

For information

Legislative Council Panel on Education

**Education Subventions for 57EC – A private independent school
(secondary-cum-primary) at Caldecott Road, Sham Shui Po**

PURPOSE

At the Legislative Council Panel on Education on 24 October 2005, we briefed Members on our review of the School Building Programme. Members raised no objection to our recommendation to proceed with three allocated projects for the construction of private independent schools (PISs). Following the approval of funding by the Legislative Council Finance Committee in early 2006, works on one of the three projects have started. This paper informs Members of our plan to seek funding approval for one of the two remaining projects, viz. the construction of a non-profit-making PIS comprising a 30-classroom secondary section and a 30-classroom primary section at Caldecott Road, Sham Shui Po at an estimated capital grant of \$228.6 million in money-of-day (MOD) prices. The project will be considered by the Legislative Council Public Works Subcommittee on 24 January 2007.

BACKGROUND

2. Since the introduction of nine-year free education in 1978, the majority of schools in Hong Kong are public sector schools comprising government schools and aided schools. While this will remain the case, the Government has, since 1999, been supporting the development of PISs to provide more variety in our school system and to meet parents' demand for choices.

3. To facilitate the development of a vibrant private school sector, the Government has been providing land grant 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 same number of students, will also be provided to the school sponsors for the sole purpose of building the school premises. The financial assistance and the land grant 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. They enjoy greater autonomy in resource management and curriculum as compared to publicly-funded schools. Since PISs have greater flexibility in curriculum design (including the running of non-local programmes), apart from serving the local community, they have capacity for serving students who are not rooted in Hong Kong.

4. The Government has so far supported nine PIS projects, of which seven have either started operation or are under construction.

JUSTIFICATIONS

5. The proposed through-train school in Sham Shui Po will provide students with the opportunity of continuous progression in learning through their school years from ages 5 to 18. The proposed school will run a self-designed curriculum with an international dimension for both the primary and secondary sections. The curriculum for the primary section focuses on fostering a positive attitude towards learning and developing basic learning skills. As for the secondary section, the programme is enquiry-based with emphasis on positive education, critical and creative thinking, with International General Certificate of Secondary Education (IGCSE) as an exit point.

6. The pre-university diploma programme succeeding secondary education offers a comprehensive two-year curriculum that generally prepares students to fulfill requirements of various national education systems. Subject to the authorization by International Baccalaureate Organisation, the curriculum of the pre-university levels will be based on the International Baccalaureate Diploma Programme that is expanding rapidly around the world.

7. The proposed school promotes bilingual education. Although English will be used as the medium for teaching and learning for the major subjects, the curriculum will put a strong emphasis on Chinese language (Putonghua) and moral education. Capitalising on its rich experience in school operation in Hong Kong, the school sponsor will continue to promote co-curriculum activities and students will be expected to pursue languages, mathematics, humanities, science and the arts at all levels.

8. Since the school will be recruiting students from all over the territory and operating on a self-financing basis, its operation should only have a marginal impact, if any, on the supply and demand balance of public sector school places in Sham Shui Po District. The school is expected to provide an alternative for parents wishing to enrol their children in private international schools. This would also have the side effect of freeing up places in the international schools where supply is tight.

FINANCIAL IMPLICATIONS

9. The capital grant for the PIS is calculated having regard to the reference cost of a standard design 30-classroom public sector secondary school and that of a standard design 30-classroom public sector primary school. The reference costs are based on an uncomplicated site with no unusual environmental or geotechnical constraints. The proposed capital grant of \$228.6 million in MOD prices has taken into account, inter alia, additional grant supported by the Director of Architectural Services for site formation, slope upgrading and piling due to the site topography, difficult ground conditions and peculiarity of the school site, as well as provisions for consultants' fees and price adjustment.

10. Due to the inclusion of above-standard facilities (including, for example, a swimming pool) which is a common feature of PISs, the estimated construction cost of the school is \$304.2 million in MOD prices. A comparison of the reference cost of a 30-classroom primary school and 30-classroom secondary school project with the estimated project cost of **57EC** is at Enclosure. The capital grant provided by the Government will be capped at \$228.6 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.

11. 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 for the Government. These arrangements are in line with the existing policy.

IMPLEMENTATION TIMETABLE

12. Subject to approval of the capital grant by Finance Committee, the school sponsor plans to start the construction works in March 2007 for completion in June 2009. The school will expand its student admission by phases.

PUBLIC CONSULTATION

13. We consulted the Sham Shui Po District Council on **57EC** in June 2006. Members of the Council supported the project.

14. The Legislative Council Panel on Education discussed the policy on land grant and financial assistance for PISs in March 1999. Members supported the policy designed to foster the growth of a quality private school sector. We also consulted the Legislative Council Panel on Education on 24 October 2005 on our review of allocated projects in the School Building Programme. The Panel raised

no objection to our recommendation to proceed with three PIS projects (one each in Islands, Sham Shui Po (i.e. the current proposal) and Yau Tsim Mong district), in order to meet the demand from expatriate students as more multinational firms are established in Hong Kong, and to provide choice for local parents who seek non-mainstream curriculum.

Education and Manpower Bureau
December 2006

**A comparison of the reference cost of
a 30-classroom primary school and
30-classroom secondary school project with
the estimated cost of 57EC**

	30-CR Primary School (A) \$ million (at Sept 2006 prices)	30-CR Secondary School (B) \$ million (at Sept 2006 prices)	Standard Total (A+B) Reference Cost* \$ million (at Sept 2006 prices)	57EC \$ million	Note
(a) Demolition	–	–	–	8.5	A
(b) Site Formation	–	–	–	6.6	B
(c) Slope Upgrading	–	–	–	2.8	C
(d) Piling	9.0	10.5	19.5	42.2	D
(e) Building	46.0	55.3	101.3	123.9	E
(f) Building services	13.0	16.2	29.2	57.2	F
(g) Drainage	2.1	2.4	4.5	4.9	
(h) External works	9.0	9.9	18.9	19.6	
(i) Consultant's fee	-	-	-	3.8	G
(j) Price adjustment	-	-	-	7.7	H
(k) Contingencies	7.9	9.4	17.3	27.0	
Total	<u>87.0</u>	<u>103.7</u>	<u>190.7</u>	<u>304.2</u>	
(l) Construction floor area	10 727 m ²	12 133 m ²	22 860 m ²	28 620 m ²	
(m) Construction unit cost {[(e) + (f)] ÷ (l)}	\$5,500/m ²	\$5,893/m ²	\$5,709/m ²	\$6,328/m ²	

*** Assumptions for reference cost**

1. The estimation is based on the assumption that the school site is uncomplicated and without unusual environmental restrictions. No allowance is reserved for specific environmental restrictions such as the provision of insulated windows, air-conditioning and boundary walls to mitigate noise impacts on the school.
2. No site formation works/geotechnical works are required as they are normally carried out by other government departments under a separate engineering vote before handing over the project site for school construction.
3. Piling cost is based on the use of 112 steel H-piles at an average depth of 30m for 30-classroom primary school and 130 steel H-piles at an average depth of 30m for 30-classroom secondary school, assuming that percussive piling is permissible. No allowance is reserved for the effect of negative skin friction due to fill on reclaimed land.
4. Cost for drainage and external works is for a standard 30-classroom primary school site area of 6 200 m² and a standard 30-classroom secondary school site are of 6 950 m² built on an average level site without complicated geotechnical conditions, utility diversions, etc. (i.e. a “green-field” site).
5. Furniture and equipment costs are excluded as they are usually borne by the sponsoring bodies of new schools.
6. The reference cost for comparison purpose is subject to review regularly. We will review, and revise if necessary, the reference cost which should be adopted for future projects.

Notes

- A. The demolition works are required to demolish the existing buildings on site.
- B. The site is to be formed by multi-level ground at the crest of the slopes. Site formation works/geotechnical works are required for the proposed development.
- C. According to field test result, slope stabilisation is required for a slope outside the boundary line to bring it up to current standard. Under the draft Lease Conditions, the school sponsor will be responsible for maintenance of this slope in future.
- D. The piling cost is higher because non-percussive piling system is required.
- E. The building cost is higher because of larger construction floor area.
- F. The building services cost is higher because of larger construction floor area and the provision of swimming pool.
- G. 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.
- H. We have derived the MOD estimate for the project, which is planned to commence in March 2007, on the basis of Government's latest forecast of trend rate of change in the prices of public sector building and contribution output for the period 2006 to 2011.