

For information

**LEGISLATIVE COUNCIL
PANEL ON PLANNING, LANDS AND WORKS**

Re-launch of Tamar Development Project

PURPOSE

This paper briefs Members on the re-launch of the Tamar development project, which covers the construction of the Central Government Complex (CGC), Legislative Council Complex (LCC), Civic Place and associated facilities.

BACKGROUND

2. The Executive Council decided in April 2002 to launch the Tamar development project. The scope of the project then included the proposed CGC, LCC, Exhibition Gallery, Civic Place and other related facilities. The Government subsequently initiated a two-stage procurement exercise for the “design and build” (D&B) contract for the project. In December 2002, we prequalified five applicants for the second stage tender exercise.

3. On 7 May 2003, we consulted the Public Works Subcommittee (PWSC) of the Legislative Council and obtained its support for the project. However, the Government decided later that month to put on hold its submission to the Finance Committee amidst the outbreak of SARS. In November 2003, the Government announced the decision to defer the project, having regard to its financial position and the political climate. We accordingly informed the five prequalified applicants that the tender and procurement exercise for the D&B contract for the Tamar project was terminated. Despite the deferment of the project, we made it clear that developing the Tamar site into Hong Kong’s prime civic core remained the Government’s long-term

commitment; and that the Tamar site should continue to be reserved for the Tamar project pending a decision on the timing for re-launch.

RE-LAUNCH OF THE PROJECT

4. As the Chief Executive announced in his Policy Address on 12 October 2005, the Government considers it timely to re-launch the Tamar development project now. The development of the Tamar site into Hong Kong's prime civic core, incorporating the CGC, LCC, Civil Place and other ancillary facilities fulfils the planning intention of the approved Central District (Extension) Outline Zoning Plan (OZP), and accords with the long-term interest of the community. The Government's financial position has also improved.

5. Both this Panel and the PSWC accepted the justifications for the CGC and the LCC and supported funding approval for the Tamar project in April and May 2003 respectively. To recapitulate, the Government Secretariat and the LegCo have been experiencing a shortage of office space. Both have to resort to commercial premises, incurring high rental expenses as well as operating costs in terms of duplicate administrative support and resources. The Central Government Offices (CGO), Murray Building (MB) and the LegCo Building are too old for effective conversion into technologically modern offices. The maintenance costs involved are also on the rise with the aging of the buildings. The development of the proposed CGC and LCC at Tamar will provide a long-term solution to these ongoing problems.

6. Furthermore, unemployment in the construction industry remains high at over 12% despite recovery in other sectors. Early implementation of the Tamar project would create some 2 700 employment opportunities totalling 73 000 man-months, including 2 500 jobs for the building and renovation workers.

PROJECT SCOPE

7. The CGC and LCC will remain the core components of the project. In view of the public aspiration for preserving as much open view as possible to the prominent ridgeline and harbour, and restricting the intensity of building development at Tamar, we will excise the Exhibition Gallery from the project. The reduced project scope should help lower the development intensity of the site and building heights, contain the development within the urban design principles and alleviate the traffic impact arising from the project. To protect the ridgeline, we are considering the feasibility of imposing a specific height restriction of 130m PD – 160m PD as the maximum ceiling for new buildings to be developed at Tamar. The Government will separately identify other suitable sites for the development of the Exhibition Gallery.

8. The Government is committed to developing a Civic Place of at least 2 hectares at Tamar, making use of the “Open Space” earmarked on the OZP. It will be designed as a recreational open space for leisure and enjoyment of the public, and be well integrated with the future Waterfront Promenade, forming part of the extensive open space network in the new central waterfront. A location plan showing the Tamar project and the Waterfront Promenade is at Annex.

DESIGN AND BUILD APPROACH

9. Given the importance we attach to the design of the project, its integration with the construction process, and the need to achieve early implementation, we will continue to adopt the D&B approach to implement the project and conduct a two-stage tender exercise accordingly. We will put particular emphases on the applicants’ proven design, financial and technical capabilities to undertake this major landmark project.

10. In the first stage of the tender exercise viz. the prequalification stage, we aim to issue a prequalification document in due course to set out the broad framework and include essential information to enable interested applicants to

demonstrate their abilities to undertake this important project. Such essential information includes the user requirements at the level of broad design objectives and parameters, brief description of selected special facilities and an indication of floor space requirements of the core components of the Tamar project. We will shortlist the applicants based on the merits of their capabilities to fulfill the proposed D&B contract. The shortlisted applicants will then be invited to submit tenders in the second stage viz. the tender stage, for the detailed design and construction works.

11. There will be a Special Selection Board (SSB) to oversee the prequalification and tender procedures, to assess the submissions, shortlist the prequalified applicants and select the tender for the D&B contract throughout the prequalification and the tender stages. The SSB will operate in accordance with the required principles of the WTO Agreement on Government Procurement, and will ensure impartial and independent assessment and selection of tender.

ALTERNATIVES

12. There are some suggestions lately that the Government should explore other site options for the Tamar project, consider other modes of project implementation or financing methods.

13. The Government has considered a suggestion of in-situ redevelopment of the CGO and MB but decides not to pursue the less than cost effective arrangement. In essence, implementation of this option will incur significant additional costs in terms of the necessary interim accommodation of the bureau offices during the site preparation and construction phases and there will be serious disruption to the effective operation of the Government Secretariat. It will also take a much longer implementation time-table for project completion.

14. As regards suggestions for reprovisioning the CGC and LCC at other sites such as Kai Tak, Kennedy Town, So Kon Po, Tung Chung, etc, they have yet to be substantiated by planning and required feasibility studies and such studies will take time. The Tamar site, on the other hand, went through extensive consultation and necessary feasibility studies. Its proposed development aligns with the planning objectives of the Central District. The relevant OZP, having completed the public consultation process, was approved by the Executive Council in 2000 pursuant to the Town Planning Board's recommendation. Preliminary ground investigation and preparatory works for the Tamar development project had already been completed back in 2003. Had it not been the SARS incident, the project would be well into its construction stage now.

15. Similarly, the addition of an international open design competition for the project now will have obvious programme implications. According to past experience, a proper design competition of the required scale would involve some 24 months from the preparation of the design brief to selection of the winner. Nonetheless, by adopting the D&B approach, we can also achieve similar effect of securing a world-class design through the tender exercise, and ensure quality design submissions by attaching prominent weighting to the design scheme and related requirements. Further, each D&B tenderer is obliged to ensure the cost-effectiveness of the implementation plan for its design, taking full account of technical advances in construction and practical functional requirements put forward by the Government and the LegCo.

16. We will build Tamar project as a public works item and, subject to the Finance Committee's approval, fund it through the Public Works Programme. Indeed, whilst this Panel and the PWSC had rendered support for this funding arrangement in the last exercise, we will formally consult the Panel and the Subcommittee again early next year when the detailed user requirements are finalised.

17. In the light of the above, the Public Private Partnership (PPP) approach does not present an optimal arrangement for this project. The new CGC and LCC are not revenue-generating facilities and there is little scope for the project to be self-financing through PPP. Furthermore, the Government

does not have a cash flow problem for funding the capital expenditure and there is little advantage in resorting to private sector financing and introduce complicated re-payment or leasing arrangement.

FINANCIAL AND STAFFING IMPLICATIONS

18. A preliminary estimate of the capital expenditure for the proposed development of the Tamar site is in the region of \$4,900 million, and recurrent expenditure is estimated to be around \$100 million per annum. However, these are rough estimates only. They will need to be updated at a later stage to tie in with the final project requirements, scope of work, design specifications, site conditions and the prevailing trend of the tender prices.

19. Given the scale, significance and complexity of the project, the Government will set up a dedicated project team to coordinate the implementation work. The team would be headed by an Administrative Officer Staff Grade C (AOSGC). We shall seek approval from the Establishment Subcommittee and Finance Committee in early 2006 on the creation of this supernumerary directorate post.

IMPLEMENTATION TIMETABLE

20. We envisage that the implementation timetable of the Tamar development project would be as follows :

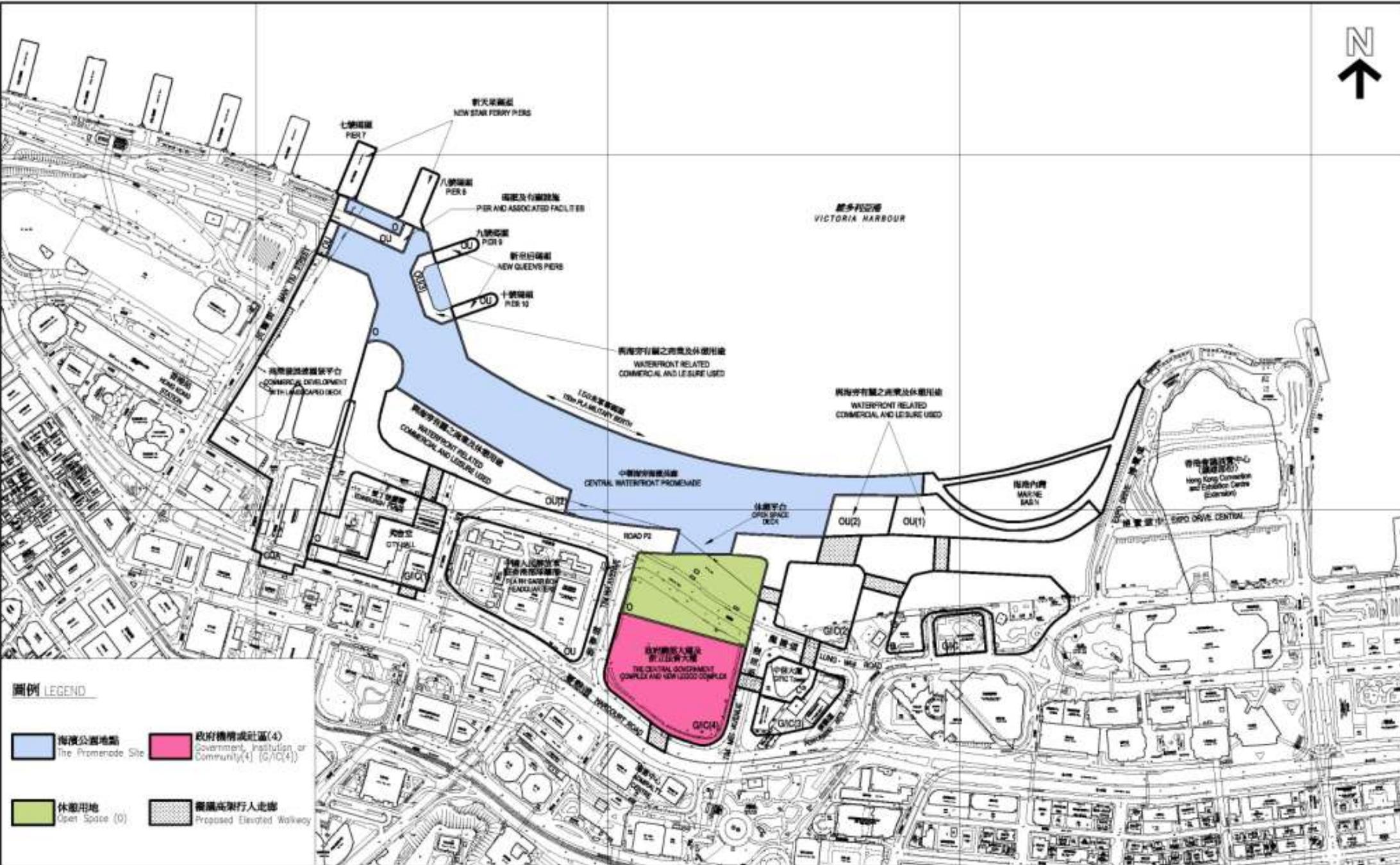
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| (a) Issue of prequalification document | 4 th quarter 2005 |
| (b) Completion of the prequalification exercise | 1 st quarter 2006 |
| (c) Formal consultation with the Panel on Planning, Lands and Works, the Public Works Subcommittee and the Finance Committee | 2 nd quarter 2006 |
| (d) Issue of tender document | 3 rd quarter 2006 |

- (e) Completion of the tender exercise and award of tender early 2007
- (f) Completion of project 2010

WAY FORWARD

21. We have consulted the LegCo Commission on the project brief and design requirements of the LCC. We plan to issue the prequalification document for the project in due course. We shall consult this Panel formally in early 2006 on the details of the project before our submission to the PWSC and Finance Committee for funding approval.

Administration Wing
November 2005



擬建添馬艦用地發展及海濱長廊

PROPOSED TAMAR DEVELOPMENT AND WATERFRONT PROMENADE

PLAN

本圖是根據 2005 年 5 月 20 日發出的新填地的資料編製而成。圖則編號 11-SW-88B0, 11-SW-9A, B, C&D, 11-SW-10A&C, 11-SW-13B, 11-SW-14A&B 及 11-SW-15A。EXTRACT PLAN PREPARED ON 20.5.2005 BASED ON SURVEY SHEET No. 11-SW-88B0, 11-SW-9A, B, C&D, 11-SW-10A&C, 11-SW-13B, 11-SW-14A&B 及 11-SW-15A。

