

**Extract from the minutes of the meeting of the
Planning, Lands and Works Panel held on 4 April 2003**

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IV. Proposed upgrading of two projects to Category A

- (a) Project 3063KA — Central Government Complex, Legislative Council Complex, Exhibition Gallery and Civil Place at Tamar**
- (b) New item — Planning and Infrastructure Exhibition Gallery at Tamar - exhibits design and fabrication**

(LC Paper No. CB(1)1245/02-03(03) — Paper provided by the Administration

LC Paper No. CB(1)1369/02-03(01) — Letter dated 2 April 2003 from the Clerk to Panel to the Chief Secretary for Administration's Office

LC Paper No. CB(1)1369/02-03(02) — Supplementary paper provided by the Administration)

9. The Chairman pointed out that the Administration had briefed the Panel, at its meeting on 31 May 2002, on the proposal to use Tamar Site for the development of the Central Government Complex (CGC), new LegCo Building and other compatible community facilities. The Administration was prepared to brief the Panel at this meeting on the proposal to upgrade the project and a new project item — “Planning and Infrastructure Exhibition Gallery (EG) at Tamar - exhibits design and fabrication” to Category A. The Chairman also drew members' attention to the location plan of the project and the photograph tabled at the meeting by the Administration.

(Post-meeting note: The location plan and the photograph tabled at the meeting were issued to members and non-Panel Members vide LC Paper No. CB(1)1379/02-03 on 4 April 2003.)

10. The Director of Administration (D of Adm) briefed members that the Administration had provided two papers for the meeting. One of the papers set out the Administration's plan to provide the new CGC Complex, LegCo Complex, EG and Civil Place at Tamar by way of a design-and-build contract. The selection of contractor for the design-and-build contract was a two-stage exercise. In the Stage I prequalification exercise completed in December 2002, five applicants had been

prequalified for participation in the subsequent tender. The Administration was finalizing the detailed requirements in consultation with the users, including The LegCo Commission, and would provide more detailed information on the project in its submissions to PWSC and the Finance Committee (FC) in May 2003. It planned to proceed to the Stage II tendering in May 2003. D of Adm also pointed out that the Administration had, at the request of the Panel, provided a supplementary paper setting out the Administration's assessment on the feasibility and implications of removing the proposed EG from the project scope at this stage.

Proposed Exhibition Gallery

Feasibility and implications of removing the proposed Exhibition Gallery from the project scope

11. Referring to paragraph 3 of the supplementary paper provided by the Administration, the Chairman sought clarification from the Administration on the feasibility and implications of removing the proposed EG from the project scope at this stage. D of Adm advised that the spirit of the World Trade Organization (WTO) Agreement on Government Procurement (GPA) was that any change in the tender should not affect the nature or scope of the project in such a way as to undermine the validity of the prequalification exercise as the basis for identifying suppliers with the necessary capabilities to undertake the contract in question. Accordingly, where the removal of the proposed EG from the Tender Document would result in the original prequalification requirements becoming irrelevant or too stringent for the contract under the revised project scope, the Government should conduct prequalification again with the revised prequalification requirements. D of Adm pointed out that while it was feasible to remove the proposed EG from the project scope at this stage, the implications of such removal, such as possible delays to the work programme and target completion date of the project, should be duly considered.

12. Referring to paragraph 3 of the supplementary paper provided by the Administration, Legal Adviser pointed out that the Chinese version of the phrase "should not affect" ("均不得影響") did not carry the same meaning of the English version. D of Adm explained that the paragraph aimed to set out the spirit of the WTO GPA, i.e. any change in the tender should not affect the nature or scope of the project in such a way as to undermine the validity of the prequalification exercise as the basis for identifying suppliers with the necessary capabilities to undertake the contract in question.

13. Mrs Selina CHOW LIANG Shuk-yee considered it important to ensure the fairness of procedures during the project procurement process. Consideration should be given to the question of whether it was fair to make any major changes to the project scope at this stage when the prequalification exercise had already been completed.

Need for and location of the proposed Exhibition Gallery

14. Mr Abraham SHEK indicated his support for the project, including the proposed EG. He considered the proposed EG an integral part of the project, and that it would provide a permanent venue to manifest the vision of Hong Kong's future development as a world city and showcase Hong Kong's infrastructure programme and its development plans. It would be an attraction for the public and tourists and would also provide employment opportunities for the construction industry. Mrs Selina CHOW also indicated her support for the project, including the proposed EG. She pointed out that quite a number of other major cities had permanent exhibition facilities to showcase their development plans and projects. The existing EG at Edinburgh Place in Hong Kong with a floor area of 500 square metres was too small for the purpose. Ir Dr Raymond HO Chung-tai shared the views of Mr SHEK and Mrs CHOW. The Assistant Director (Technical Services) of Planning Department (AD(TS)/PD) pointed out that the proposed EG would provide more facilities. In the Exhibition Area, visitors could learn about Hong Kong's future development and competitive edge through audio and visual materials. Apart from this core area, there would be four major thematic exhibition areas focusing on four themes: urban development, transport/logistics/information technology, tourism and sustainable development. There would also be an early learning centre/children's gallery catering for young visitors. Moreover, a public forum, a seminar/conference hall, briefing/meeting rooms and a resource centre would be provided to facilitate community education and public exchange of views.

15. While supporting the proposed EG in principle, Mr Albert CHAN Wai-yip considered that the EG should serve more practical functions, such as the display of information on all draft Outline Zoning Plans (OZPs) and changes to the draft OZPs for public scrutiny and views. D of Adm agreed to consider this suggestion.

Admin

16. Whilst appreciating the important functions served by an exhibition gallery, such as those served by the Urban Redevelopment Authority Gallery in Singapore, Mr IP Kwok-him expressed concern that the construction of the proposed EG at the Tamar site, in addition to the new CGC and LegCo Complex, would make the site overcrowded. He asked whether the Administration had explored other possible sites for the construction of the proposed EG. D of Adm responded that as the Tamar site would be developed as the prime civic core of Hong Kong, the proposed EG, being a focal point for the community to learn more about Hong Kong's infrastructure projects and development plans, would be an integral part of the civic core. The construction of the proposed EG together with other building projects at the Tamar site would therefore be more cost-effective than other sites. D of Adm further pointed out that the Tamar site was about 4.2 hectares in size, which should be large enough to accommodate the new CGC, LegCo Complex and the proposed EG. From the concept design proposals submitted by the five prequalified applicants, it was

expected that various options could be explored at the design stage to address the concern about overcrowding.

17. Responding to Mr IP Kwok-him, D of Adm advised that the EG in Shanghai had a gross floor area (GFA) of about 20 000 square metres, which was larger than the proposed EG at Tamar site (estimated GFA of about 18 600 square metres).

18. Ms Emily LAU Wai-hing said that she did not see the need for the proposed EG. She pointed out that during the visit of the Panel to the existing EG at Edinburgh Place on 5 March 2003, some Members had expressed their view that the existing EG was not attractive and their concern about the need for the proposed EG. As there were not many new development plans and projects for display, Ms LAU queried whether the existing EG or the proposed EG would be able to attract members of the public to revisit the gallery from time to time. D of Adm explained that while the existing EG could only display a limited number of smaller scale models and exhibits due to size constraints, the proposed EG should be able to display more proper exhibits. The exhibits would be changed as and when necessary to keep the public informed of the most up-to-date information on the major infrastructure projects and development plans. Moreover, the public forum in the proposed EG would provide a venue for the public to exchange views on the projects and development plans. Ir Dr Raymond HO stressed that the design for the proposed EG must be user-friendly to attract visitors.

19. Responding to Ms Emily LAU, D of Adm advised that according to the Administration's assessment, about 700 000 to 800 000 visitors would be visiting the proposed EG per year. Mr WONG Sing-chi considered that the estimated number of visitors could only be achieved if the proposed EG was located at a popular site, such as the Hong Kong Disneyland Theme Park. D of Adm said that the estimated number of visitors was a conservative figure based on projection from the actual number of visitors to other museums in Hong Kong. At the request of Ms Emily LAU, D of Adm undertook to provide, in the Administration's submission to PWSC and FC, the basis for calculating the estimated number of visitors to the proposed EG, including the number of visitors to other museums in Hong Kong.

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Cost-effectiveness of the proposed Exhibition Gallery

20. Responding to Ms Emily LAU, D of Adm advised that the estimated cost for the proposed EG was about 10% of the total project cost, and that the design and fabrication of exhibits in the proposed EG would cost about \$175 million. Noting that the total estimated cost for the proposed EG would be about \$765 million, Ms LAU reiterated her concern about the need for and cost-effectiveness of the proposed EG. As she was in support of other items of the project, such as the new CGC and LegCo Complex, Ms LAU suggested that when the project was considered by PWSC and FC, the proposed EG should be voted upon separately from other items of the project. D of Adm said that as the proposed EG was an integrated part of the project, Members

would be invited to vote on the project as a whole, and not on individual items of the project.

Admin

21. Mr WONG Sing-chi also expressed concern about the cost-effectiveness of the proposed EG. He expressed dissatisfaction that information about the recurrent cost on operation and maintenance was not provided in the paper and supplementary paper. D of Adm explained that as the details of the facilities for the proposed EG were being finalized, the Administration was not able to provide the information on recurrent cost at this stage. However, he assured members that such information would be provided in the Administration's submission to PWSC and FC. D of Adm also pointed out that part of the expenses to be incurred for the proposed EG would be offset by its income. Responding to the Chairman, D of Adm further said that the Administration would consider renting out seminar/meeting rooms and conference halls in the proposed EG to commercial or other organizations for uses compatible with those of the EG.

New Central Government Complex

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22. Referring to paragraph 5 of the paper provided by the Administration, Ms Emily LAU noted that the existing Central Government Offices (CGO) and Murray Building could no longer meet the office space requirement of the Government Secretariat. She requested the Administration to provide detailed information about the existing provision of office space in CGO and Murray Building and future provision in the new CGC. She was also concerned whether there would be any net increase in office space for individual officers after moving to the new CGC. D of Adm advised that individual officers' entitlements would remain the same. However, as the existing CGO and Murray Building could no longer meet the requirement for office space and facilities such as conference rooms, some offices of bureaux were out-stationed in scattered government buildings or leased premises. The development of the new CGC at the Tamar site would provide a long-term solution to the problems and improve the operational efficiency of the Government. D of Adm undertook to provide detailed information in the Administration's submission to PWSC and FC to explain the office uses at the existing CGO and the future CGC.

Civic Place

23. Mr Albert CHAN suggested that a piece of open area be reserved at the Civic Place for celebration activities and public gathering.

Transport facilities and parking spaces

24. As the development of the new CGC, LegCo Complex and EG at the Tamar site was expected to attract local and overseas visitors, Mrs Selina CHOW urged the Administration to ensure that compatible transport facilities would be put in place and

that sufficient parking spaces would be available for coaches. In this connection, she suggested that reference be made to the effective arrangement for the museum in Macau. D of Adm advised that one of the requirements in the tender document for the project would be the Traffic Impact Assessment. The current plan was that 15 parking spaces would be provided for coaches. There would be pedestrian walkways connecting the Tamar site to the Mass Transit Railway Station in Admiralty. A transit station in the vicinity of the Tamar site was also planned for the North Hong Kong Island Line.

Environmental issues

25. Ir Dr Raymond HO considered that the design of new public works projects, including the Tamar project, should aim to minimize construction waste and maintenance cost as far as practicable. Mr WONG Yung-kan and Ms Emily LAU were also concerned about the environmental impact of the project and the energy-saving measures to be adopted. D of Adm advised that life-cycle cost and environmental impact were, among others, the assessment criteria for the award of the tender for the project. Ms LAU requested the Administration to list out the relevant assessment criteria in its submission to PWSC and FC.

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Participation of the private sector

26. In reply to Mr LAU Ping-cheung, the Project Director of Architectural Services Department (PD/ArchSD) advised that the overall project cost at \$5,900 million included the construction cost, costs on furniture and facilities such as security system, electronic systems for voting and media communication, and other costs. The level of the construction cost (including the fitting-out cost) for the project, which was estimated at \$12,000 per square metre, was comparable to that for similar works projects in the public and private sectors.

27. In view of the substantial cost for the project and the pressing need for the Government to tackle the budget deficit, Mr LAU Ping-cheung suggested the Government to invite private developers to take up the project, and arrange a long-term rental agreement with the developers concerned for using the premises and facilities under the project. D of Adm responded that as the construction cost during the present economic downturn was relatively low, it was appropriate for the Government to undertake the project. Moreover, it was not a preferred option for the Government to enter into a long-term rental agreement with private developers, as it would give rise to substantial annual recurrent expenditure which would aggravate the problem of budget deficit. Mr LAU was not convinced and pointed out that the Government had contravened its principle of encouraging the private sector to participate in public works projects. D of Adm explained that different approaches would be adopted for projects of different nature.

Award of tender

28. Referring to the two-stage design-and-build approach adopted for the project, Mr LAU Ping-cheung was concerned that tenderers would submit a low bid to win the contract at the expense of the quality of design. D of Adm pointed out that during the prequalification exercise, assessments were made on the applicants' capability to submit a quality design-and-build tender in accordance with the prescribed design objectives and parameters; to manage and execute the construction of the project on time and to fulfil all the conditions in the design-and-build contract to be awarded. All of the five selected prequalified applicants had architects of very high standard. The Administration was confident that the final design would be one of international standard. Moreover, the Administration had taken into account Members' view as reflected by The LegCo Commission that cost should not be the primary consideration in awarding the tender. Responding further to Mr LAU, D of Adm advised that PD/ArchSD and his team would be responsible for monitoring the implementation of the project after the award of the tender.

29. Mr LAU Ping-cheung pointed out that there was a rumour that a very senior Government official had been lobbying around for awarding the contract to one of the architects selected in the prequalification exercise. He requested the Administration to clarify on this issue. D of Adm said that he was not aware of the rumour and that in the absence of details of the case, he was unable to make any comment. Nevertheless, he assured members that all Government tender exercises were fair and open. For the Tamar project, the decision on the award of tender would be made by a Special Selection Board chaired by the Chief Secretary for Administration with independent members including two LegCo Members. Members of the Special Selection Board were required to declare interests to the Board.

30. Mr Albert CHAN considered it important for the Administration to ensure the fairness and integrity of the project procurement exercise. D of Adm advised that the Administration would set out in the tender document the detailed design requirements for the project and the assessment criteria.

Public consultation on design proposals

31. Mr LAU Ping-cheung enquired whether the Administration would conduct public consultation on the design proposals for the project. D of Adm replied that the Administration had already provided a paper to The LegCo Commission, setting out the Administration's analysis of the feasibility and implications of conducting public consultation on the design proposals for the project. In view of the wide implications set out in the paper, a public consultation on the design proposals now could impact on the integrity of the tender process, and also on the cost, programming and the completion date of the project. The Administration therefore did not consider it appropriate to solicit public views on the design proposals at this stage.

(Post-meeting note: The paper provided by the Administration to The LegCo Commission (LC Paper No. LCC67/02-03) was considered by the Commission at its meeting on 28 March 2003 and subsequently circulated to members of PWSC and other Members vide LC Paper No. PWSC96/02-03) on 2 April 2003.)

Employment opportunities

32. Referring to paragraph 15 of the paper where it was mentioned that the project would create some 3 300 jobs, Mr WONG Sing-chi asked whether the employment opportunities would benefit local workers. D of Adm said that as a majority of the five prequalified applicants were local companies, it was expected that the employment opportunities to be created would mainly benefit local workers.

33. Mr LAU Ping-cheung pointed out that in the LegCo Brief on the project provided by the Administration on 30 April 2002, it was stated that the development of the Tamar site would create about 5 000 jobs. D of Adm explained that according to the initial estimate made in April 2002, the project would cost about \$6,400 million and create about 5 000 jobs. As more information about the details of the project became available, the project cost and the number of jobs to be created were adjusted downward accordingly.

34. While indicating his support for the project, Mr WONG Yung-kan expressed concern about the employment protection for local workers. D of Adm assured members that it was the Government's established policy to combat illegal employment and to safeguard the interest of local workers.

Concluding remarks

35. The Chairman concluded that a majority of the members present had indicated their support for the Tamar project, including the proposed EG.

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