

For Information
on 9 April 2001

LEGISLATIVE COUNCIL PANEL ON COMMERCE AND INDUSTRY

Science Park at Pak Shek Kok – Phase 1c

PURPOSE

This paper sets out our proposal to proceed with the construction works of the remaining part of Phase 1 (i.e. Phase 1c) of the Science Park.

DETAILS

Background

2. The Science Park is an important technological infrastructure to help Hong Kong industries move up the technological ladder. By providing an effective and pleasant working environment, its mission is to bring together world-class technology-based enterprises and researchers to carry out intensive research and development as well as high value-added business activities, thereby enhancing the long-term economic success of Hong Kong. The four initial clusters of companies which the Science Park is attracting are those from the electronics, information technology, biotechnology and precision engineering sectors.

3. The Science Park is located at Pak Shek Kok, Tai Po with a total area of 22 hectares. It will be a low density development with an average plot ratio of 2.5 to create a park-like environment in line with the international norm. The Science Park will be developed in three phases. Phase 1 will occupy an area of eight hectares. Phase 2 and Phase 3 will each occupy an area of seven hectares.

4. Construction of Science Park Phase 1 is being carried out under the public works programme. Phase 1 is further divided into three stages – Phase 1a, 1b and 1c. The site plan of Phase 1 is at **Annex A**. On 21 January 2000, the Finance Committee

approved the funding for the construction of Phase 1a and Phase 1b at an estimated cost of \$1,982.7 million in money-of-the-day (MOD) prices. Construction of Phase 1a is now at an advanced stage with the target of opening it in end 2001. Construction of Phase 1b will be completed in the last quarter of 2002. In order to meet strong market demand, we need to proceed with the construction of Phase 1c as soon as possible with a view to completing it in 2004.

Urgency to start construction of Phase 1c

5. Since the launch of the Science Park in November 1999, the Provisional Hong Kong Science Park Company Limited¹ (the Company) has been receiving very encouraging response from both local and overseas technology-based companies. As at mid March 2001, there are 39 applications for admission, nine of which have been approved. Discounting two applications which have already been rejected, the total demand for space as at mid March amounts to 120 600 square metres of gross floor area (GFA). On the other hand, the total space available for lease in the entire Phase 1 is only 109 400 square metres. We expect the demand for space would further increase as the Company has started a series of marketing efforts both locally and overseas and it is likely to receive new applications in due course. Separately, the Company is now engaging in serious negotiations with a number of multi-national corporations, which may again increase the demand for space if the negotiations bear fruit.

6. While the Company would be selective in admitting only the most appropriate tenants, it is essential for the Science Park to keep up the momentum and to have space readily available for worthwhile tenants. Hence, there is an urgency to start the construction of Phase 1c as soon as possible lest the Science Park, and Hong Kong as a whole, lags behind opportunities.

7. Using in-house resources, the Director of Architectural Services (D of ArchS) has completed the detailed design of Phase 1c and is now preparing the tender document. Subject to funding approval, D of ArchS plans to start the construction works of Phase 1c in September 2001 for completion by early 2004.

¹ The Provisional Hong Kong Science Park Company Limited was set up as an interim body to plan and manage the Science Park project. The Government is now in the process of merging this company with the Hong Kong Industrial Estates Corporation and the Hong Kong Industrial Technology Centre Corporation. A new statutory body, to be called the Hong Kong Science and Technology Parks Corporation, will be established upon enactment of the relevant Bill.

Scope of Phase 1c

8. The total GFA for lettable space and supporting facilities in Phase 1 is 120 000 square metres. 58 230 square metres of which are now being constructed as Phase 1a and Phase 1b. The scope of Phase 1c covers the remaining GFA of 61 770 square metres and comprises –

- (a) a multi-tenant/multi-purpose complex with a GFA of 16 410 square metres of lettable space for small tenants and 870 square metres for supporting facilities such as cafés and meeting rooms;
- (b) a multi-tenant building with a GFA of 18 090 square metres for medium size tenant(s);
- (c) two buildings with a total GFA of 26 400 square metres for anchor tenant(s);
- (d) about 290 carparking spaces;
- (e) landscaped area with amenities and outdoor space of about 11 650 square metres; and
- (f) associated external works such as drainage and services tunnels.

The proposed scope of Phase 1c is in line with the master layout plan of the Science Park and the development in Phase 1a and Phase 1b.

9. The Company has previously reserved 9 500 square metres of GFA in Phase 1c for the permanent building of the Applied Science and Technology Research Institute (ASTRI), whose construction cost will be separately funded by the Government. As ASTRI needs time to work on the scope and design parameters of its building, it has recently requested to locate the ASTRI Building in Phase 2 of the Science Park instead. As a result, the above 9 500 square metres of GFA would be constructed and funded under Phase 1c, and become lettable space for Science Park tenants upon completion.

Financial implications

10. We estimate that the construction cost of Phase 1c would be \$1,712.7 million in MOD prices (or \$1,553.8 million in September 2000 prices), made up as follows –

	\$ million	
(a) Piling	130.2	
(b) Building	731.5	
(c) Building services	437.2	
(d) Drainage and external works	53.2	
(e) Consultants' fees	16.5	
(f) Furniture and equipment	50.0	
(g) Contingencies	135.2	

Sub-total	1,553.8	(in September 2000 prices)
(h) Provision for price adjustment	158.9	

Total	1,712.7	(in MOD prices)

----- A breakdown of estimates for consultants' fees is at **Annex B**.

11. The construction floor area of this project is about 89 300 square metres. The construction unit cost, represented by building and building services cost, is \$13,087 per square metre in September 2000 prices. The construction unit cost is comparable to other similar projects handled by the Architectural Services Department.

12. Subject to funding approval, we shall phase the expenditure as follows –

Year	\$ million (Sept 2000)	Price adjustment factor	\$ million (MOD)
2001 – 02	34.4	1.02550	35.3
2002 – 03	266.6	1.05627	281.6
2003 – 04	591.4	1.08795	643.4
2004 – 05	392.5	1.12059	439.8
2005 – 06	205.3	1.15421	237.0
2006 – 07	63.6	1.18884	75.6
	1,553.8		1,712.7

13. We derive the MOD estimates based on Government's latest forecast of trend labour and construction prices for the period of 2001 to 2007. We will tender the piling and superstructure works under separate fixed-price lump-sum contracts as the contract period for each contract will be less than 21 months and we can clearly define the scope of works in advance, leaving little room for uncertainty.

Environmental Implications

14. In May 1998, Director of Territory Development (DTD) completed an Environmental Impact Assessment (EIA) report as an integral part of the Pak Shek Kok Development Feasibility Study, which included the Science Park. The Advisory Council on the Environment endorsed the findings and recommendations of the EIA report. We will implement the mitigation measures, environmental monitoring and auditing requirements in the relevant works contracts in accordance with the recommendations of the EIA reports. Mitigation measures during construction stage include the use of quiet plants, on-site movable noise barriers, limiting number of plant operating concurrently for noisy construction activities, as well as provision of wheel washing facilities and regular watering of the site. We will also require the contractor to submit a waste management plan (WMP) to D of ArchS for approval, with appropriate mitigation measures including allocation of an area for waste segregation. We will ensure that the day-to-day operations on site comply with the WMP submitted.

Land Acquisition

15. The land for Science Park Phase 1 was granted to the Company on 30 December 2000 by private treaty at a nominal land premium.

Next step

16. We intend to seek the endorsement of the Public Works Subcommittee of the Finance Committee on 25 April on the funding requirement for Phase 1c at an estimated cost of \$1,712.7 million in MOD prices.

17. As for Science Park Phase 2, we are now working on the funding requirements and will seek Members' comments in due course.

Commerce and Industry Bureau

April 2001

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Breakdown of estimates for consultants' fees

Category of works/items			Estimated man months	Average MPS* salary point	Multiplier factor	Estimated fee (\$ million)
Contract Administration						
(a)	Quantity Surveying	Professional	21.0	38	2.4	2.9
		Technical	26.2	14	2.4	1.2
Specialist Consultants						
(b)	Environmental	Professional	3.6	38	2.4	0.5
		Technical	8.7	14	2.4	0.4
(c)	Traffic	Professional	2.9	38	2.4	0.4
		Technical	4.4	14	2.4	0.2
(d)	Façade designer	Professional	3.6	38	2.4	0.5
		Technical	8.7	14	2.4	0.4
(e)	Information technology, audio- visual equipment, artwork advice and design, etc.	Professional	57.9	38	2.4	8.0
		Technical	43.7	14	2.4	2.0
					Total	16.5

* MPS = Master Pay Scale

Notes

1. A multiplier factor of 2.4 is applied to the average MPS point to arrive at the full staff costs for the staff employed by the consultants including the consultant's overheads and profit. (At 1.4.2000, MPS pt. 38 = \$57,525 p.m. and MPS pt. 14 = \$19,055 p.m.).
2. The figures given above are based on estimates prepared by the Director of Architectural Services. We will only know the actual man-months and actual fees when we have selected the consultants through the usual competitive bidding system.