

## **ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT**

#### **New Territories North and West Development**

#### **Civil Engineering – Land development**

#### **735CL – Planning and engineering study on development of Lok Ma Chau Loop : consultants' fees and site investigation**

Members are invited to recommend to Finance Committee the upgrading of **735CL** to Category A at an estimated cost of \$33.7 million in money-of-the-day prices for carrying out a planning and engineering study and site investigation works on development of the Lok Ma Chau Loop.

### **PROBLEM**

We need to carry out a planning and engineering study (P&E Study) for the proposed development of the Lok Ma Chau Loop (the Loop) and its supporting infrastructure so as to meet the future needs for the development of Hong Kong (HK) and Shenzhen (SZ) and to consolidate the strategic position of the two cities in the region.

### **PROPOSAL**

2. The Director of Civil Engineering and Development, on the advice of the Director of Planning and with the support of the Secretary for Development, proposes to upgrade **735CL** to Category A at an estimated cost of \$33.7 million in money-of-the-day (MOD) prices to engage consultants to undertake a P&E Study

/and .....

and associated site investigation works for the proposed development of the Loop and its supporting infrastructure.

### PROJECT SCOPE AND NATURE

3. The scope of **735CL** (hereinafter collectively referred to as the P&E Study) comprises –

- (a) detailed planning and engineering studies for the Loop and adjacent areas including preparation and confirmation of the feasibility of the Recommended Outline Development Plan and the Recommended Layout Plan and the preliminary design of the associated engineering infrastructure works, and formulation of implementation strategies;
- (b) environmental impact assessments (EIA) including heritage impact assessment for the development and associated engineering infrastructure;
- (c) public engagement exercises in relation to the formulation of the development proposals; and
- (d) associated site investigation including supervision.

— A location plan showing the study area of the proposed Loop development is at Enclosure 1.

4. We plan to commence the P&E Study in June 2009 for completion in April 2012 (comprising a study period of 28 months and an allowance of 6 months for extension of time due to unforeseen delay, variation or other causes). The Study will formulate sustainable and feasible planning and development proposals for the Loop. Planning and technical assessments on the land use, environmental, cultural heritage, traffic, infrastructure, engineering, air ventilation, landscape and urban design aspects of the recommended proposals will be thoroughly carried out in the study process.

**/JUSTIFICATION .....**

**JUSTIFICATION**

5. Located within the boundary area, the Loop (with a land area of about 87 hectares) is near the major transport nodes including the Lok Ma Chau Boundary Control Point, the Lok Ma Chau Station of the Lok Ma Chau Spur Line and the San Tin Interchange. To the north of the Loop across SZ River is Huanggang Boundary Control Point. To the southwest is the Mai Po Nature Reserve and to the east is Hoo Hok Wai which is mainly used as fish ponds (Enclosure 2).

6. The Loop is located to the north of the old course of the SZ River and was within the administrative boundary of SZ before the river was re-aligned in 1997. It had been used as a dumping ground for mud extracted from the river training works, some of which were contaminated. As a result of the training of SZ River, the Loop now lies to the south of the re-aligned river course. The ‘Order of the State Council of the People’s Republic of China No. 221’ (中華人民共和國國務院令 第221號) in 1997 provides that after the realignment of SZ River, the administrative boundary of the HK Special Administrative Region (HKSAR) follows the new centre line of the river. As such, the Loop currently falls within the administrative boundary of HKSAR and is subject to the laws of HKSAR.

7. In the “Hong Kong 2030 : Planning Vision and Strategy” completed in October 2007, the Loop was identified as an area having potential for special uses pertinent to its boundary location. In the Chief Executive’s 2007-08 Policy Address, the development of the Loop was identified as one of the ten major infrastructure projects for economic growth and to meet future development needs.

8. In view of the unique history of the Loop which was within the SZ’s jurisdiction before 1997, HK and SZ Governments have agreed to jointly develop the site for mutual benefits of the two cities. At the first meeting of the “HK - SZ Joint Task Force on Boundary District Development” on 10 March 2008, co-chaired by the Secretary for Development and the Executive Vice Mayor of SZ Municipal Government, it was agreed that both sides would, on the principles of co-study and co-development, conduct a joint study on planning, environmental and engineering feasibility for the development of the Loop (i.e. the P&E Study) and its cost would be shared by both sides.

9. In June and July 2008, the planning authorities of HK and SZ separately consulted the general public, major stakeholders and experts on the future development of the Loop. Among the public views received, higher education, hi-tech research and development (R&D) facilities, and creative industries gained wide public support on both sides. As promulgated in the 2008-09 Policy Address, we are now assessing these proposals in greater depth and consulting stakeholders on the feasibility of various proposals.

10. At the HK-SZ Cooperation Meeting on 13 November 2008, the two Governments signed a cooperation agreement on the undertaking of the P&E Study. It was also agreed that higher education might be developed as the leading use in the Loop, with some elements of hi-tech R&D facilities and creative industries. This would provide impetus for human resources development in South China, enhance the competitiveness of the Pearl River Delta, and benefit the long-term economic growth of the two cities.

11. At the 12<sup>th</sup> Working Meeting of the HK-Guangdong Cooperation Joint Conference on 21 January 2009, the Chief Secretary for Administration stated, amongst others, that to tie in with the Framework for Development and Reform Planning for Pearl River Delta Region (珠江三角洲地區改革發展規劃綱要) in supporting the establishment of prestigious higher education institutions in the Pearl River Delta, the Government will work closely with the SZ authorities to establish universities and research institutions of international and advanced standard in the Loop. We have been engaging the universities on the way to take forward the development proposals.

12. Taking into account the long lead-time required for development of the Loop, an early start of the process is necessary. We propose to kick off the process by embarking on the P&E Study to investigate the feasibility of and to formulate a comprehensive plan for development of the Loop. Comprehensive public engagement will be undertaken as an integral part of the P&E Study. We will engage the Legislative Council, Heung Yee Kuk, relevant District Councils, local communities, environmental groups and other stakeholders in the course of the Study.

13. Owing to insufficient in-house resources, we propose to engage consultants to carry out the P&E Study and to supervise the associated site investigation works.

**/FINANCIAL .....**

**FINANCIAL IMPLICATIONS**

14. We estimate the capital costs for the whole of the P&E Study to be \$54.7 million (in MOD prices) with a breakdown of the costs at Enclosure 3. As the Study is jointly commissioned by HK and SZ, the total cost of the Study will be shared by both sides on the principles of : (i) the cost for study of the Loop (i.e. Area A at Enclosure 1, about 87 hectares in area) to be shared equally between HK and SZ, and (ii) the cost for study of the area outside the Loop in HK (i.e. Area B at Enclosure 1, about 182 hectares in area) to be paid by HK alone.

15. For Members' information, SZ will commission a separate study for the area to the north of the Loop in SZ (i.e. Area C at Enclosure 1, about 167 hectares in area) at its own cost.

16. The cost for the P&E Study to be borne by HK will be funded by **735CL**. We estimate the capital costs of **735CL** to be \$33.7 million in MOD prices (see paragraph 17 below), made up as follows –

	<b>\$ million</b>
(a) Consultants' fees for	17.6
(i) planning and engineering study	10.3
(ii) environmental impact assessment study	5.9
(iii) supervision of site investigation	1.4
(b) Site investigation works	9.6
(c) Miscellaneous expenses for display materials and public engagement exercises	1.5

/(d) .....

	<b>\$ million</b>	
(d) Contingencies	2.9	
	<hr/>	
Sub-total	31.6	(in September 2008 prices)
(e) Provision for price adjustment	2.1	
	<hr/>	
Total	33.7	(in MOD prices)
	<hr/>	

A breakdown by man-months of the estimate for consultants' fees for **735CL** is at Enclosure 4.

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

<b>Year</b>	<b>\$ million (Sept 2008)</b>	<b>Price adjustment factor</b>	<b>\$ million (MOD)</b>
2009 – 2010	4.5	1.03200	4.6
2010 – 2011	11.4	1.05264	12.0
2011 – 2012	8.0	1.07369	8.6
2012 – 2013	5.4	1.09517	5.9
2013 – 2014	2.3	1.11707	2.6
	<hr/>		<hr/>
	31.6		33.7
	<hr/>		<hr/>

18. We have derived the MOD estimate 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 from 2009 to 2014. Subject to approval, we will award the proposed consultancy on a lump sum basis with provision for price adjustments in the consultancy agreement as the duration of the consultancy will

/exceed .....

exceed 12 months. We will tender the site investigation works under a standard re-measurement contract because the quantity of works involved may vary depending on actual ground conditions.

19. The proposed study and the associated site investigation works will not give rise to any recurrent expenditure.

## **PUBLIC CONSULTATION**

20. We consulted the Sheung Shui District Rural Committee (RC) and San Tin RC on 9 December 2008 on the proposed P&E Study. Members of both RCs in general did not express objection to the proposal to conduct the P&E Study.

21. We consulted the North District Council (DC) and Yuen Long DC on 11 December 2008 and the Town Planning Board (TPB) on 12 December 2008 on the proposed P&E Study. Members of both DCs and TPB in general supported the proposal to conduct the P&E Study and urged for its early completion.

22. We consulted the Heung Yee Kuk (HYK) on 16 December 2008 on the proposed P&E Study. Members of the HYK in general supported the proposal to conduct the P&E Study and requested that development for areas adjacent to the Loop should also be considered in the P&E Study.

23. On 22 April 2008, we briefed the Legislative Council Panel on Development on, inter alia, the latest development of the Loop and informed Members that HK and SZ intended to carry out a comprehensive study on the land use planning, environment and engineering feasibility for the development (i.e. the P&E Study). On 15 November 2008, Members of the Panel and other LegCo Members were briefed on the latest development of the Loop in the visit to the Frontier Closed Area. On 24 February 2009, we consulted the Panel on the proposed consultancy and site investigation works. Panel Members in general supported the proposal to conduct the P&E Study.

**/ENVIRONMENTAL .....**

## **ENVIRONMENTAL IMPLICATIONS**

24. The P&E Study will not have any environmental implications. However, the development to be covered by the proposed P&E Study, which is a designated project under the EIA Ordinance, requires an EIA study under the EIA Ordinance for the development and associated engineering infrastructures. In the EIA study, we will require the consultants to conduct assessments for the development proposals taking into account the latest circumstances. There are also some individual projects such as roads and sewage pumping stations required for the Loop development, which are Designated Projects under Schedule 2 of the EIA Ordinance. They would require Environmental Permits prior to construction and operation. We will carry out the statutory EIA under the P&E Study and assess the environmental acceptability of the proposals and where necessary, formulate appropriate mitigation measures in accordance with the requirements of the EIA Ordinance. The EIA Study will in particular examine the issue of contaminated mud in the Loop including undertaking contaminated mud assessment and recommend measures to mitigate the likely environmental concern.

25. The proposed site investigation works and preliminary design consultancy will only generate very little construction waste. We will require the consultants to fully consider measures to minimise the generation of construction waste and to reuse/recycle construction waste as much as possible. We also undertake to implement the standard pollution control clauses during construction, as promulgated by the Director of Environmental Protection.

## **HERITAGE IMPLICATIONS**

26. The P&E Study will not affect any heritage site. A Heritage Impact Assessment (HIA) will be conducted under the P&E Study for the proposed development of the Loop. The proposed HIA will cover all declared monuments, proposed monuments, graded historic sites/buildings, sites of archaeological interest and Government historic sites identified by the Antiquities and Monuments Office.

## **LAND ACQUISITION**

27. The proposed site investigation works and study will not require land acquisition. The P&E Study will examine the extent of land acquisition required for implementation of the Loop development.

**/BACKGROUND .....**



**BACKGROUND INFORMATION**

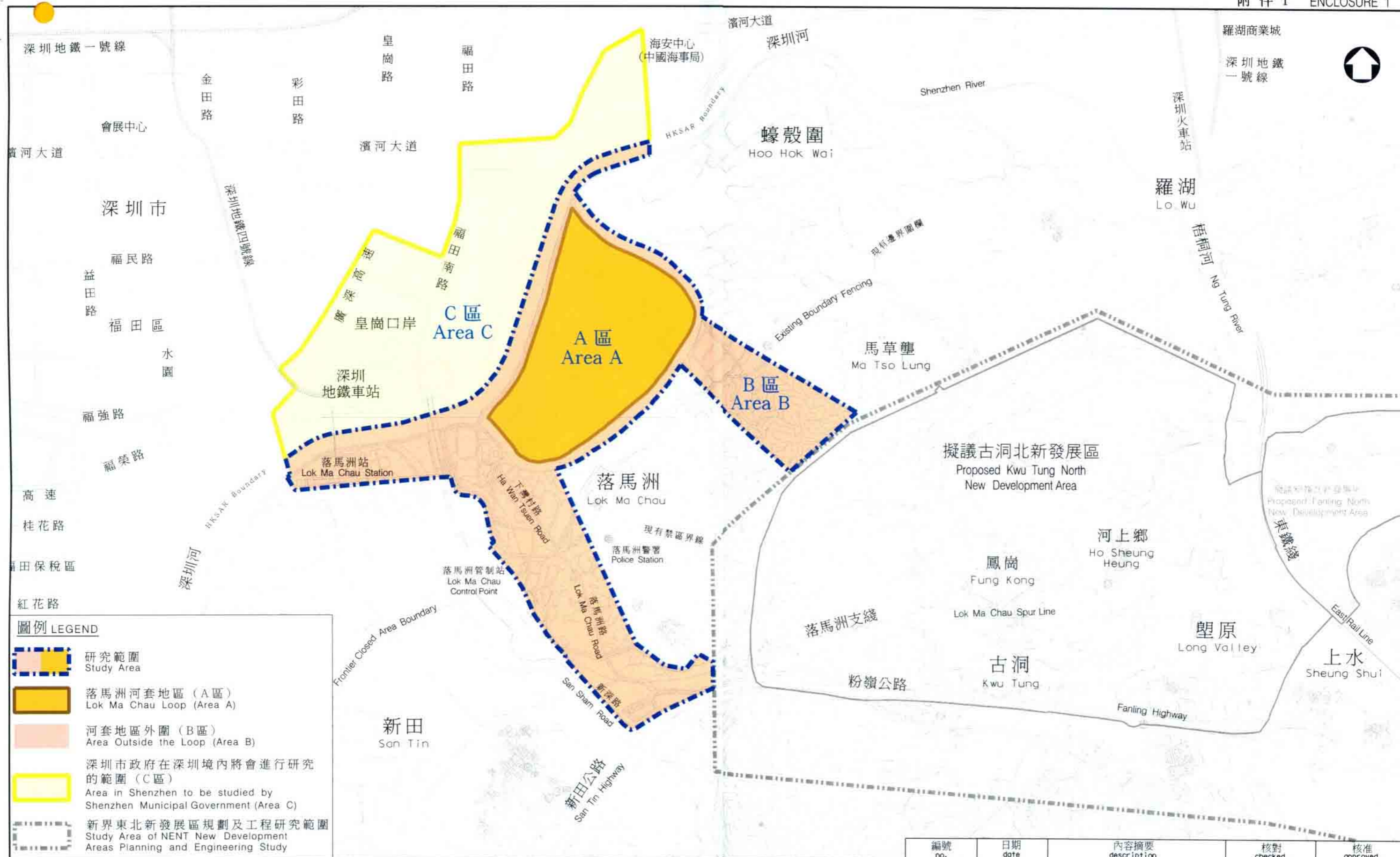
28. We upgraded **735CL** to Category B in October 2008.

29. The proposed P&E Study will not directly involve any tree removal or planting proposals. We will require the consultants to take into consideration the need for tree preservation during the planning and design stages of projects. We will also incorporate tree planting proposals, where possible, in the construction phase in the future.

30. We estimate that the proposed consultancy and site investigation works will create about 25 jobs (8 for labourers and another 17 for professional/technical staff) providing a total employment of 470 man-months.

-----

Development Bureau  
March 2009



**圖例 LEGEND**

- 研究範圍 Study Area
- 落馬洲河套地區 (A區) Lok Ma Chau Loop (Area A)
- 河套地區外圍 (B區) Area Outside the Loop (Area B)
- 深圳市政府在深圳境內將會進行研究的範圍 (C區) Area in Shenzhen to be studied by Shenzhen Municipal Government (Area C)
- 新界東北新發展區規劃及工程研究範圍 Study Area of NENT New Development Areas Planning and Engineering Study

二〇〇九至二〇一〇年年度工務小組委員會文件 P.W.S.C. SUBMISSION 2009/2010

圖則名稱 drawing title  
**落馬洲河套地區發展規劃及工程研究：**  
**顧問費及地盤勘測 - 研究範圍位置圖**  
 PLANNING AND ENGINEERING STUDY ON DEVELOPMENT OF LOK MA CHAU LOOP:  
 CONSULTANTS' FEES AND SITE INVESTIGATION - STUDY AREA LOCATION PLAN

編號 no.	日期 date	內容摘要 description	核對 checked	核准 approved
修訂 REVISION				

繪圖 drawn	簽署 initial	日期 date	項目編號 item no.
K S LO	SIGNED	28.11.2008	735CL
核對 checked	簽署 initial	日期 date	比例 scale
Y F TANG	SIGNED	19.02.2009	1:20 000
核准 approved	簽署 initial	日期 date	圖則編號 drawing no.
C S LIU	SIGNED	26.03.2009	NTN 2256

辦事處 office  
 新界西及北拓展處  
 NEW TERRITORIES NORTH AND WEST DEVELOPMENT OFFICE



土木工程拓展署  
 CIVIL ENGINEERING AND DEVELOPMENT DEPARTMENT



二〇〇九至二〇一〇年年度工務小組委員會文件 P.W.S.C. SUBMISSION 2009/2010

圖則名稱 drawing title  
 落馬洲河套地區發展規劃及工程研究：河套及鄰近地區  
 PLANNING AND ENGINEERING STUDY ON DEVELOPMENT OF LOK MA CHAU LOOP :  
 LOOP AND SURROUNDING AREAS

編號 no.	日期 date	內容摘要 description	核對 checked	核准 approved
修訂 REVISION				
繪圖 drawn	簽署 initial	日期 date	項目編號 item no.	辦事處 office 新界西及北拓展處 NEW TERRITORIES NORTH AND WEST DEVELOPMENT OFFICE
Y C LAM	SIGNED	29.12.2008	735CL	
核對 checked	簽署 initial	日期 date	比例 scale	
Y F TANG	SIGNED	11.02.2009	NOT TO SCALE	 土木工程拓展署 CIVIL ENGINEERING AND DEVELOPMENT DEPARTMENT
核准 approved	簽署 initial	日期 date	圖則編號 drawing no.	
C S LIU	SIGNED	26.03.2009	NTN 2258	

**Enclosure 3 to PWSC(2009-10)2**

**735CL - Planning and engineering study on development of Lok Ma Chau  
Loop : consultants' fees and site investigation**

The estimate of capital costs for the Study is made up as follows :

	<u>Total Cost</u> (\$ million) (in Sept. 2008 Prices)	<u>Total Cost</u> (\$ million) (in MOD Prices)
(a) <b>Study Area A</b> (i.e. study area inside the Loop)	39.4	42.0
(b) <b>Study Area B</b> (i.e. study area outside the Loop in Hong Kong)	11.9	12.7
(c) <b>Cost of the whole of the Study</b> [ (c) = (a) + (b) ]	51.3	54.7
(d) <b>Cost to be funded by 735CL</b> [ (d) = (a)/2 + (b) ]	31.6	33.7

**Enclosure 4 to PWSC(2009-10)2**

**735CL – Planning and engineering study on development of Lok Ma Chau Loop :  
consultants’ fees and site investigation**

**Breakdown of estimate for consultants’ fees**

<b>Consultants’ staff costs</b> <small>(Note 2)</small>		<b>Estimated man-months</b>	<b>Average MPS* salary point</b>	<b>Multiplier</b> <small>(Note 1)</small>	<b>Estimated fees (\$ million)</b>
(a) Planning and engineering study	Professional	50.0	38	2.0	6.1
	Technical	107.0	14	2.0	4.2
(b) Environmental impact assessment study	Professional	26.0	38	2.0	3.1
	Technical	70.0	14	2.0	2.8
(c) Supervision of site investigation	Professional	6.0	38	1.6	0.6
	Technical	26.0	14	1.6	0.8
<b>Total</b>					17.6

\* MPS = Master Pay Scale

**Notes**

1. A multiplier of 2.0 is applied to the average MPS point to estimate the full staff cost including the consultants’ overheads and profit for staff employed in the consultants’ offices. A multiplier of 1.6 is applied to the average MPS point in the case of resident site staff supplied by the consultants. (As at 1 January 2009, MPS pt. 38 = \$60,535 per month and MPS pt. 14 = \$19,835 per month)
2. The actual man-months and fees will only be known when we have selected the consultants through the usual competitive fee bid system.