

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 – BUILDINGS

Government Office – Intra-governmental Services

65KA – Customs headquarters building at Tin Chiu Street, North Point

Members are invited to recommend to Finance Committee the upgrading of **65KA** to Category A at an estimated cost of \$1,073.4 million in money-of-the-day prices for the construction of a Customs headquarters building at Tin Chiu Street, North Point.

PROBLEM

The offices and facilities of the headquarters and various formations of the Customs and Excise Department (C&ED) are presently scattered in different locations and districts of Hong Kong, adversely affecting the operational efficiency of the department, raising security concerns and causing inconvenience to members of the public who need to access Customs services in person.

PROPOSAL

2. The Director of Architectural Services, with the support of the Secretary for Security, proposes to upgrade **65KA** to Category A at an estimated cost of \$1,073.4 million in money-of-the-day (MOD) prices to construct a headquarters building for C&ED at Tin Chiu Street, North Point.

/PROJECT

PROJECT SCOPE AND NATURE

3. The scope of the project comprises the following -
- (a) construction of a Customs headquarters building of 32 storeys and about 65 200 square metres (m²) in construction floor area (CFA) or 27 567 m² in net operational floor area (NOFA¹) to provide for –
 - (i) offices of total NOFA of 19 498 m² for command and control, intelligence processing, investigation, information technology support and general administration;
 - (ii) specialised facilities of total NOFA of 3 510 m² including a radio command control centre, video interview rooms, detention rooms, an identification parade room, a strong room, an indoor firing range, an armoury, an information technology centre and a computer forensic laboratory;
 - (iii) general facilities of total NOFA of 4 559 m² including conference rooms, a customer service centre, a multi-purpose auditorium, an exhibition centre, a library cum resource centre, barracks, locker and changing rooms, mess cum multi-purpose reception facilities, staff catering and fitness training facilities, building management offices, stores and car parking spaces; and
 - (b) reprovisioning of the existing Marble Road refuse collection point (RCP) within the site as an integral part of the headquarters building and provision of a temporary RCP at the end of Marble Road adjacent to the site to maintain refuse collection services during the construction of the headquarters building.

/A

¹ NOFA is a standard term used to describe the floor area actually allocated to the users for carrying out the intended activities. Unlike CFA which takes into account all areas within the building structure envelope, NOFA does not include areas for toilets, bathrooms and showers, lift lobbies, stair halls, public/shared corridors, stairwells, escalators and lift shafts, pipe/services ducts, refuse chutes and refuse rooms, balconies, verandahs, pen decks and flat roofs, loading/unloading areas, mechanical plant rooms, etc.

— A site layout plan is at Enclosure 1. We plan to start the construction works in April 2007 for completion in September 2010.

JUSTIFICATION

Enhance operational efficiency

4. Not only are different C&ED formations presently scattered in various locations, some divisional offices within the same formation are accommodated under different roofs. This is not conducive to effective staff communication and management. It also impedes effective resource deployment and creates additional barriers to operations which require cross-formation participation and planning. Typical examples are large scale operations to combat intellectual property violation, illicit cigarettes or illicit fuel, where joint efforts among different investigation formations are necessary to support surveillance, intelligence collation and analysis, and overall back-up. Furthermore, the dispersed offices make it more difficult for the Department to protect the confidentiality of the tasks and/or the persons involved, especially in cases involving large scale manpower and supporting resources. Bringing the offices under one roof will enable more effective and efficient command and control. Pooling resources together will also eliminate unnecessary duplications of common facilities such as conference venues and video interview rooms.

Improve Security

5. The existing investigation offices of C&ED are housed in general government or commercial buildings accommodating other users such as other government departments or commercial firms, and are generally accessible to the public. The security measures adopted in these buildings generally fall short of the security requirements of a law enforcement agency. This is undesirable especially in respect of serious crimes like drug trafficking, smuggling and money laundering. Conveyance of arrested persons and seized goods in lifts and passages into and out of such buildings involves security risks, not to mention that it causes inconvenience to other users. An independent Customs headquarters building will enable the Department to prescribe different levels of access control in different security zones. Arrested persons and seized goods will be processed in a secluded and secured environment, such as dedicated car parking floors with special escort passages which are not accessible to members of the public.

/Improve

Improve customer services

6. The proposed headquarters building will centralise the various currently dispersed public services on licence and permit applications. At present, licensing services for dutiable commodities, optical discs and controlled chemicals, and assessment of motor vehicle first registration tax are located in Central, Kowloon Bay and North Point respectively, which can be confusing to licence applicants. With the proposed headquarters building, C&ED will provide a customer service centre at a single location to provide centralised counter services to the public and to address public enquiries on Customs services.

Meet shortfall of office space and provide new facilities

7. In the past ten years, the number of cases involving violation of customs related laws has doubled from 36 000 to 71 000 annually. Additional space is required for the accommodation of staff, case processing, storage of seizures and exhibits, and other administrative support functions. The proposed building will help meet the current shortfall of some 2 800 m² of office space of various formations to be relocated to the new building.

8. It is also necessary to improve certain existing facilities or add new facilities to meet operational requirements, including –

- (a) an indoor firing range. The outdoor firing range at the Customs Training School at Tai Lam has been in use for more than 20 years. It is small in size and lacks a number of standard training facilities such as dim light shooting and computer simulation shooting exercises, which cannot be performed outdoor. Furthermore, the use of the outdoor firing range is subject to weather conditions. With over 4 000 staff requiring firearms training two to three times a year and other types of specialist training, the department requires a minimum of 355 firearms training days a year, but the existing firing range can only support some 210 training days a year. Under such constraint, C&ED has to sometimes cut down the non-core training courses, as well as to borrow firing range facilities from other disciplined services. Borrowing facilities is subject to availability and therefore is unsatisfactory;

/(b)

- (b) a radio command control centre with upgraded facilities to enhance enforcement capability. The new radio command control centre will function as the Department's command post for major joint operations, and for contingency situations. It will also provide the infrastructural support for any new radio communication system for the C&ED;
- (c) an identification parade room. At present, C&ED has no identification parade room and uses those of other disciplined services. This may slow down the investigation progress if identification parade rooms are not immediately available;
- (d) an up-to-standard information technology centre to centrally house the information technology systems, and other ancillary and back-up facilities. This will enhance computer system management and sharing of computer resources. This will also serve as an infrastructural platform for the Department to take forward future information technology projects for meeting C&ED's business needs;
- (e) a multi-purpose auditorium with sufficient seating capacity for holding large scale events such as training seminars, briefing sessions, international conferences and Customs-business symposiums with the industries. At present, the Department has to rent or borrow outside venues;
- (f) barracks for officers who need to work long hours in the investigation formations, or who perform overnight or standby duties during contingency situations; and
- (g) an exhibition centre, open to the public, for the display of C&ED's enforcement experiences and services for public education and to enhance public awareness of the Department's work.

FINANCIAL IMPLICATIONS

9. We estimate the total capital cost of the project to be \$1,073.4 million in MOD prices (see paragraph 10 below), made up as follows –

/(a)

	\$ million	
(a) Site works	6.1	
(b) Piling	97.5	
(c) Building	470.6	
(d) Building services	246.8	
(e) Drainage	1.4	
(f) External works and soft landscape	3.5	
(g) Furniture and equipment ²	75.0	
(h) Reprovisioning of the Marble Road RCP	11.1	
(i) Temporary RCP	7.0	
(j) Consultants' fees for construction stage –	3.8	
(i) quantity surveying services	2.0	
(ii) soft landscape services	0.2	
(iii) infrastructure works for information technology system	0.8	
(iv) risk management of the project	0.8	
(k) Contingencies	84.4	
	<hr/>	/Sub-total

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Based on an indicative list of furniture and equipment items required, including office furniture, public address system, security systems, electronic display system, electronic queuing system, communications and telephone systems, audio and visual equipment, etc.

	\$ million	
Sub-total	1,007.2	(in September 2005 prices)
(1) Provision for price adjustment	66.2	
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Total	1,073.4	(in MOD prices)
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We propose to engage consultants to undertake quantity surveying services, soft landscape services, infrastructure works for the information technology system and risk management of the project. A breakdown of the estimate for consultants' fees by man-months is at Enclosure 2. The CFA of the Customs headquarters building is 65 200 m². The estimated construction unit cost, represented by the building and the building services costs, is \$11,003 per m² of CFA in September 2005 prices. We consider this unit cost reasonable as compared to that of other government design-and-build projects of a similar nature.

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

Year	\$ million (Sep 2005)	Price adjustment factor	\$ million (MOD)
2007 – 08	40.0	1.03023	41.2
2008 – 09	200.0	1.04568	209.1
2009 – 10	460.0	1.06136	488.2
2010 – 11	200.0	1.07728	215.5
2011 – 12	60.0	1.10152	66.1
2012 - 13	47.2	1.12906	53.3
	<hr/>		<hr/>
	1,007.2		1,073.4
	<hr/>		<hr/>

/11.

11. We have derived the MOD estimates on the basis of the Government's latest forecast of trend rate of change in the prices of public sector building and construction output for the period 2007 to 2013. We will tender the project as a design-and-build contract. We intend to award the contract on a lump-sum basis because we can clearly define the scope of the works in advance, leaving little room for uncertainty. The contract will provide for price adjustments because the contract period will exceed 21 months.

12. We estimate the annual recurrent expenditure arising from the project, including the Marble Road RCP, to be about \$38.2 million.

13. After the existing C&ED offices (detailed at Enclosure 3) are relocated to the proposed headquarters building, about 5 300 m² of rented office accommodation and 33 rented car parking spaces could be released. In addition, about 18 600 m² of government owned office accommodation and 113 Government owned car parking spaces could also be released for use by other departments. The current expenditure on rental, utility, maintenance and management services of the above rented and government owned office accommodation is about \$36.3 million.

PUBLIC CONSULTATION

14. When the project was initially proposed in 1998, C&ED consulted the then Eastern Provisional District Board in November 1998. In June and July 2002, the Administration consulted the Legislative Council Panel on Commerce and Industry. The Panel supported the project in principle. The project was then not further taken forward owing to other priorities at the time.

15. In view of the operational need for a Customs headquarters building, we consider that the proposed project should proceed. C&ED consulted the Eastern District Council again in October and December 2005. Members supported the proposal in principle.

16. We consulted the Legislative Council Panel on Security in April 2006. Members generally supported the project. At the meeting, Members raised questions on how the facilities of the proposed Customs headquarters building compared with headquarters buildings of other disciplinary forces. We have addressed the questions during the meeting as well as through a written reply on 22 April 2006.

ENVIRONMENTAL IMPLICATIONS

17. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). We completed a Preliminary Environmental Review (PER) for the project in March 1998. The PER concluded and the Director of Environmental Protection (DEP) agreed that the project would not have any long-term environmental impacts.

18. During construction, we will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contracts. These include the use of silencers, mufflers, acoustic lining or shields for noisy construction activities, and frequent cleaning and watering of the site, and the provision of wheel washing facilities. The indoor shooting range will be provided with suitable acoustic insulation and dedicated air filtration system to avoid transmission of firing noise and air pollutants affecting other users of the building and the surrounding environment.

19. We have considered measures in the planning and design stages to reduce the generation of construction and demolition (C&D) materials. We will encourage the contractor to maximise the use of recycled or recyclable C&D materials, as well as the use of non-timber formwork to further minimise the generation of construction waste. We will use suitable excavated materials for filling within the site or in other suitable construction sites as far as possible, in order to minimise the disposal of C&D materials to public fill reception facilities. In addition, we will require the contractor to use metal hoardings and signboards so that these materials can be recycled or reused in other projects.

20. We will also require the contractor to submit a waste management plan (WMP) for approval. The WMP will include appropriate mitigation measures to avoid, reduce, reuse and recycle C&D materials. We will ensure that the day-to-day operations on site comply with the approved WMP. We will control the disposal of public fill, C&D materials and C&D waste to public fill reception facilities³, sorting facilities³ and landfills respectively through a trip-ticket system. We will require the contractor to separate public fill from C&D waste for disposal at appropriate facilities. We will record the disposal, reuse and recycling of C&D materials for monitoring purposes.

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³ Sorting facilities and public fill reception facilities are specified in Schedule 3 and Schedule 4 respectively of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of public fill in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

21. We estimate that the project will generate about 39 700 tonnes of C&D materials. Of these, we will reuse about 1 700 tonnes (4.3%) on site, deliver 34 800 tonnes (87.7%) to public fill reception facilities for subsequent reuse, and 200 tonnes (0.5%) to sorting facilities in order to retrieve the inert portion for reuse as public fill. In addition, we will dispose of 3 000 tonnes (7.5%) at landfills. The total cost for accommodating C&D materials at public fill reception facilities and landfill sites, together with the cost for handling the materials at sorting facilities is estimated to be \$1.3 million for this project (based on a unit cost of \$27/tonne for disposal at public fill reception facilities, \$100/tonne at sorting facilities and \$125/tonne⁴ at landfills).

LAND ACQUISITION

22. The project does not require land acquisition.

BACKGROUND INFORMATION

23. We upgraded **65KA** to Category B in September 2005. We engaged term contractors to carry out a topographical survey and an asbestos survey, and engaged a contractor to conduct ground investigation works in 1998. We also employed consultants to carry out a PER in 1998 (reviewed in 2005), a traffic impact assessment in 2002, a visual impact assessment in 2005 and other minor technical studies in 2001, and to provide quantity surveying services for the pre-contract works of the project in 2006. The total cost is about \$3.6 million. 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 above consultancy services and works were completed by April 2006. We are now preparing the tender document using in-house resources except quantity surveying services which will be outsourced.

24. The proposed construction works will involve the removal of 14 trees including 11 trees to be transplanted and three trees to be replanted within

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⁴ This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90/m³), nor the cost to provide new landfills, (which is likely to be higher) when the existing ones are filled.

the project site. All trees to be removed are not important trees⁵. We will incorporate planting proposals as part of the project, including estimated quantities of 22 trees, 215 shrubs, 700 ground cover plants and 10 climbers.

25. We estimate that the proposed works will create about 472 jobs (430 for labourers and another 42 for professional/technical staff) providing a total employment of 15 300 man-months.


Security Bureau
April 2006

⁵ Important trees refer to trees on the Register of Old and Valuable Trees, and any other trees which meet one or more of the following criteria -

- (a) trees of over 100 years old;
- (b) trees of cultural, historical or memorable significance;
- (c) trees of precious or rare species;
- (d) trees of outstanding form; or
- (e) trees with trunk diameter exceeding one metre (measured at one metre above ground level).



* 註：包括重啟馬寶道垃圾收集站
REMARK: REPROVISIONING OF THE MARBLE ROAD RCP INCLUDED.

DESKA 位於北角電照街的海關總部大樓 CUSTOMS HEADQUARTERS BUILDING AT TIN CHIU STREET, NORTH POINT	drawn by K.H. CHAN	date 03/06	drawing no. AB/5990/XA001	scale 1/1000
	approved K.C. MAK	date 03/06	 ARCHITECTURAL SERVICES DEPARTMENT	
PROJECT MANAGEMENT BRANCH				

65KA – Customs headquarters building at Tin Chiu Street, North Point**Breakdown of the estimate for consultants' fees**

Consultants' staff costs		Estimated man- Months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
(i) Quantity surveying services (Note 2)	Professional	-	-	-	1.0
	Technical	-	-	-	1.0
(ii) Soft landscape services (Note 3)	Professional	1.8	38	2.0	0.2
	Technical	-	-	-	-
(iii) Infrastructure works for information technology systems (Note 3)	Professional	6.4	38	2.0	0.7
	Technical	2.8	14	2.0	0.1
(iv) Risk management (Note 3)	Professional	6.5	38	2.0	0.7
	Technical	2.8	14	2.0	0.1
Total					3.8

*MPS = Master Pay Scale

Notes

- (1) A multiplier of 2.0 is applied to the average MPS point to estimate the full staff costs including the consultant's overheads and profit, as the staff will be employed in the consultant's office. (As at 1 January 2005, MPS point 38 = \$54,255 per month and MPS point 14 = \$18,010 per month.)
- (2) The consultant's staff cost for quantity surveying services is calculated in accordance with the existing consultancy agreement for the provision of quantity surveying services for **65KA**. The assignment will only be executed subject to Finance Committee's approval to upgrade **65KA** to Category A.
- (3) We will only know the actual man-months and actual fees after we have selected the consultant through the usual competitive bidding system.

Enclosure 3 to PWSC(2006-07)11

**Existing locations of C&ED offices to be relocated to
Customs Headquarters Building**

(I) Hong Kong

Location	Premises	Major formations
Central	Harbour Building	Directorate's offices General Investigation & Systems Bureau Headquarters Building Project Team Internal Audit Division Information Unit Office of Departmental Administration Office of Service Administration Office of Dutiable Commodities Administration* Office of Management Services Office of Financial Administration Office of Information Technology Office of Strategic Research Office of Planning and Development Special Duties Team
Central	Rumsey Street Multi-storey Carpark Building	Customs Drug Investigation Bureau Customs Liaison Bureau Intelligence Bureau Office of Service Quality Office of Service Administration
Central	Nam Fung Tower	Customs Drug Investigation Bureau Office of Financial Administration
Causeway Bay	Victoria Centre	Ports and Maritime Command (Marine Strike and Support Division)
North Point	North Point Government Offices Building	Consumer Protection & Prosecution Bureau Customs Drugs Investigation Bureau* Intelligence Bureau Office of Information Technology Office of Departmental Administration Office of Training and Development Office of Dutiable Commodities Administration*

(II) Kowloon

Location	Premises	Major formations
Tsim Sha Tsui	Middle Road Multi-storey Carpark Building	Intelligence Bureau Office of Information Technology Revenue and General Investigation Bureau Special Task Force
Kowloon Bay	Nan Fung Commercial Centre	General Investigation & Systems Bureau
Kowloon Bay	Skyline Tower	Complaints Investigation Group Intellectual Property Investigation Bureau* Intelligence Bureau

(III) New Territories

Location	Premises	Major formations
Tsuen Wan	Tsuen Wan Government Offices Building	Office of Training & Development
Kwai Chung	Kwai Chung Customhouse	Special Task Force
Kwai Chung	Kwai Hing Government Offices Building	Office of Dutiable Commodities Administration

Note:

1. Offices which provide public service on licence and permit applications are indicated with an asterisk (*).
2. The existing staff establishment of all offices to be relocated to the proposed customs headquarters building is about 1 850.