Circular of Detailed Rules for Improving the Fee Exemption of Engineering Geological Study and Hiring a Supervision Agency, and the Elimination of Construction Drawing Review for Low-risk Industrial Projects with Private Investment

H.J.S.G.B. Document No.3 of 2019

To all District People’s Governments, Commissions, Offices and Bureaus of the Municipal Government，administrative commissions of a special area, all related units:

In pursuant to the spirit of the Circular of the Office of the Municipal Reform Work Leading Group of Review and Approval System for Construction Projects *on the Implementation of Related Fees Exemption and the Cancellation of the Review of Construction Drawings and Design Documents of Small-scale Industrial Projects with Private Investment in Shanghai* (H.J.S.G.B. Document No. 1 of 2019), taking into consideration the requirements of the new round of overall business environment reform of dealing with the construction permits in Shanghai, to further optimize the implementation standards and process of the fee exemption of engineering geological study and hiring a supervision agency for the low-risk industrial projects with private investment in Shanghai, to strengthen the end-to-end supervision, the related matters are now notified as follows:

I. The Implementation Scope of Low-risk Industrial Projects

The low-risk industrial projects are standardized factories and common warehouses, which are new construction, alterations, or additions, and industrial projects of private investment that realize the industrial spatial layout according to the three-layer system “industrial bases – industrial communities – scattered industrial plots” in the Shanghai municipality. The gross construction area of one project under filing-based management is no more than 10000 square meters, the height is no more than 24 meters, the function is simple, and construction technology is easy. However, projects involving inflammable, explosive, toxic, and harmful features and projects with significant ecological environment impact are excluded. The fee exemption of engineering geological study and hiring a supervision agency and the elimination of owner-commissioned construction drawing review are applicable to this category of projects.

II. Fee exemption of engineering geological study for low-risk industrial projects

**(I) Public access to the city-wide geological information and geological disaster prevention and control requirements.**

The Municipal Planning and Natural Resources Bureau shall actively publish the "Notification of Geological Information and Geological Disaster Prevention and Control Requirements" for 52 geological zones in Shanghai which are managed based on risk assessment for geological disaster control purposes on the government portal “Shanghai China” and its official department website, inform the public and the land transferees of the geological conditions, geological resources and geological disaster prevention and control requirements of the corresponding plots. For a project that the land is newly transferred, it shall be written in the land transfer contract the "Notification of Geological Information and Geological Disaster Prevention Requirements "; for a project to be constructed on a self-owned land, the owner can log in the website to download the "Notification of Geological Information and Geological Disaster Prevention Requirements." The Geological Information and Geological Disaster Prevention and Control Requirements can be regarded as the initial documents for a low-risk industrial project to start the following design work.

 **(II) The process of fee exemption of engineering geological survey for low-risk industrial projects**

For a low-risk industrial project of which the gross construction area is less than 2000 square meters without a basement, it may adopt the public geological survey information to start the design without submitting the engineering geological survey report. For other low-risk industrial projects, based on the actual requirements of projects, if further supplementary engineering-geological surveys have to be carried out, the surveys should be done by the qualified survey companies.

In order to reduce the costs of enterprises, the fee of engineering geological survey should be covered by either local district construction administration department or administrative committee of a special area through government procurement or subsidy. For a project that the land is newly transferred, the engineering geological survey should be completed before the land transfer by the district construction administration department or administrative committee of special area together with the land reserve center, and the survey report shall be provided to the owner upon land transfer by the district planning and natural resources department or administrative committee of special area. For a project to be constructed on a self-owned land, the owner shall entrust a qualified geological survey company on its own to carry out the survey, or it may provide the geological survey it had before, the related fee shall be exempted by the construction administration department or administrative committee of special area in the way of government subsidy. The time limit for a geological survey of a low-risk industrial project should not be more than 10 calendar days.

III. Fee exemption of hiring a supervision agency for low-risk industrial projects

 **(I) The commission of low-risk industrial projects to supervision agencies**

For low-risk industrial projects in Shanghai, mandatory supervision agencies are no longer required, and the owners may adopt management modes such as self-management, whole process consultation, or project management by architects who shall take the leading role, based on the principle of voluntariness. If an owner still hires a supervision agency to carry out on-site supervision and management, the agency should meet the related regulation of national qualification.

In order to reduce the costs of enterprises, the fee of hiring a supervision agency should be covered by either a local district construction administration department or administrative committee of a special area through government procurement or subsidy. The authorized engineering supervision agency should follow the *Code of Construction Project Management* (GB/T50319-2013) to control construction quality, construction and installation costs, and progress, to manage the contract and information, to coordinate among construction-related parties. It should also fulfill the statutory responsibilities of construction projects safety production and management, the details are specified in the agreed contract.

 **(II) The regulatory requirements on the supervision agencies and chief supervising engineers.**

The supervision agencies are commissioned by the owners and perform the supervision services in accordance with the related national and municipal regulations. The fee exemption for supervision services doesn’t change the legal relationship and statutory responsibilities. The chief supervising engineers of supervision agencies which undertake the low-risk industrial projects in Shanghai should hold a bachelor’s degree or above, one supervising engineer may be authorized as a chief supervising engineer at most in three projects at the same time (among which there should be at least one low-risk industrial project).

IV. Strengthening the end-to-end supervision on the quality of construction drawing review

**（I）Elimination of the owner-commissioned construction drawing review of low-risk industrial projects**

The low-risk industrial projects in Shanghai are no longer required to carry out the owner-commissioned construction drawing review. The certificate of construction drawing review is no longer a precondition for the issuance of a construction project planning permit and a construction project construction permit. Design companies and lead designers of projects should take the leading responsibilities in the design quality of construction drawings. Low-risk industrial projects are encouraged to adopt the project management led by the architects if it’s suitable, architects and their team are expected to take the leading role throughout the project and provide the project management according to the agreed contracts.

 **(II) Strengthening the end-to-end supervision on the quality of review of construction drawings and documents for the low-risk industrial projects.**

Through government procurement of services, every district construction administration department and administrative committee of a special area shall commission construction drawing review agencies to carry out the full-coverage quality inspection of construction drawings and documents for the low-risk industrial projects. In principle, a review agency should be selected from the recognized construction drawing review agencies for building works by the Municipal Commission of Housing and Urban-rural Development, and undertake the inspection tasks of the review of construction drawings and design documents for the low-risk industrial projects.

Within 3 working days after a low-risk industrial project obtains its construction permit, a review agency should complete the quality inspection of construction drawings and design documents according to the existing trade codes, standards, and administrative requirements. If the construction drawings pass the inspection, a review agency should issue an acceptance opinion on the review and approval management system and state in the opinion that the design documents meet the review requirements of departments of fire prevention, sanitation, water, seismic safety. The acceptance opinions issued by the construction drawing review agencies are regarded as the opinions of related administration departments. If the construction drawings fail the inspection, a review agency should issue a nonacceptance opinion of quality review on the review and approval management system and state the reasons why the inspection fails and the time limit for rectification. If the rectification isn’t made within the time limit, the district construction administration department or administrative committee of a special area shall order the project owner to cease the construction or occupancy according to the law. The above behavior would be considered bad behavior and recorded in the credit file. After the owner completes the rectification and obtains the acceptance opinion, the project may restart the construction. In pursuant to the Municipal Civil Defense Office’s document the *Circular on the Civil Defense Works which will not be Required as Part of Supporting Facilities for Projects Constructed on the Industrial Land* (H.M.F. Document No.34 of 2019), low-risk industrial projects will not be required to build civil defense facilities in Shanghai.

V. Related fee schedules and measure of settlement

Please check out the appendix for recommended subsidy standards of engineering geological survey and hiring a supervision agency, and detailed fee schedule of quality inspection for reference, district construction administration department or administrative committee of a special area may adjust according to the actual situations. District construction administration department or administrative committee of a special area shall set specified measures of settlement at their discretion considering the actual situations. District construction administration department or administrative committee of a special area shall pay the quality inspection fee of construction drawing, once every quarter in principle. The funds required should be included in the departmental budget.

VI. Effective date

This circular is effective from the date of issuance. If there are inconsistencies between this circular and the *Circular on the Implementation of Related Fees Exemption and the Cancellation of the Review of Construction Drawings and Design Documents of Small-scale Industrial Projects with Private Investment in Shanghai* (H.J.S.G.B. Document No. 1 of 2019), this circular shall prevail.

Appendix:

1. Recommended subsidy standards for the engineering geological survey fee of low-risk industrial projects
2. Recommended subsidy standards for the fee of hiring a supervision agency of low-risk industrial projects
3. Recommended fee standards for quality inspection of low-risk industrial projects

The Office of the Shanghai Municipal Reform Work Leading Group of Review and Approval System for Construction Projects

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 Appendix 1:

Recommended Subsidy Standards for the Engineering Geological Survey Fee of Low-risk Industrial Projects

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| No. | Construction Scale（㎡） | Cap on Engineering Geological Survey Fee (RMB) |
| 1 | 2000~4000（incl. 4000） | 35,000 |
| 2 | 4000~6000（incl. 6000） | 40,000 |
| 3 | 6000~8000（incl. 8000） | 45,000 |
| 4 | 8000~10000（incl. 10000） | 48,000 |

Appendix 2:

Recommended Subsidy Standards for the Fee of Hiring a Supervision Agency of Low-risk Industrial Projects

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| --- | --- | --- |
| No. | Construction and Installation Cost (RMB in millions)  | Fee Range of Hiring a Supervision Agency (RMB) |
| 1 | 0~3（incl. 3） | 0~40,000 |
| 2 | 3~6（incl.6） | 40,000~120,000 |
| 3 | 6~12（incl.12） | 120,000~210,000 |
| 4 | 12~18（incl.18） | 210,000~300,000 |
| 5 | 18~24（incl.24） | 300,000~390,000 |
| 6 | 24~30（incl.30） | 390,000~480,000 |

Appendix 3:

Recommended Fee Standards for Quality Inspection of Low-risk Industrial Projects

 The quality inspection fee of construction drawing design for low-risk industrial projects is charged according to the construction area of a project and unit price. The unit price is RMB 5 per square meters, the construction area of a project is based on the area number stated on the Construction Project Planning Permit which is issued by the planning and natural resources department. If the inspection fee is less than RMB 5,000, it shall be charged as RMB 5,000.