

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

### **HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT**

#### **Education Subventions**

#### **29EC - A private independent school at Po Kong Village Road, Wong Tai Sin**

Members are invited to recommend to Finance Committee to approve a new commitment of \$172.5 million in money-of-the-day prices for the construction of a composite school comprising a 30-classroom secondary section and an 18-classroom primary section at Po Kong Village Road, Wong Tai Sin, Kowloon.

#### **PROBLEM**

We need to have more diversity in our school system and give parents more choices in the selection of schools for their children.

#### **PROPOSAL**

2. The Director of Education (D of E), on the advice of the Director of Architectural Services (D Arch S) and with the support of the Secretary for Education and Manpower, proposes to create a new commitment of \$172.5 million in money-of-the-day (MOD) prices for the construction of a non-profit-making private independent school (PIS) comprising a 30-classroom secondary section and an 18-classroom primary section at Po Kong Village Road, Wong Tai Sin.

3. This amount, being no more than the cost for constructing a standard design public sector school accommodating the same number of students, will be provided in the form of a capital grant to the Hong Kong International Institute of Music Limited (the School Sponsor). The School Sponsor will be responsible for the construction of the school and will design the school to match its special curriculum with emphasis on music education.

### **PROJECT SCOPE AND NATURE**

4. The proposed school will adopt a non-standard design to accommodate a 30-classroom secondary section and an 18-classroom primary section and will have the following planned facilities -

	<b>Secondary section</b>	<b>Primary section</b>
(a) classrooms;	30	18
(b) special rooms, including a computer-assisted learning room and a language room;	15	5
(c) small group teaching rooms;	3	3
(d) guidance activity room;	1	1
(e) interview rooms;	2	1

#### **Common facilities**

- (f) an assembly hall (will be designed as a concert hall for musical performance);
- (g) 44 music practice rooms;
- (h) two staff rooms;
- (i) a staff common room;
- (j) a conference room;
- (k) a library;
- (l) a multi-purpose area;

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- (m) two basketball courts;
- (n) a green corner<sup>1</sup>; and
- (o) ancillary accommodation including two lifts and relevant facilities for the handicapped.

\_\_\_\_\_ A comparison of the facilities at the proposed school with those at standard design schools is at Enclosure 1.

\_\_\_\_\_ 5. The proposed school will meet the planning target of providing two square metres of open space per student. A site plan is at Enclosure 2. Subject to approval of the capital grant by Finance Committee, the School Sponsor plans to start construction works in April 2002 for completion in August 2003.

## JUSTIFICATION

6. With the provision of nine-year free education since 1978, the majority of schools in Hong Kong have been public sector schools comprising government schools and aided schools. There is however a need to inject more variety into our school system by encouraging alternatives to public sector schools, in the face of increasingly diverse attitude and values in the community, a multitude of demand in our workplace, fast changing technology and increasing globalisation. With freedom in setting the school curriculum and medium of instruction, private schools including PISs and Direct Subsidy Scheme schools<sup>2</sup> could provide quality education with greater scope for innovation.

7. In his 1998 Policy Address, the Chief Executive announced new measures to facilitate the development of a vibrant private school sector through enhancing assistance to private schools. Two school sites were reserved for the construction of PISs. In May 1999, the School Allocation Committee chaired by D of E invited parties interested in operating PIS to submit proposals setting out their vision, mission, curriculum, etc. of their proposed schools. The Hong Kong International Institute of Music Limited, one of the two applicants selected, was chosen on the strength of its proposed school plan on the provision of structured musical training alongside a normal curriculum.

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<sup>1</sup> The green corner is a designated area inside the campus to enable students to develop an interest in horticulture and natural environment. The green corner may include a green house, a weather station and planting beds.

<sup>2</sup> Direct Subsidy Scheme was introduced in 1988 to provide recurrent subsidy for private schools while allowing them the maximum freedom with regard to curriculum, school fee and entrance requirements, so as to enable them to develop into viable alternatives to government and aided schools. The subsidy is based on the average unit cost of all aided school places in Hong Kong.

8. In August 1999, the Education Department allocated the two school sites<sup>3</sup> to the selected applicants at nominal premium for operating non-profit-making PISs. In line with the policy for PISs, financial assistance in the form of a capital grant will be provided to the school sponsors for the sole purpose of building the schools. The amount will be no more than the cost for constructing a standard design public sector school accommodating the same number of students. The provision of land at nominal premium and the capital grant will help high quality non-profit-making school operators overcome a major hurdle for entry. In addition, the assistance will give school sponsors incentives to charge affordable school fees.

### FINANCIAL IMPLICATIONS

9. According to D Arch S, the construction cost of a standard design public sector school accommodating the same number of students is \$172.7 million in MOD prices. A breakdown of the calculation is as follows -

	<b>\$ million</b>	
(a) Secondary Section	98.8	
<p>The cost of building a standard design 30-classroom secondary school with 1 160 students is \$99.7 million, as advised by D Arch S. The equivalent provision for the 30-classroom secondary section with 1 150 students<sup>4</sup> will be \$98.8 million. (\$99.7 million ÷ 1 160 x 1 150).</p>		
(b) Primary Section	70.3	
<p>The equivalent provision for the 18-classroom primary section with 621 students will be the cost of building a standard design 18-classroom primary school with the same class size as advised by D Arch S.</p>		
(c) Consultants' fees	3.6	/(c) .....

<sup>3</sup> The second school site was in Siu Lek Yuen, Shatin. It was allocated to the Yew Chung Education Foundation Limited. Owing to local objection on "fung shui" ground, the school sponsor is now allocated another site in Kowloon Tong.

<sup>4</sup> The secondary section will have 25 classes of 40 students for Secondary 1 to 5, three classes of 30 students for Secondary 6 and two classes of 30 students for Secondary 7. The total number of students is 1 150.

\$ million

The consultants' fees estimated by the School Sponsor have been assessed by D Arch S as acceptable. For schools built by the Government, such services are arranged through the Architectural Services Department.

	Sub-total	172.7	(in September 2001 prices)
(d) Provision for price adjustment		0.0	
	Total	172.7	(in MOD prices)

10. The construction cost of the school as estimated by the School Sponsor is \$172.5 million in MOD prices (see paragraph 12 below), made up as follows -

\$ million

(a) Foundation		13.1	
(b) Building		101.2	
(c) Building services		25.4	
(d) Drainage and external works		13.5	
(e) Consultants' fees -		3.6	
(i) Contract administration	2.0		
(ii) Site supervision	1.2		
(iii) Out-of-pocket expenses	0.4		
(f) Contingencies		15.7	
	Sub-total	172.5	(in September 2001 prices)
(g) Provisions for price adjustment		0.0	/(g) .....

**\$ million**

	Total	172.5 (in MOD prices)
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D Arch S has examined and endorsed the above cost estimates. A detailed breakdown of the estimate for consultants' fees by man-month is at Enclosure 3.

11. As the School Sponsor's estimate of the construction cost of the PIS (\$172.5 million) is less than D Arch S's estimate of the equivalent provision for a standard design school (\$172.7 million), the grant for this project should be capped at \$172.5 million. D of E will arrange to pay the School Sponsor on a reimbursement basis to meet requirements falling within the approved scope of **29EC**.

12. Subject to approval, the School Sponsor will phase the expenditure as follows -

Year	\$ million (Sept 2001)	Price adjustment factor	\$ million (MOD)
2002 - 03	90.5	0.99700	90.2
2003 - 04	78.0	1.00398	78.3
2004 - 05	4.0	1.01101	4.0
	172.5		172.5

13. We derived the MOD estimates on the basis of Government's latest forecast of trend labour and construction prices for the period 2002 to 2005. The School Sponsor will deliver the works through a fixed-price lump-sum contract because it can clearly define the scope of works in advance, leaving little room for uncertainty.

14. The cost of furniture and equipment and the annual recurrent expenditure for the school will be borne by the School Sponsor. There will not be recurrent expenditure for the Government.

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**PUBLIC CONSULTATION**

15. The policy on land and financial assistance for the operation of PIS was discussed by the Legislative Council Panel on Education in March 1999. Members supported the policy designed to foster the growth of a quality private school sector. The proposed PIS, together with other schools located at the same plot forming a school village, was discussed by the Traffic and Transport Committee of the Wong Tai Sin District Council in April 2000 and June 2000. The committee supported all the schools in the school village. To cater for the additional traffic, the Highways Department is planning to construct a footbridge across Po Kong Village Road under a separate public works project.

## ENVIRONMENTAL IMPLICATIONS

16. The School Sponsor engaged a consultant to conduct a Preliminary Environmental Review (PER) for 29EC in December 2001. The PER concluded that the school would not be subject to adverse environmental impacts provided that the School Sponsor implement the following environmental mitigation measures to keep the road traffic noise impact within the limits recommended in the Hong Kong Planning Standards and Guidelines -

Mitigation measures	Estimated cost \$ million (in September 2001 prices)
Provision of insulated windows and air-conditioning to 28 classrooms, six small group teaching rooms and one special room at the northern façade; one classroom and nine special rooms at the eastern façade; as well as nine classrooms and one special room at the western façade from 1/F to 5/F.	4.9

The School Sponsor has included the cost of the above mitigation measures as part of the building services works in the estimated construction cost.

17. During construction, the School Sponsor 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, frequent cleaning and watering of the site, and the provision of wheel-washing facilities.

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18. At the planning and design stages, the School Sponsor has considered measures to reduce the generation of construction and demolition (C&D) materials. The School Sponsor has introduced more pre-fabricated

building elements into project designs to reduce temporary formwork and construction waste. These include dry wall partitioning and proprietary fittings and fixtures. Suitable excavated materials will be used for filling within the site to minimise off-site disposal. In addition, the School Sponsor will require the contractor to use metal site hoardings and signboards so that these materials can be recycled or reused in other projects.

19. The School Sponsor will 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. The School Sponsor will ensure that the day-to-day operations on site comply with the approved WMP. The School Sponsor will control the disposal of public fill and C&D waste to the designated public filling facilities and landfills respectively through a trip-ticket system. The contractor will be required to separate public fill from C&D waste for disposal at appropriate facilities. The School Sponsor will record the disposal, reuse and recycling of C&D materials for monitoring purposes. We estimate that about 6 500 cubic metres (m<sup>3</sup>) of C&D materials will be generated by the project. Of these, we will reuse about 4 200 m<sup>3</sup> (65%) on site, 1 300 m<sup>3</sup> (20%) as fill in public filling areas<sup>5</sup>, and dispose of 1 000 m<sup>3</sup> (15%) at landfills. The notional cost of accommodating C&D waste at landfill sites is estimated to be \$125,000 for this project (based on a notional unit cost<sup>6</sup> of \$125/m<sup>3</sup>).

## LAND ACQUISITION

20. The project does not require land acquisition.

## BACKGROUND INFORMATION

21. We upgraded **29EC** to Category B in August 2001. With an allocation of \$4.4 million from the block allocation **Subhead 8100QX**

/“Alterations, .....

“Alterations, additions, repairs and improvements to education subvented buildings”, the consultants engaged by the School Sponsor have completed most of the pre-tender consultancy services including feasibility study and detailed

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<sup>5</sup> A public filling area is a designated part of a development project that accepts public fill for reclamation purposes. Disposal of public fill in a public filling area requires a licence issued by the Director of Civil Engineering.

<sup>6</sup> 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 per/m<sup>3</sup>), nor the cost to provide new landfills (which are likely to be more expensive) when the existing ones are filled. The notional cost estimate is for reference only and does not form part of this project estimate.



design. The consultants are in the process of finalising tender documents for the project.

22. In choosing the school sponsors for PISs, the School Allocation Committee would invite parties interested in operating PISs to submit proposals. Selected non-profit-making PISs would be granted school sites by private treaty. To enhance the accountability of the schools in delivering education in exchange for government assistance, and to facilitate the development of performance-based school management, the school sponsors are also required to sign a ten-year service agreement with the Government. The agreement will confirm the objective of providing quality education in accordance with the prevailing approved education policies. Renewal of the service agreement upon its expiry will be subject to evaluation with reference to the performance targets stated in the agreement. In the case of non-renewal or termination of the service agreement, D of E may allocate the school to a new school sponsor or temporarily take over the school.

23. D of E forecasts that 444 additional secondary school classes will be required in the territory by the school year 2003/04 to meet the increase in demand for new places. To date, 420 classrooms are under construction. The additional classes provided by this PIS would help meet the shortfall.

24. As regards provision of primary schools, D of E forecasts that an additional 594 classes will be required for full implementation of whole-day primary schooling by the 2007/08 school year in Kowloon Region where the PIS is located. To date, 216 classrooms are under construction. The additional classes provided by this PIS would help meet the shortfall.

25. We estimate that the proposed works under **29EC** will create some 290 jobs with a total of 4 430 man-month comprising five professional staff, 15 technical staff and 270 labourers.

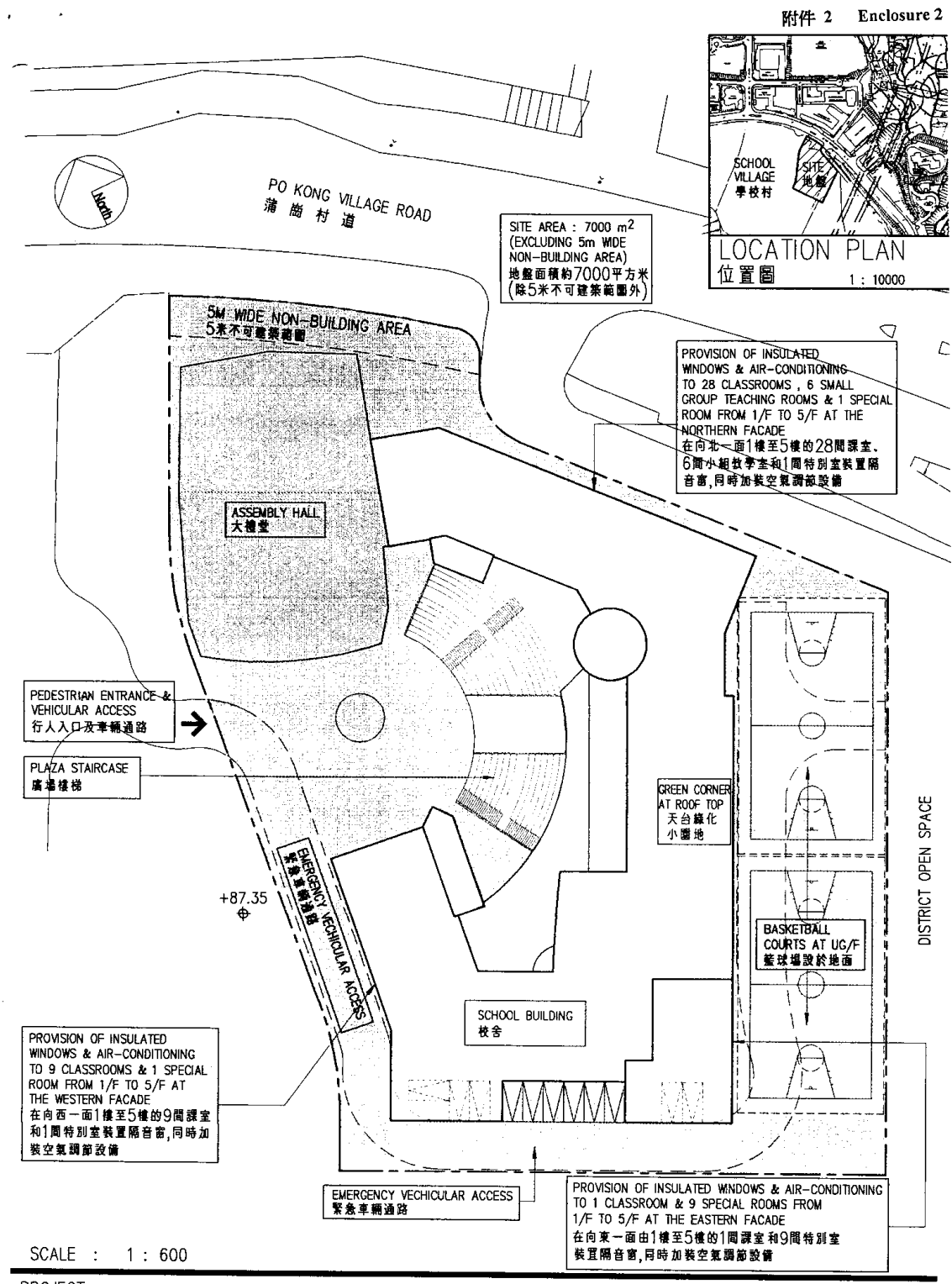
**Enclosure 1 to PWSC(2001-02)95**

**29EC - A private independent school at Po Kong Village Road, Wong Tai Sin**

**A comparison of the facilities proposed under 29EC with those at standard design schools**

<b>Facilities</b>	<b>29EC</b>		<b>Standard design school</b>	
	<b>30-classroom secondary section</b>	<b>18-classroom primary section</b>	<b>30-classroom secondary school</b>	<b>18-classroom primary school</b>
Classrooms	30	18	30	18
Special rooms	15	5	16	6
Small group teaching rooms	3	3	3	3
Guidance activity room	1	1	1	1
Interview rooms	2	1	2	1
Assembly hall		1	1	1
Music practice rooms		44	-	-
Staff rooms		2	1	1
Staff common room		1	1	1
Student activity centre		-	1	1
Conference room		1	1	1
Library		1	1	1
Multi-purpose area		1	1	1
Basketball courts		2	2 or 3*	1
Green corner		1	1	1
Ancillary accommodation including lifts and relevant facilities for the handicapped		Available	Available	Available

\* Subject to site constraints.



PROJECT :  
29 EC

A PRIVATE INDEPENDENT SCHOOL AT PO KONG VILLAGE ROAD, WONG TAI SIN  
黃大仙蒲崗村道的一所私立獨立學校

## Enclosure 3 to PWSC(2001-02)95

### 29EC - A private independent school at Po Kong Village Road, Wong Tai Sin

#### Breakdown of the estimate for consultants' fees

		Estimated man- months	Average MPS* salary point	Multiplier	Estimated fee (\$million)
(a)	Consultants' staff costs				
	Contract administration				
	Professional	9.7	38	2.4	1.4
	Technical	12.8	14	2.4	0.6
(b)	Site supervision				
	Professional	3.9	38	1.7	0.4
	Technical	24.1	14	1.7	0.8
				Sub-total	3.2
(c)	Out-of-pocket expenses				
	Lithography and other direct expenses				0.4
				Sub-total	0.4
				Total	3.6

\* MPS = Master Pay Scale

#### Notes

1. A multiplier of 2.4 is applied to the average MPS point to arrive at the full staff costs including the consultants' overheads and profit, as the staff will be employed in the consultants' offices. A multiplier of 1.7 is applied in the case of site staff supplied by the consultants. (At 1 April 2001, MPS point 38 is \$60,395 per month and MPS point 14 is \$19,510 per month.)
2. Out-of-pocket expenses are the actual costs incurred. The consultants are not entitled to any additional payment for overheads or profit in respect of these items.
3. The figures given above are based on estimates prepared by the School Sponsor. The Director of Architectural Services has examined the figures and considered them reasonable.