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Panel on Health Services

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 9 May 2011**

Phase two redevelopment of Caritas Medical Centre

Purpose

This paper summarizes the concerns of members of the Panel on Health Services ("the Panel") on the phase two redevelopment of the Caritas Medical Centre ("CMC").

Background

2. CMC commenced operation in 1964 and has developed over the years into an acute general hospital providing a full range of acute, rehabilitation, ambulatory and community medical services. The Finance Committee ("FC") of the Legislative Council approved in November 1997 the funding for phase one redevelopment of CMC, to redevelop two substandard blocks of CMC into a new acute block to accommodate in-patient wards, the Accident and Emergency Department, the Intensive Care Unit and operating theatres. The new acute block, viz Wai Shun Block, was completed in 2002.

3. In June 2003, the Panel considered the proposed phase two redevelopment of CMC, which included: redevelopment of Wai Ming Block into a new ambulatory/rehabilitation block; demolition of Wai On Block, Wai Tak Block and Wai Yan Block for the construction of a rehabilitation garden, external landscaping and improvement works of access roads and hospital entrances; refurbishment of Wai Oi Block to accommodate administrative offices; and construction of two link bridges connecting Wai Shun Block with the new ambulatory/rehabilitation block and Wai Oi Block and a walkway linking Wai Yee Block and Wai Shun Block. The proposed redevelopment project was

upgraded to Category A in May 2007 at an Approved Project Estimate ("APE") of \$1,218.1 million.

Deliberations of the Panel

Capacity of CMC to meet service demand after redevelopment

4. Members in general supported the phase two redevelopment of CMC to cope with the increasing service demand. Noting the proposal to set up an expanded day surgery centre with a pre-admission clinic and three designated operating theatres in CMC, members were concerned whether there would be adequate community support to enable patients to convalesce at home. The Administration reassured members that inpatient services at CMC would not be compromised as a result of the expansion of its day surgery centre. The Hospital Authority ("HA") would carefully assess patients' health conditions and family circumstances to ascertain whether they were able to convalesce at home after surgery before deciding whether they were suitable for day surgery.

5. Concern was raised as to whether the redeveloped CMC would have the capacity to cope with the increase in service demand for the growing population in the Sham Shui Po district upon its completion. The Administration advised that upon completion of the phase two redevelopment project, the number of geriatric day hospital places and convalescent/rehabilitation beds would be increased from 40 to 60 places and 242 to 260 beds respectively. The number of beds for day surgery would also be increased from 18 to 50. CMC would have a total of 1 276 in-patient beds and would be able to handle 596 000 outpatient attendances annually. The Administration considered that the upgraded services and increased clinical space of the redeveloped CMC would be able to meet the increasing demand of service from the growing and ageing population of the Sham Shui Po district.

Scope of the phase two redevelopment of CMC

6. Some members noted with concern the repeated outbreaks of respiratory illness at the Developmental Disabilities Unit of the Paediatrics Department which was located at the Wai Yee Block of CMC, and the dilapidation of the adjacent Lok Yan School for the mentally handicapped children. They considered that improvement works should be made to the Wai Yee Block and the School.

7. HA advised that the infection control facilities of the Wai Yee Block had been significantly upgraded in 2006. There were at present five isolation

rooms on each floor and the infection control problems had been improved. It was not possible to include Lok Yan School in the phase two redevelopment of CMC since the School was not within the compound of CMC and was managed by Caritas Hong Kong and funded by the Education and Manpower Bureau.

Planning standards for public hospitals in Hong Kong

8. Members sought information on whether the planning standards for public hospitals adopted in Hong Kong were on a par with the international standard, and the parties involved in the detailed design of public hospitals.

9. HA advised that there were no uniformed international planning standards for public hospitals. The established planning standards for public hospitals in Hong Kong were constantly evolving to meet changing circumstances. Apart from making reference to overseas experience, HA would rely heavily on the input of hospital staff on the design of hospitals as the hospital staff were the main users of hospitals and had the best understanding of the needs of both patients and health care workers. In line with the established practice, a steering committee comprising representatives from both the Administration and HA would be formed to oversee HA's capital work projects. Any changes to the design of the projects involving significant resources would need to be vetted and approved by the steering committee.

Higher-than-expected tender price

10. Members noted with grave concern that HA had cancelled the tender exercise for the works contract of the phase two redevelopment project on 20 November 2007 as the actual tender prices were higher than the original estimate for the works contract by \$508 million to \$600 million (48% to 56% of the original estimate for the works contract). To avoid higher-than-expected tender price, HA would divide the project into three works packages to be tendered in a sequential manner for foundation, main building works and remaining works. The completion dates for the new ambulatory/rehabilitation block and the rehabilitation garden would be revised from August 2011 to March 2013 and from March 2012 to December 2013 respectively.

11. Members enquired whether there was any precedent case whereby one single works contract of a capital works project approved by FC would be subsequently divided into smaller contracts due to higher-than-expected tender price. The Administration advised that there was no similar case in HA nor the Development Bureau in the past five years. Yet, the Administration considered such strategy of delivering the project by letting smaller contracts appropriate under the circumstances as this would increase the competitiveness of the

tenders on the one hand and minimize the likelihood of tenderers building in additional premium to mitigate the risks for an extensive contract period on the other.

12. Some members expressed dissatisfaction at the inaccurate project cost estimated by HA's consultants. They considered that HA's consultants should be penalized for their mistakes in estimating the project cost.

13. The Administration responded that due to the unprecedented rapid price inflation under a blooming construction industry in 2007 and the marking up of tender price by bidders to provide safety cushions against the risks of a long construction period, it was understandable that HA's consultants might not have adequately gauged the rapid upsurge in construction prices and fully reflected the prevailing market sentiments in its project cost estimate.

14. Noting that HA would conduct a new round of tender exercise, members urged the Administration to expeditiously implement the redevelopment project in order to meet the service demand in the long run.

Design of the new ambulatory/rehabilitation block

15. Members noted with concern that due to the higher-than-expected tender price, the Administration had reduced the construction floor area of the new ambulatory/rehabilitation block from around 59 100m² to 54 000 m² and the number of storeys from 15 to 12. Some members were worried that the new design might reduce the number of beds and other hospital facilities to be provided in the redeveloped CMC.

16. The Administration advised that the new design of the ambulatory/rehabilitation block was to reflect the latest environmental and operational considerations, enhancing the area efficiency of the new block. The reduction in the construction floor area and the number of storeys would not affect the planned facilities, including the number of beds to be provided in the new block. This was made possible by changing the building form from a taller building with a smaller floor plate to a shorter one with a larger floor plate. Members were also advised that there would be adequate facilities, such as lifts, link bridges and external signage leading patients and users to the new ambulatory/rehabilitation block, the Accident and Emergency Department, as well as other medical facilities within CMC.

Latest developments

17. According to the Forecast of Submissions for the 2010-2011 Legislative Council session submitted by the Administration to the Public Works Subcommittee of FC, the first contract of the redevelopment project awarded in June 2009 for implementation of foundation works was expected to be completed in August 2011. Owing to the unforeseen upsurge in construction prices, the Administration expected that the existing APE would not be enough for carrying out the main works of the project. The Administration would invite tenders for the remaining two work contracts in end 2010 and seek approval from FC to increase the APE before awarding these two work contracts. The construction was tentatively scheduled to commence in the third quarter of 2011 for completion in the fourth quarter of 2013.

18. According to the Administration's reply to Members' written questions during the examination of Estimates of Expenditure 2011-2012, the target completion date and tentative commissioning date of the phase two redevelopment of CMC would be December 2013 and March 2014 respectively. As for the estimated additional manpower upon full operation, a total of about 51 staff, including 16 nurses would be required. The estimated annual recurrent expenditure would be around \$50 million.

Relevant papers

19. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
3 May 2011

**Relevant papers on
Phase two redevelopment of Caritas Medical Centre**

Committee	Date of meeting	Paper
Panel on Health Services	9.6.2003 (Item IV)	Agenda Minutes
Panel on Health Services	8.1.2007 (Item VII)	Agenda Minutes CB(2)1483/06-07(03)
Panel on Health Services	20.4.2009 (Item III)	Agenda Minutes CB(2)2223/08-09(01)
Public Works Subcommittee	24.11.2010	Agenda PWSCI(2010-11)13
Finance Committee	25.3.2011 (Session No.4)	Agenda Administration's replies to Members' supplementary written questions in examining the Estimates of Expenditure 2011-2012 (Reply serial no.: S-FHB(H)19)

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