.1	
(i) Electrical and Mechanical Services Trading Fund (EMSTF) charges	0.6	0.6	
(j) Contingencies	32.0	31.0	
Sub-total	360.0	343.7	
	(in Sept 2002 prices)	(latest available estimates)	
(k) Provision for price adjustment	(24.4)	(13.3)	(in MOD prices)
Total	335.6	330.4	

Security Bureau
Environment, Transport and Works Bureau
June 2003

¹ Subject to further negotiation with the Shenzhen authorities, an on-cost estimated at 9% of the project base cost (i.e. item (f) of paragraph 6), will be payable to the SMPG for project management and construction supervision of the entrusted works.