

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 - BUILDINGS

Government Offices - Intra-governmental services

66KA - Purchase and fitting-out of office accommodation for the Beijing Office

Members are invited to recommend to Finance Committee a broadening of the scope of **66KA** for the purchase and fitting-out of office accommodation for the Beijing Office.

PROBLEM

We have not been able to identify suitable existing premises which could be purchased outright for the Beijing Office. We need to explore other options.

PROPOSAL

2. The Director, Beijing Office proposes to broaden the project scope of **66KA** to allow the Beijing Office the option of acquiring a suitable site for construction of office premises thereon, within the project estimate approved by Finance Committee on 26 May 2000.

REVISED PROJECT SCOPE AND NATURE

3. The approved project scope of **66KA** involves the purchase of existing suitable premises, fitting-out, and acquisition of furniture and equipment

for the Beijing Office. For reasons stated in paragraphs 4 and 5 below, we now propose to broaden the project scope of **66KA** to allow Beijing Office the option to acquire a suitable site and construct a stand-alone general office building for use by the Beijing Office, in addition to the approved project scope. The approved project estimate (APE) of \$87.3 million remains unchanged.

JUSTIFICATION

4. The Beijing Office has to be located in or near the town centre to facilitate liaison work with government agencies, businesses and embassies, and to provide easy access for visitors. So far, we have not been able to identify suitable existing premises that meet our location and operational requirements. This has led us to consider the alternative of acquiring a suitable site for the construction of the office accommodation required by Beijing Office. Accordingly, we propose to broaden the scope of the approved project to include acquiring a suitable site and constructing a stand-alone building with a net floor area of about 2 200 square metres (as originally allowed for in PWSC(2000-01)17) for use by the Beijing Office.

5. Under the alternative option, a professional project management consultant is required to help handle the enormous amount of work in connection with site acquisition, the related applications for approvals and licences in compliance with local land, planning and building laws and regulations. The Government Property Administrator and the Director of Architectural Services will assist the Director, Beijing Office to implement the alternative option if proceeded with, including monitoring the design, implementation and management of the construction project. If a suitable site could be acquired in the next few months, we expect a building may be completed for occupancy in the latter half of 2003.

FINANCIAL IMPLICATIONS

6. On 26 May 2000, after considering FCR (2000-01)14, Finance Committee approved the direct injection of **66KA** to Category A at an APE of \$87.3 million. Since the proposed broadening of project scope is to enable an alternative way to acquire permanent accommodation for the Beijing Office, there will be no change to the APE and therefore, no additional financial implications.

PUBLIC CONSULTATION

7. Other than the inclusion of an additional option to acquire permanent office accommodation for the Beijing Office, there is no change in the project scope. Public consultation is unnecessary.

/ENVIRONMENTAL

ENVIRONMENTAL IMPLICATIONS

8. The proposed broadening of project scope has no environmental implications for Hong Kong.

LAND ACQUISITION

9. The proposal does not involve land acquisition in Hong Kong.

BACKGROUND INFORMATION

10. The estimated cost of the project, as set out in PWSC(2000-01)17, was broken down as follows -

	HK\$ (million)
(a) Purchase of a building	58.8
(b) Fitting out costs	20.0
(c) Furniture and equipment	2.4
(d) Legal and other administration fees	1.9
(e) Contingency [5% on (a) to (d)]	4.2
Total	87.3

11. We estimate the cost for acquiring a site, constructing and fitting out the new office is in the order of HK\$70 to 75 million. The furniture and equipment estimate remains at HK\$2.4 million. The estimate for legal and other administration fees is HK\$9 million. The balance within the APE will serve as contingency.