

**Our Ref** : FH/H(P)/34/10

**Tel** : 2973 8147

**Your Ref** :

**Fax** : 2521 0132

13 July 2009

Ms Mary So  
Clerk to Panel  
Panel on Health Services  
Legislative Council  
8 Jackson Road  
Central  
(Fax: 2509 0775)

Dear Ms So,

**Redevelopment of Caritas Medical Centre, Phase Two**

I refer to item 5 of LC Paper No. CB(2)1740/08-09(02). At the Panel meeting held on 20 April 2009, the Administration was requested to provide the following information –

- (a) whether there was any precedent case that the Administration had cancelled the tender exercise for a capital works project because of a higher-than-expected tender outturn price and split up the single works contract into smaller contracts to be tendered out separately thereafter;
- (b) the bureaux and departments involved in arriving the decision of withholding the capital works project on the phase two redevelopment of the Caritas Medical Centre and formulating a revised procurement strategy for its delivery;
- (c) a detailed comparison of the original and the updated building design of the new ambulatory/rehabilitation block in terms of floor area; and
- (d) an explanation as to why the decanting works for demolition of Wai Ming Block would be carried out by HA's Term Contractor, instead of awarding the works through open tender.

**Response to item (a)**

According to the Development Bureau, there was no similar case in the works departments in the past five years in regard to the situation mentioned in item (a).

As explained in the Panel paper (LC Paper No. CB(2)1324/08-09(03)), the construction costs have been escalating since 2007 as a result of rapid increase in the prices of major construction materials. Against this background, the tender outturn prices in a tender exercise for the phase two redevelopment of Caritas Medical Centre were significantly higher than the original estimate for the project. We subsequently conducted a review to identify the factors attributable to the higher-than-expected tender outturn price and to map out the best way forward. Following the review, we have made a number of adjustments to the original building design to reflect the latest environmental and operational considerations, with opportunity taken to enhance the area efficiency of the new building while maintaining the scope of the project. We have also concluded that we should adopt a revised procurement strategy to deliver the project by letting smaller contracts, thereby increasing the competitiveness of the tenders on the one hand and minimizing the likelihood of tenders building in additional premium to mitigate the risks for extensive contract period on the other. We consider this strategy appropriate under the circumstances.

**Response to item (b)**

The decision to cancel the tender exercise was made by the Main Tender Board of the Hospital Authority (HA) in November 2007. After subsequent discussion among HA, the Food and Health Bureau and the Architectural Services Department, it was concluded that the best way forward was to review the building design and to adopt a revised procurement strategy for delivery of the project.

**Response to item (c)**

The Construction Floor Area (CFA) of the original and updated design of the new ambulatory / rehabilitation block is 59 108 m<sup>2</sup> and 53 975 m<sup>2</sup> respectively. The difference of 5 133 m<sup>2</sup> in CFA is mainly due to reduction in circulation areas such as lift lobbies, staircases and corridors (by 445 m<sup>2</sup>); engineering plant rooms and building services pipe ducts (by 1 765 m<sup>2</sup>); as well as car parking areas (by 2 923 m<sup>2</sup>) following the design review process.

**Response to item (d)**

Term Contractors are selected by HA through open tender and are engaged to undertake minor maintenance works and works of an intermittent nature in public hospitals and clinics under the operation of HA. Decanting work is among those

minor works under the ambit of the Term Contractors. HA has therefore decided to engage one of its Term Contractors (which is under 3-year contract from 1 July 2007) to undertake the decanting work for this redevelopment project.

Yours sincerely,

(Miss Gloria Lo)  
for Secretary for Food and Health

c.c. Hospital Authority