

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 – BUILDINGS

Support – Boundary facilities (other than road works)

9GB – Construction of boundary-crossing facilities at Shenzhen Western Corridor under the “co-location” arrangement

Members are invited to recommend to Finance Committee –

- (a) the upgrading of part of **9GB**, entitled “Construction of boundary-crossing facilities at Shenzhen Western Corridor under the ‘co-location’ arrangement – design and construction works” to Category A at an estimated cost of \$2,501 million in money-of-the-day prices; and
- (b) the retention of the remainder of **9GB** in Category B, retitled “Construction of boundary-crossing facilities at Shenzhen Western Corridor under the ‘co-location’ arrangement – land development”.

PROBLEM

There is a need to put in place boundary-crossing facilities at Shekou in Shenzhen to tie in with the commissioning of the Shenzhen Western Corridor (SWC) by end 2005.

/PROPOSAL.....

PROPOSAL

2. The Director of Architectural Services (D Arch S), with the support of the Secretary for Security, proposes to upgrade part of **9GB** to Category A at an estimated cost of \$2,501 million in money-of-the-day (MOD) prices for the design and construction of boundary-crossing facilities for SWC under the “co-location” arrangement.

PROJECT SCOPE AND NATURE

3. The full scope of **9GB** comprises the design and construction of boundary-crossing facilities on a site of about 425 000 square metres (m²) at Shekou in Shenzhen for SWC and the associated land development.

4. The scope of the part of **9GB** which we now propose to upgrade to Category A of the Public Works Programme covers the design and construction of a new control point with low-rise buildings and other ancillary structures. The boundary-crossing facilities, which will be co-located with those of the Mainland at Shekou in Shenzhen, will provide the following operational and supporting facilities for use by seven departments (i.e. Immigration Department, Customs and Excise Department, Hong Kong Police Force, Fire Services Department, Department of Health, Transport Department, and Agriculture, Fisheries and Conservation Department) of the Government of the Hong Kong Special Administrative Region (HKSAR) –

(a) cargo processing facilities, with a total construction floor area (CFA)¹ of about 29 740m², including –

- (i) 32 kiosks per inbound and outbound direction for immigration and customs clearance of goods vehicles, with overhead canopy, walkways and connecting link footbridges;
- (ii) 25 goods vehicle inspection platforms per inbound and outbound direction; and
- (iii) one x-ray system per inbound and outbound direction;

/(b).....

¹ The CFAs of various facilities mentioned in paragraph 4 are subject to further refinement. It will be finalised once the detailed design has been developed.

- (b) passenger clearance facilities, with a total CFA of about 35 270m², including –
 - (i) passenger clearance halls with 44 and 47 immigration counters in inbound and outbound directions respectively, and four and two customs inspection cubicles in inbound and outbound directions respectively; and
 - (ii) 25 private car and two coach kiosks per inbound and outbound direction for immigration and customs clearance of private cars and coaches respectively, with overhead canopy, walkways and connecting link footbridges;
- (c) accommodation for and other facilities of the seven government departments, with a total CFA of about 8 580m², including offices, fire station-cum-ambulance depot, police reporting centre, detained goods store, staff canteen, barracks, changing and amenity facilities, electrical and mechanical services workshops and carparking spaces;
- (d) public transport drop-off and pick-up area and coach passenger drop-off and pick-up areas; and
- (e) supporting peripheral structures, with a total CFA of about 3 260m², including vehicle disinfection facilities; queuing/parking bays for goods vehicles, coaches and passenger vehicles; roadways; utilities; area illumination; covered walkways; travellers; street furniture; landscaping works; traffic control, signalling, communications and surveillance systems; perimeter security fencing; and information and monitoring systems supporting the operation of the control point.

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The functions and services provided by the seven government departments are at Enclosure 1. A site plan and a three-dimensional perspective drawing of the proposed boundary-crossing facilities are at Enclosures 2 and 3 respectively. We intend to entrust the project design and construction works, except for security-related systems and off-the-shelf furniture and equipment items, to the relevant Shenzhen authorities. Details of the entrustment arrangements are explained in paragraphs 17–19 below. Under the proposed entrustment arrangements, we will commence detailed design as soon as possible for completion by February 2004, and commence construction works by April 2004 for completion by end 2005.

5. The remainder of the project covers the land development of the project site. The whole site where the boundary-crossing facilities of the two sides will be co-located is being reclaimed at Shekou by the relevant Shenzhen authorities. The reclamation works are expected to be completed by around mid-2004. We do not seek to upgrade this part of the project to Category A at this stage because negotiations with the relevant Shenzhen authorities over the land development cost are still on-going. The principle that the two sides have preliminarily agreed is that each side will bear the actual costs incurred in developing the land to be used by that side. We will seek funding for the cost of land development as and when the relevant cost figures are ascertained in slower time.

JUSTIFICATION

6. The capacities of the three existing vehicular boundary crossings at Lok Ma Chau, Man Kam To and Sha Tau Kok between HKSAR and Shenzhen are near saturation. The average total daily vehicular traffic using the three crossings in 2002 was about 33 900, representing a 31% growth over the past five years and an average annual growth of 5%. To cater for the increasing cross-boundary traffic demand, SWC (i.e. the fourth vehicular boundary crossing between the HKSAR and Shenzhen) will be constructed under “**759TH – Shenzhen Western Corridor**”, and is scheduled for completion by end 2005. SWC would facilitate the flow of people and cargo between HKSAR and the southern part of Mainland. It will enhance the status of HKSAR as a business/trade/logistics hub in the Pearl River Delta, and will also bring about substantial economic benefits to HKSAR.

7. To tie in with the commissioning of SWC by end 2005, we will need to put in place boundary-crossing facilities for the provision of immigration and customs clearance services. The boundary-crossing facilities will be able to cater for a peak hourly traffic of about 150 coaches, 1 640 private cars and 2 600 goods vehicles per direction around 2016 so as to meet the anticipated demand of boundary-crossing traffic flow. We have also earmarked an area of about 6 000 m² as a public transport drop-off and pick-up area.

8. We plan to implement co-location arrangement for both passenger and cargo clearance at the new control point at SWC. A major consideration supporting co-location is the lack of usable land on Hong Kong side for accommodating new boundary crossing facilities. Besides, co-location will streamline procedures and save passengers' time. Specifically, with co-location, coach passengers will only have to get on and off once instead of twice in going through clearance procedures of the two sides.

9. With the authorisation by the Central People's Government, a Hong Kong Management Area within the co-located site at Shekou will be clearly earmarked, and be managed by HKSAR according to its laws. Operationally, each side will conduct its own immigration and customs examinations according to its own laws and regulations with a buffer area in between, i.e. the existing modus operandi will be basically followed. The respective management areas of the two sides will not overlap so as to avoid any confusion or vacuum in jurisdiction.

10. We will need to introduce legislative amendments to clearly define the Hong Kong Management Area to be managed by HKSAR, and to extend the laws of HKSAR to the Hong Kong Management Area. In consultation with the Department of Justice and all other government Bureaux, we are making the necessary preparatory work for the proposed legislative amendments, and hope to be able to introduce the relevant bill to the Legislative Council as soon as possible.

FINANCIAL IMPLICATIONS

11. We estimate the total capital cost of the part of **9GB** which we now propose to upgrade to Category A to be \$2,501 million in MOD prices (see paragraph 14 below), made up as follows –

/(a).....

	\$ million
(a) Site works	15.0
(b) Piling	199.0
(c) Building	634.0
(d) Building services works	325.0
(e) Drainage and external works	497.0
(f) Furniture and equipment ²	313.0
(g) Fixed vehicle x-ray system ³	160.0
(h) Entrustment fees for design, management, construction and supervision ⁴	264.0
(i) Communications and electronics design/vetting charges	29.0
(j) Consultants' fees for quantity surveying services	8.0

/(k).....

² Calculation of the estimated cost of furniture and equipment is based on an indicative list of items required, including office furniture and specialist operational equipment. The estimation of \$313 million comprises specialist non-confidential electronic systems of about \$135 million (which will be entrusted to the relevant Shenzhen authorities for installation into the building structure), and security related systems and off-the-shelf furniture and equipment items of about \$178 million (which will be procured and installed by the Government of HKSAR prior to commissioning of the new control point during the fitting-out stage). We will separately seek funding under **Head 710 – Computerisation** for administrative computer systems, such as the Immigration Control Automation System, in due course.

³ Together with the \$135 million of non-confidential electronic system included under item (f), the design and installation of the fixed vehicle X-ray system will also be entrusted to the relevant Shenzhen authorities for integration into the building structure.

⁴ Subject to further negotiation with the relevant Shenzhen authorities, entrustment fees estimated at 14% of the value of the entrusted works will be payable to the relevant Shenzhen authorities for detailed design, management, construction and supervision of the entrusted works.

	\$ million	
(k) Contingencies	244.0	
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Sub-total	2,688.0	(in September 2002 prices)
(l) Provision for price adjustment	(187.0)	
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Total	2,501.0	(in MOD prices)
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12. The CFA of **9GB** is about 76 850m². The estimated construction unit cost in Hong Kong cost terms, represented by the building and building services costs, is \$12,479 per m² of CFA in September 2002 prices. The construction unit cost is comparable to that of the Expansion of Kiosks and other Facilities at Lok Ma Chau Boundary Crossing undertaken by the Government of HKSAR.

13. The consultants' fees in paragraph 11(j) are for the procurement of independent quantity surveying services for the project. A breakdown of the estimate for consultants' fees by man-months is at Enclosure 4.

14. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (Sep 2002)	Price adjustment factor	\$ million (MOD)
2003 – 04	85.0	0.94300	80.2
2004 – 05	624.0	0.93003	580.3
2005 – 06	1,638.0	0.93003	1,523.4
2006 – 07	270.0	0.93003	251.1
2007 – 08	71.0	0.93003	66.0
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	2,688.0		2,501.0
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15. We have derived the MOD estimates on the basis of the Government's latest forecast of trend labour and construction prices for the period 2003 to 2008. This basis, in Hong Kong cost terms, is used for estimation purpose only. As mentioned in paragraph 4 above, we plan to entrust the project design and construction works, except for security-related systems and off-the-shelf furniture and equipment items, to the relevant Shenzhen authorities. The Government of the HKSAR will procure and install the security-related systems and off-the-shelf furniture and equipment items (estimated to cost \$178 million) prior to commissioning of the new control point during the fitting-out stage.

16. We estimate the annual recurrent expenditure arising from the project to be \$426.5 million.

ENTRUSTMENT ARRANGEMENTS

17. As the project site is located at Shekou in Shenzhen, and the project design and construction works will be carried out before the laws of HKSAR are to be extended to the Hong Kong Management Area under our proposed legislative amendments, we plan to entrust the project design, management, construction and supervision works, except for security-related systems and off-the-shelf furniture and equipment items, to the relevant Shenzhen authorities. We have reached in-principle agreement with the relevant Shenzhen authorities on this procurement arrangement. This entrustment arrangement will facilitate coordination and avoid interface problems that may otherwise arise from two governments implementing their respective portions of the works on the same site.

18. The entrustment agreements will be in the form of government-to-government agreements signed between the Government of HKSAR and the relevant Shenzhen authorities. To ensure that the design and construction of the boundary-crossing facilities meet the operational, management and maintenance requirements of HKSAR and can be completed within the agreed timeframe and budget, the entrustment agreements will set out relevant arrangements, such as the scope of the entrusted works; duties and obligations of the two sides; management and supervision of the entrusted works; financial control; payment procedures; timeframe for completing the entrusted works, etc. Subject to detailed arrangements to be mutually agreed, the relevant Shenzhen authorities will undertake project design, tendering, cost control and construction supervision. They will be responsible for ensuring that the project fully complies with the standards specified in the entrustment agreements, within the agreed programme /and.....

and project budget. They will also ensure that the design and construction of the works on Hong Kong side are co-ordinated with the Mainland part of the co-located facilities and that all Mainland statutory submissions and approvals are obtained. We will require the relevant Shenzhen authorities to incorporate duties and obligations, professional indemnity, bond, insurance and liquidated damages provisions into consultancies and construction contracts as appropriate to give the same protection as is provided for projects undertaken in HKSAR.

19. The entrusted design and construction will be subject to endorsement and monitoring by a Joint Working Group between the two sides. We will require the relevant Shenzhen authorities to make regular design progress and cost reports to the Joint Working Group for approval. The Architectural Services Department will co-ordinate with other relevant works agents of the Government of HKSAR on the pre-vetting of the technical details with a view to ensuring compliance with the standards and requirements of HKSAR. At all stages of the entrustment, relevant departments of the Government of HKSAR will render advice to the relevant Shenzhen authorities. In addition, we will see to it that qualified contractors from both sides can bid for the entrusted works.

PUBLIC CONSULTATION

20. We consulted the Legislative Council Panels on Security and Transport jointly on 6 May 2003. Members of both Panels in general supported the proposed project. Some Members expressed that the “co-location” arrangement should be underpinned by legislation and that related legal and jurisdictional issues should be addressed thoroughly. Some urged the Administration to consider the scope and framework of entrustment carefully (e.g. to exclude installation of security-related items and to ascertain the rights and obligations of the two sides) so as to safeguard the interests of Hong Kong. The Administration undertook to keep Members informed of progress of the project regularly in due course.

ENVIRONMENTAL IMPLICATIONS

21. The project site is located outside the boundary of HKSAR, and an environmental permit is not required under the Environmental Impact Assessment (EIA) Ordinance to commence the construction works for the project. Meanwhile, the relevant Shenzhen authorities have undertaken its own EIA to meet the prevailing environmental standards and requirements of Mainland.

22. We will ensure, through our project trustee, the proper control of noise, dust and site run-off nuisances during construction in accordance with established standards and guidelines through the implementation of mitigation measures in the relevant contracts. We will require more prefabricated building elements to be introduced into the project design as appropriate to reduce temporary formwork and construction waste. We will also require the reuse of suitable excavated materials for filling within the site to minimise off-site disposal. In addition, we will require the adoption of approved mitigation measures to avoid, reduce, reuse and recycle construction and demolition materials.

LAND ACQUISITION

23. The project site is located outside the boundary of HKSAR, and does not require land acquisition or clearance by the Government of HKSAR. As mentioned in paragraph 5, the land development of the project site is covered by the remainder of the project. We will seek funding for the cost of land development for the project site as and when the relevant cost figures are ascertained in slower time.

BACKGROUND INFORMATION

24. We upgraded **9GB** to Category B in May 2003. We engaged consultants in July 2002 to provide preliminary traffic engineering advice to assist in the preparation of a project master plan at a total cost of \$250,000. We charged this amount to block allocation **Subhead 3100GX** "Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme". The consultants completed their service in May 2003 when the master plan was agreed with the relevant Shenzhen authorities.

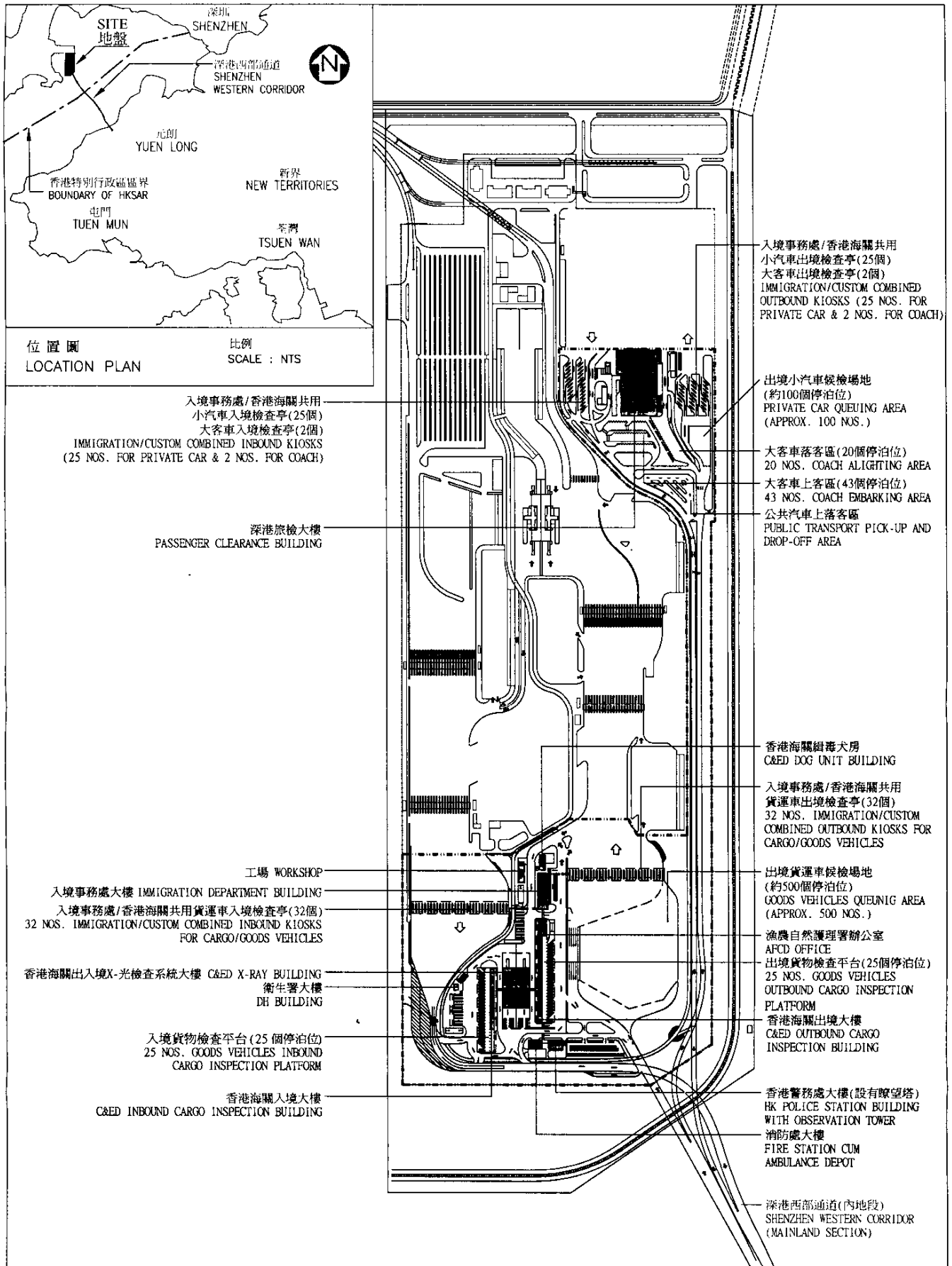
25. We estimate that the project will create a total of some 45 jobs for consultants, comprising 20 professional and 25 technical staff (including Hong Kong consultants to be employed as advisors to ensure compliance with the standards and statutory requirements of HKSAR), totalling 600 man-months and, in case the contract is awarded to a Hong Kong contractor, an addition of 40 jobs for the contractor, comprising eight professional and 32 technical staff, totalling 750 man-months.


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

Brief functions of user departments

Department	Functions
Customs and Excise Department	<ul style="list-style-type: none"> - To conduct customs clearance on passengers, cargo and vehicles utilizing the boundary-crossing facilities. - To protect revenue relating to dutiable commodities. - To conduct investigation into customs-related offences with a view to effecting seizure and forfeiture of illegal items and prosecution of offenders.
Hong Kong Police Force	<ul style="list-style-type: none"> - To maintain law and order. - To manage vehicular and passenger traffic flow. - To enforce Hong Kong legislation. - To maintain integrity of the boundary of the area under Hong Kong’s jurisdiction. - To protect life and property. - To investigate traffic accidents.
Fire Services Department	<ul style="list-style-type: none"> - To extinguish fires. - To protect life and property in case of fire or other calamities. - To assist any person who appears to need prompt or immediate medical attention by – <ul style="list-style-type: none"> (i) securing his safety; (ii) resuscitating or sustaining his life; and (iii) reducing his suffering or distress. - To convey any person requiring immediate medical attention to a hospital or other places where medical attention is available to him.
Department of Health	<ul style="list-style-type: none"> - To man the Port Health Office and to prevent the introduction of quarantinable diseases into Hong Kong by enforcing the Quarantine and Prevention of Disease Ordinance, Cap. 141. should an outbreak of quarantinable disease occur across the boundary. To take measures including medical inspection of persons, disinfection of their luggage, disinfection of vehicles, decontamination of contaminated areas, dispensation of medication / vaccination where appropriate, etc.
Immigration Department	<ul style="list-style-type: none"> - To exercise effective immigration control. - To facilitate the smooth crossing of passengers and vehicles by providing efficient immigration clearance. - To ensure no passenger will evade from immigration examination.

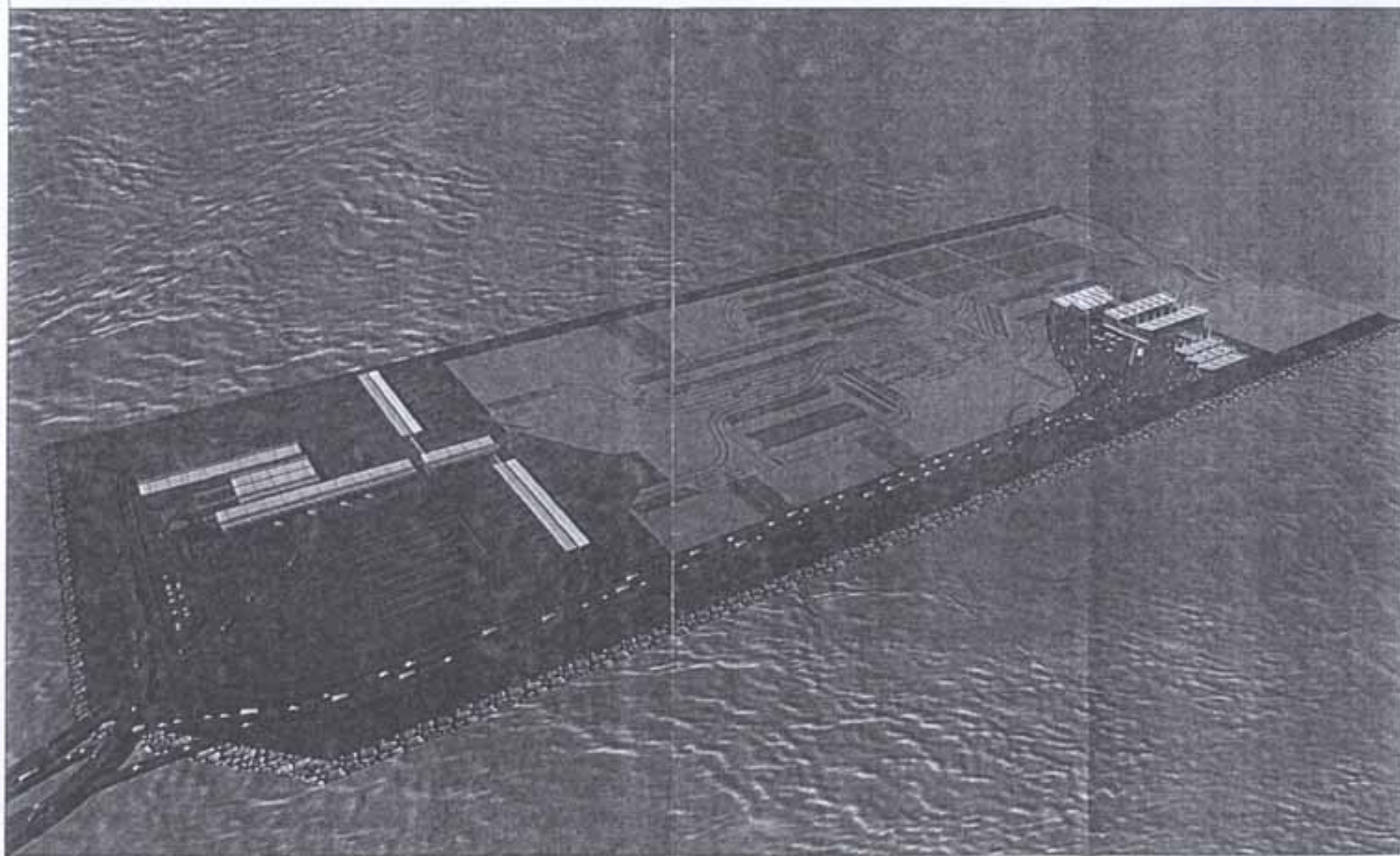
Department	Functions
Agricultures, Fisheries and Conservation Department (AFCD)	<ul style="list-style-type: none">- To be responsible for the control of importation of live animals, birds, plants and endangered species into Hong Kong via the co-location control point.- To inspect certificates certifying that the food animals imported do not contain any prohibited chemical and other chemicals exceeding the prescribed levels.
Transport Department	<ul style="list-style-type: none">- To facilitate manifest collection, tax enforcement, customer service and tax refund under the proposed Boundary Facilities Improvement Tax arrangement.



9GB 在蛇口的深港西部通道口岸設施 BOUNDARY CROSSING FACILITIES AT SHEKOU FOR THE SHENZHEN WESTERN CORRIDOR	drawn by J. FUNG / K.H. CHAN	date 06-2003	drawing no. AB/6596/XA101	scale 1:10000 (in A4 SIZE)
	approved K.C. TAM	date 06-2003	 ARCHITECTURAL SERVICES DEPARTMENT	
	office ARCHITECTURAL BRANCH			

擬建過境設施的立體透視圖

THREE-DIMENSIONAL PERSPECTIVE DRAWING OF THE PROPOSED BOUNDARY CROSSING FACILITIES



9GB

在蛇口的深港西部通道口岸設施

BOUNDARY CROSSING FACILITIES AT SHEKOU FOR THE SHENZHEN WESTERN CORRIDOR

drawn by

A. Dine

date

06-2003

drawing no.

AB/6596/XA102

scale

NTS

approved

K.C. Tai

date

06-2003

office

ARCHITECTURAL BRANCH

ARCHITECTURAL
SERVICES
DEPARTMENT

Enclosure 4 to PWSC(2003-04)28

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

Breakdown of the estimate for consultants’ fees

Consultants’ staff costs		Estimated man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
Quantity surveying services (Note 2)	Professional	48.5	38	2.0	5.6
	Technical	62.5	14	2.0	2.4
				Total	8.0

*MPS = Master Pay Scale

Note

1. A multiplier of 2.0 is applied to the average MPS point to estimate the full staff costs including the consultants’ overheads and profit. (At 1 October 2002, MPS point 38 = \$57,730 per month and MPS point 14 is 19,195 per month.)
2. The figures given above are based on the estimates prepared by the Director of Architectural Services. We will only know the actual man-months and actual costs after finalizing the consultancy agreement.