

For information

Legislative Council Panel on Home Affairs
Aldrich Bay Park: Increase in Approved Project Estimate

Purpose

This paper seeks Members' support for the proposal to increase the approved project estimate (APE) for development of the Aldrich Bay Park (the Project).

Background

2. In July 2008, we upgraded the Project to Category A at an estimated cost of \$115.6 million in money-of-the-day (MOD) prices. The approved scope of the Project comprises -

- (a) a leisure park with the theme on traditional fishing village, vantage points for appreciation of the original fishing-junks and lifestyle of the fishing community;
- (b) a scented garden and other soft landscaped and sitting-out areas;
- (c) a children's play area for children of different age groups and those with disabilities;
- (d) a multi-purpose open plaza area to facilitate group activities;

- (e) a jogging trail equipped with fitness stations;
- (f) an elderly fitness corner with rain shelters;
- (g) rain shelters cum pavilions with garden benches; and
- (h) ancillary facilities including a toilet block, a loading/unloading area, etc.

Justifications

3. In November 2008, tenders had been returned for the construction works of the project. Following a review of the project programme and financial situation, we consider it necessary to increase the APE from \$115.6 million by about \$20 million to about \$135.6 million in MOD prices to meet the cost of construction works. The increased estimated construction cost is due to higher-than-expected tender rates submitted by contractors arising from the unexpected drastic increase in prices of major construction materials.

4. It is anticipated that the increasing trend in the overall construction costs in the local market will slow down in view of the recent global financial crises. This proposed increase in APE has already taken this factor into account. We need to increase the APE so that the contract could be awarded without delay.

5. ArchSD has carefully scrutinised the Project in detail, and concluded that although the overall construction costs in the local market will likely slow down, the market's response to the re-tender will depend on a wide variety of factors and hence the re-tendered price being lower than the original tender cannot be guaranteed. In fact, with the Contract Price Fluctuation System provided in this contract, the Government will pay less to the contractor should the prices of materials keep dropping during the contract period. This coupled with the additional consultancy fee involved in a re-tendering exercise will render the actual saving from re-tendering not significant.

Project Estimate and Implementation Plan

6. The Project is now in Category A. The estimated cost of the Project is about \$135.6 million in MOD prices. Subject to funding approval from the Finance Committee (FC), construction is expected to commence in mid 2009 for completion in early 2011.

Way Forward

7. To take the Project forward, we intend to submit the Project to the Public Works Subcommittee of the FC for consideration for increasing the APE at its meeting on 22 April 2009.

Advice Sought

8. Members are invited to support the proposal to increase the APE of the Project.

Home Affairs Bureau

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