

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

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

#### **Education Subventions**

#### **46EC – A private independent school (secondary-cum-primary) at Kong Sin Wan Tsuen, Pok Fu Lam**

Members are invited to recommend to Finance Committee the upgrading of **46EC** to Category A at an estimated cost of \$184.1 million in money-of-the-day prices for the construction of a composite school comprising a 30-classroom secondary section and a 30-classroom primary section at Kong Sin Wan Tsuen, Pok Fu Lam.

### **PROBLEM**

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

### **PROPOSAL**

2. The Secretary for Education and Manpower (SEM), on the advice of the Director of Architectural Services (D Arch S), proposes to upgrade **46EC** to Category A at an estimated cost of \$184.1 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 a 30-classroom primary section at Kong Sin Wan Tsuen, Pok Fu Lam.

3. The amount of government subvention, being no more than the cost for constructing standard design public sector schools accommodating the same number of students, will be provided in the form of a capital grant to the Independent Schools Foundation Limited (the school sponsor) for the sole purpose of building the school. The school sponsor will be responsible for the design and construction of the school to meet its own curriculum needs.

### PROJECT SCOPE AND NATURE

4. The school will adopt a non-standard design with the following planned facilities –

	<b>Secondary section</b>	<b>Primary section</b>
(a) classrooms	30	30
(b) special rooms	11	3
(c) small group teaching rooms	5	3
(d) staff rooms-cum-staff common rooms	1	1
(e) student activity centres	1	1
(f) conference rooms	3	1
(g) libraries	1	1
(h) multi-purpose areas	1	1
(i) basketball courts at the lower ground floor	–	2
(j) basketball courts at rooftop of the assembly hall	2	–
(k) learning areas <sup>1</sup>	3	7
(l) green corners <sup>2</sup>	1	1

/Shared .....

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<sup>1</sup> Learning areas are small areas formed with folding partitions around classrooms for group learning activities/discussions and project work.

<sup>2</sup> A green corner is a designated area inside the campus to enable students to develop an interest in horticulture and the natural environment. A green corner may include a green house, a weather station and planting beds.

**Shared facilities**

- (m) an interview room;
- (n) an assembly hall (which can be used for a wide range of physical activities such as badminton, gymnastics and table-tennis);
- (o) a 60-metre running track<sup>3</sup>; and
- (p) 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 school will meet the planning target of providing two square metres of open space per student. A site plan is at Enclosure 2 and a view of the school premises (artist's impression) is at Enclosure 3. Subject to approval of the capital grant by Finance Committee, the school sponsor plans to start the piling works in January 2005 and the superstructure works in July 2005 for completion in April 2007.

**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 nevertheless a need to inject more variety into our school system, given the increasingly diverse values in the community, and the multi-faceted demands on our work force in the face of fast changing technology and increasing globalisation. With much greater autonomy in resource management and curriculum, PISs can enhance school diversity and hence parental choice.

7. To facilitate the development of a vibrant private school sector, Government has since 1999 been providing land grants at nominal premium to school sponsors for operating PISs. A capital grant, the amount being no more than the cost for constructing a standard design public sector school accommodating the

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<sup>3</sup> Making optimal use of the space of the campus, a 60-metre running track will be provided.

same number of students, will also be provided to the school sponsors for the sole purpose of building the schools. The financial assistance and the provision of land at nominal premium 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. In each school year, the school is required to set aside a sum, which will not be less than 10% of its total school fee income, to provide scholarship and other financial assistance for deserving students. Apart from the capital grant, PISs will not receive any recurrent or further capital financial assistance from Government. As PISs are fee charging and recruit students from all over the territory, they will unlikely have any significant impact on the supply and demand balance of public sector school places for the district concerned<sup>4</sup>. In line with the policy for PISs and following a competitive selection by the School Allocation Committee<sup>5</sup>, SEM has allocated the school site at Kong Sin Wan Tsuen, Pok Fu Lam, to the Independent Schools Foundation Limited for the operation of a non-profit-making PIS.

8. The proposed school is a co-educational through-train school offering International Baccalaureate curriculum. The school will have a number of special characteristics: a dual language curriculum delivered in Putonghua and English, an integrative curriculum with global humanities and Chinese civilisation as its core, the infiltration of information technology and use of authentic assessment and portfolios. It will provide a wide range of opportunities in and out of school for students to develop their generic skills, and make use of community resources and links with local business to provide work experience for students and involve students in community service. Particular links will be made with the nearby Cyberport. The school has been operating primary one to primary five levels since September 2003 at Queen's Road East, Wan Chai. Upon completion of **46EC**, the school sponsor is willing to share the use of some of the school's facilities such as information technology facilities, assembly hall, music rooms with the community.

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<sup>4</sup> The Southern District, in which **46EC** is located, may have a projected surplus of 60 secondary classes and ten primary school classrooms by 2007. But this projection has not taken into account the supply of direct subsidy scheme (DSS) schools in the district which recruit students from all over the territory, nor the existence of 14 floating senior secondary classes without home classrooms. If we include the supply of school places of DSS schools in the district, the Southern District may have a projected surplus of 76 secondary classes and ten primary school classrooms by 2007.

<sup>5</sup> The School Allocation Committee makes recommendations to SEM on the allocation of school premises/sites to suitable sponsors through an open and competitive selection process. The Committee comprises an equal number of official and non-official members familiar with the Hong Kong education system.

**FINANCIAL IMPLICATIONS**

9. The capital grant for the PIS, calculated on the basis of the reference cost of a standard design 30-classroom public sector secondary school and the reference costs of standard design 24-classroom and 30-classroom public sector primary schools, is \$156.8 million in September 2004 prices. The reference costs are based on an uncomplicated site with no unusual environmental or geotechnical constraints. Due to the specific conditions of the school site at Kong Sin Wan Tsuen, Pok Fu Lam, D Arch S supports a supplementary provision, estimates to cost \$29.3 million (in September 2004 prices), for site-specific construction works<sup>6</sup>. D Arch S considers the amount acceptable as it is no more than the estimated cost for developing a standard design school with the same number of students on this site. We estimate the total capital grant to be \$184.1 million in MOD prices (see paragraph 12 below), made up as follows –

	<b>\$ million</b>
(a) Capital grant for school construction	156.8
(i) Secondary section	75.6

The cost of building a standard design 30-classroom secondary school with 1 160 students is \$97.4 million in September 2004 prices, as advised by D Arch S. The equivalent provision for the 30-classroom secondary section with 900 students<sup>7</sup> will be \$75.6 million.  
 (\$97.4 million ÷ 1 160 x 900)

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<sup>6</sup> They include natural terrain hazard mitigation works, slope stabilisation, water main diversion, drainage diversion, pre-bored H-piling works and additional construction works for a main vehicular access for the site (see paragraph 9(b) below).

<sup>7</sup> The secondary section will have 30 classes of 30 students each. The total number of students is 900.

\$ million

- (ii) Primary section 76.2

The cost of building a standard design 24-classroom primary school with 828 students is \$73.7 million, and that for a 30-classroom primary school with 1 035 students is \$81 million, both in September 2004 prices, as advised by D Arch S. The primary section is designed for 900 students<sup>8</sup>. The equivalent provision for the primary section will be \$76.2 million.

{ Incremental cost per students is –  
 (\$81.0 million – \$73.7 million) ÷  
 (1 035 – 828) = \$35,300 per student.  
 The cost of a standard design school  
 with 900 students is –  
 \$73.7 million + [(900 – 828) x  
 \$35,300 per student] =  
 \$76.2 million }

- (iii) Consultants' fees 5.0

Having examined and revised the consultants' fees estimated by the school sponsor, D Arch S considers the figures acceptable. For schools built by the Government, such services are arranged through the Architectural Services Department.

- (b) Additional grant for site specific construction works 29.3

- (i) Natural terrain hazard mitigation works cost 1.3

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<sup>8</sup> The primary section will have 30 classes of 30 students each. The total number of students is 900.

	<b>\$ million</b>
Due to existence of natural slopes at the west of the site, mitigation works is necessary to ensure safety of the site.	
(ii) Slope stabilisation cost	2.7
Some natural slopes at the western part of the site had been disturbed by previous residents. Stabilisation works on these sub-standard man-made slopes are necessary to ensure safety of the site.	
(iii) Water main diversion cost	0.6
There is an existing water main at the site which has to be diverted to facilitate construction of the school premises.	
(iv) Drainage diversion cost	4.0
There is an existing nullah at the site which has to be diverted to facilitate construction of the school premises.	
(v) Additional piling cost	17.3
Percussive H-pile is normally used in the foundation design for standard design public sector schools. Due to special soil conditions and shallow rockhead level of the site, pre-bored H-piles are used.	
(vi) Additional cost for construction of a main vehicular access	0.7
There is an embankment separating the site from the new access road. Additional cost is necessary for construction of a main vehicular access to the site.	

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	<b>\$ million</b>	
(vii) Contingencies for additional grant	2.7	
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Sub-total	186.1	(in September 2004 prices)
(c) Provision for price adjustment	(2.0)	
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Total	184.1	(in MOD prices)
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A detailed breakdown of the estimate for consultants' fees by man-months is at Enclosure 4.

10. The school sponsor estimates the construction cost of the school to be \$189.2 million in MOD prices (see paragraph 12 below). D Arch S has examined and endorsed the cost estimate, made up as follows –

	<b>\$ million</b>
(a) Natural terrain hazard mitigation works	1.3
(b) Slope stabilisation	2.7
(c) Water main diversion	0.6
(d) Drainage diversion	4.0
(e) Piling	34.4
(f) Building	84.4
(g) Building services	24.2
(h) Drainage	3.3
(i) External works	13.7
(j) Consultants' fees for –	5.2
(i) Contract administration	3.6
(ii) Site supervision	1.3
(iii) Out-of-pocket expenses	0.3

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		\$ million	
(k)	Contingencies	17.4	
		<hr/>	
	Sub-total	191.2	(in September 2004 prices)
(l)	Provision for price adjustment	(2.0)	
		<hr/>	
	Total	189.2	(in MOD prices)
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11. As the estimated construction cost of the PIS (\$189.2 million in MOD prices) is higher than the capital grant (\$184.1 million in MOD prices), the difference (\$5.1 million) will be borne by the school sponsor. The capital grant provided by the Government will be capped at \$184.1 million in MOD prices. The school sponsor will be responsible for all additional funding requirements, whether due to higher-than-expected tender outturn or other variations except for the site-specific natural terrain hazard mitigation works, water main diversion and drainage diversion, which are fully subvented by Government. The Government and the school sponsor will share all savings arising from lower-than-expected tender outturn (excluding the site specific construction works<sup>9</sup>) pro-rata to their estimated contribution to the project (i.e. 97.2% for the Government and 2.8% for the school sponsor). For the site specific construction works under Government's subvention, the Government will retain all savings in case these arise<sup>10</sup>.

12. Subject to approval, the school sponsor will phase the expenditure as follows –

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<sup>9</sup> They include the natural terrain hazard mitigation works, slope stabilisation, water main diversion and drainage diversion.

<sup>10</sup> The school sponsor will tender the site specific works under the construction contracts. Those Government's subvented site specific construction works at footnote 9 will be demarcated from the other cost items. If the tender sum for these works is lower than the tender estimate, the Government will retain all savings.

Year	\$ million (Sept 2004)		Price adjustment factor	\$ million (MOD)	
	Capital grant under 46EC	Construction cost		Capital grant under 46EC	Construction cost
2004 – 05	7.4	12.5	1.00000	7.4	12.5
2005 – 06	55.7	55.7	0.99000	55.1	55.1
2006 – 07	114.7	114.7	0.98753	113.3	113.3
2007 – 08	4.8	4.8	0.99123	4.8	4.8
2008 – 09	3.5	3.5	0.99990	3.5	3.5
	<u>186.1</u>	<u>191.2</u>		<u>184.1</u>	<u>189.2</u>

13. 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 2004 to 2009. The school sponsor will deliver the site formation and piling works through one fixed-price lump-sum contract, and the superstructure works through another 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 recurrent expenditure for the school will be borne by the school sponsor. There will not be any recurrent expenditure by the Government. This arrangement is in line with the existing policy.

## PUBLIC CONSULTATION

15. The Legislative Council Panel on Education discussed the policy on land and financial assistance for PISs in March 1999. Members supported the policy designed to foster the growth of a quality private school sector.

16. We consulted the Southern District Council on 46EC on 12 May 2003. Members of the Council supported the project on grounds that the project would add diversity to the education system, provide students with high quality education, and that the school would open up some of its facilities for community use.

17. We also consulted the Legislative Council Panel on Education on 30 January 2004 on the planning and provision of public sector school places and the various projects to be implemented in the School Building Programme in the next few years. The Panel on Education thoroughly discussed the Administration's policy and noted its plan to proceed with seeking funding approval from the Public Works Subcommittee for projects in the following three categories –

- (a) whole-day primary schools;
- (b) reprovisioning and redevelopment projects; and
- (c) schools, including DSS and PISs, which have already been allocated to sponsoring bodies.

Members supported projects under categories (a) and (b). In respect of proposals under category (c), members asked that full background and justification, including the supply and demand balance of school places on both a territory-wide and district basis, be provided to facilitate consideration on a case-by-case basis.

18. We are reviewing the School Building Programme critically in the light of the latest population projections released in end June 2004. As always, we aim at achieving an acceptable balance between meeting the projected demand and other education policy considerations, including promoting diversity in the school sector and enhancing parental choice. Due to legal and other planning implications, the review turns out to be more complex than we have envisaged. Notwithstanding this, we propose not to hold up selected projects whose delay may cause undue hardship on the school and the students and whose operation would not entail any significant impact on the overall supply and demand balance of subsidised school places, e.g. whole-day conversion of primary schools, redevelopment of existing schools whose premises are dilapidated and provision of premises for quality PISs as recommended by the School Allocation Committee.

19. We circulated the draft Public Works Subcommittee paper to the Panel on Education on 12 November 2004.

## **ENVIRONMENTAL IMPLICATIONS**

20. The consultant employed by the school sponsor has completed and the Director of Environmental Protection has agreed to a class assessment document which sets out the mitigation measures necessary for this class of projects. With such mitigation measures in place, the project will not have long term environmental impacts.

21. 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.

22. 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 the project designs to reduce temporary formwork and construction waste. These include proprietary fittings and fixtures. The school sponsor will use suitable excavated materials 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.

23. The school sponsor will require its contractors to submit waste management plans (WMPs) for approval. The WMPs 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 WMPs. 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 school sponsor will require its contractors 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.

24. The school sponsor estimates that the project will generate about 7 420 cubic metres (m<sup>3</sup>) of C&D materials. Of these, the school sponsor will reuse about 2 690 m<sup>3</sup> (36.3%) for backfilling of the abandoned nullah and site formation works, 3 020 m<sup>3</sup> (40.7%) as fill in public filling areas<sup>11</sup>, and dispose of 1 710 m<sup>3</sup> (23%) at landfills. The notional cost of accommodating C&D waste at landfill is estimated to be \$213,750 for this project (based on a notional unit cost<sup>12</sup> of \$125/m<sup>3</sup>).

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<sup>11</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 and Development.

<sup>12</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/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.

## LAND ACQUISITION

25. The project does not require land acquisition.

## BACKGROUND INFORMATION

26. We upgraded **46EC** to Category B in May 2003. The school sponsor has engaged consultants to carry out detailed design and tender documentation in September 2003, topographical survey in October 2003 and ground investigation in November 2003. We will charge the Government's contribution of \$8.4 million to block allocation **Subhead 8100QX** "Alterations, additions, repairs and improvements to education subvented buildings". The consultants have completed the services except for the preparation of tender documents which are being finalised.

27. In choosing the school sponsors for PISs, the School Allocation Committee invited parties interested in operating PISs to submit proposals. Selected non-profit-making PISs would usually be granted school sites by private treaty. To enhance the accountability of the PISs in delivering education in exchange for government assistance, and to facilitate the development of performance-based school management, the school sponsors of PISs are 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 an evaluation with reference to the performance targets stated in the agreement. In the case of non-renewal or termination of the service agreement, SEM may allocate the school to a new school sponsor or temporarily take over the school. With only a very limited number of PISs<sup>13</sup> at the initial stage of development, we do not count the provision of school places in these schools towards the projected supply of school places under the current mechanism for the planning and provision of school places. We shall review three to five years after completion of these projects how PIS places should be taken into account in planning the supply of school places.

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<sup>13</sup> Up to now, we have upgraded **29EC** "A private independent school at Po Kong Village Road, Wong Tai Sin", **39EC** "A private independent school (secondary-cum-primary) in Area 90B, Ma On Shan" and **44EC** "A private independent school (secondary-cum-primary) at Shum Wan Road, Aberdeen" to Category A in March 2002, July 2003 and July 2004 respectively.

28. The proposed construction of the school will involve the felling of nine trees, which are either dead or not suitable for transplanting. All trees to be felled are not important trees<sup>14</sup>. We will incorporate planting proposals as part of the project, including estimated quantities of 95 trees, 54 200 shrubs and 610 square metres of grassed area.

29. We estimate that the proposed works will create about 175 jobs (155 for labourers and another 20 for professional/technical staff) providing a total employment of 3 200 man-months.

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Education and Manpower Bureau  
November 2004

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<sup>14</sup> Important trees include trees on the Register of Old and Valuable Trees, and any other trees which meet one or more of the following criteria –

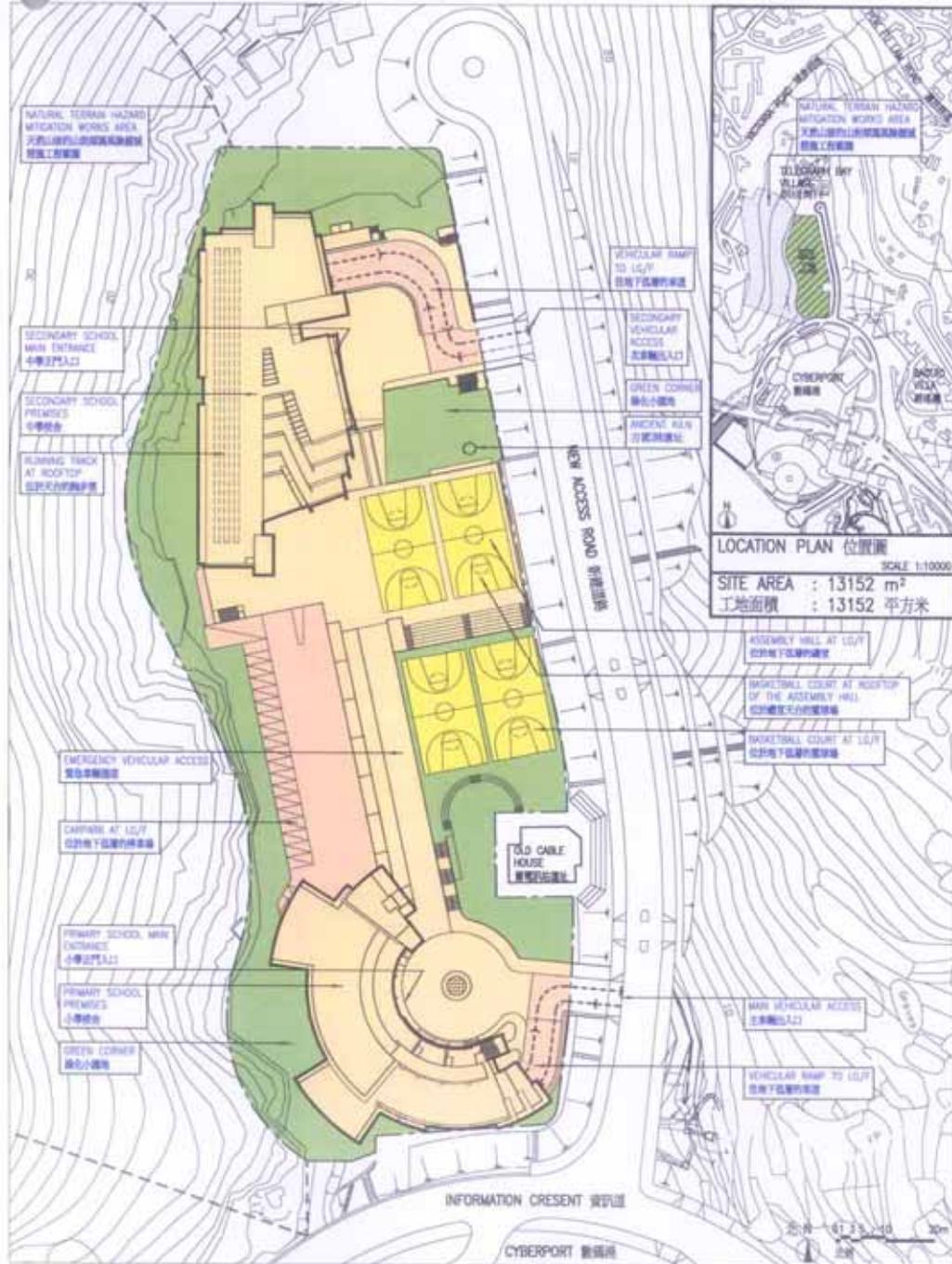
- (a) trees over 100 years old;
- (b) trees of cultural, historical or memorable significance;
- (c) trees of precious or rare species;
- (d) trees of outstanding form; or
- (e) trees with trunk diameter exceeding one metre (measured at one metre above ground level).

**46EC – A private independent school (secondary-cum-primary)  
at Kong Sin Wan Tsuen, Pok Fu Lam**

**A comparison of the facilities proposed under 46EC with those at standard design schools**

Facilities	46EC		Standard design school	
	30-classroom secondary section	30-classroom primary section	30-classroom secondary school	30-classroom primary school
Classroom	30	30	30	30
Special room	11	3	16	6
Small group teaching room	5	3	3	4
Staff room	–	–	1	1
Staff common room	–	–	1	1
Staff room-cum-staff common room	1	1	–	–
Student activity centre	1	1	1	1
Conference room	3	1	1	1
Library	1	1	1	1
Multi-purpose area	1	1	1	1
Basketball court	2	2	2 or 3*	2 or 3*
Learning area	3	7	–	–
Green corner	1	1	1	1
Interview room		1	2	2
Assembly hall		1	1	1
Ancillary accommodation, including lifts and relevant facilities for the handicapped	Available	Available	Available	Available

\* Subject to site constraints



46EC - A PRIVATE INDEPENDENT SCHOOL (SECONDARY-CUM-PRIMARY)  
 AT KONG SIN WAN TSUEN, POK FU LAM  
 薄扶林網線灣村的 1 所私立獨立學校 (中學暨小學)



**46EC** A PRIVATE INDEPENDENT SCHOOL  
(SECONDARY-CUM-PRIMARY) AT KONG SIN WAN TSUEN, POK FU LAM  
薄扶林網線灣村的一所私立獨立學校(中學兼小學)

擬建校舍的鳥瞰效果圖(從東南方觀望)  
Aerial view of the School Campus from South-eastern direction (artist's impression)

## Enclosure 4 to PWSC(2004-05)42

### 46EC – A private independent school (secondary-cum-primary) at Kong Sin Wan Tsuen, Pok Fu Lam

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

		Estimated man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
(a) Consultants' staff cost					
(i) Contract administration <sup>(Note 2)</sup>	Professional	–	–	–	2.3
	Technical	–	–	–	1.2
(ii) Site supervision <sup>(Note 3)</sup>	Technical	40.3	14	1.6	1.2
Sub-total					4.7
(b) Out-of-pocket expenses <sup>(Note 4)</sup>					
Lithography and other direct expenses					0.3
Sub-total					0.3
Total					5.0

\* MPS = Master Pay Scale

#### Notes

1. A multiplier of 1.6 is applied to the average MPS point to estimate the resident site staff cost supplied by the consultants. (As at 1 January 2004, MPS point 14 = \$18,603 per month.)
2. The consultants' staff cost for contract administration is calculated in accordance with the existing consultancy agreement for the design and construction of **46EC**. The assignment will only be executed subject to Finance Committee's approval to upgrade **46EC** to Category A.
3. We will only know the actual man-months and actual costs for site supervision after completion of the works.
4. 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.