

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

20QW – Revitalisation Scheme – Revitalisation of the Haw Par Mansion into Haw Par Music Farm

Members are invited to recommend to the Finance Committee the upgrading of **20QW** to Category A at an estimated cost of \$167.3 million in money-of-the-day prices.

PROBLEM

We need to revitalise the Haw Par Mansion under the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme).

PROPOSAL

2. The Commissioner for Heritage, with the support of the Secretary for Development and on the advice of the Director of Architectural Services, proposes to upgrade **20QW** to Category A at an estimated cost of \$167.3 million in money-of-the-day (MOD) prices for the selected non-profit-making organisation (NPO), Aw Boon Haw Foundation (ABHF) with the co-applicant, Haw Par Music Foundation Limited to carry out the works to convert the Haw Par Mansion into the Haw Par Music Farm for providing Chinese and Western music education and other music related community services.

/PROJECT

PROJECT SCOPE AND NATURE

3. The proposed scope of works comprises the restoration and revitalisation of the Haw Par Mansion at the Main Site with a site area of 2 030 square metres (m²) and construction of new supporting facilities at an adjoining Government Land (Ancillary Site) with a site area of 610 m² separated by a public foot path for accommodating the following facilities –

Main Site

- (a) classrooms and practice rooms;
- (b) main entrance hall adapted as an interpretation area;
- (c) a new lift and a staircase;
- (d) garden with a pavilion, a corner tower, a fountain and a pond;
- (e) balconies and verandahs;
- (f) reception area;
- (g) administration and office areas;
- (h) back of house facilities, toilets, plant rooms, storerooms, etc.;

Ancillary Site

- (i) two car parking spaces and a vehicle drop-off area;
- (j) a new lift and stair tower;
- (k) a services block with supporting utility services;
- (l) a footbridge linking the new lift and stair tower and the services block; and
- (m) a footbridge linking the Main Site and the services block.

4. The site plan, photos of the existing Haw Par Mansion, artist's impressions, floor plans, landscape plan and elevations of the proposed Haw Par Music Farm are at Enclosures 1 to 6 respectively. Subject to funding approval of the Finance Committee (FC), the works are tentatively scheduled to start in the first quarter of 2016 for completion in the third quarter of 2017. The Haw Par Music Farm is expected to commence operation in the fourth quarter of 2017. In the interest of time, the project proponent plans to invite tender for the project in November 2015, and the tender will only be awarded upon obtaining FC's funding approval.

JUSTIFICATION

5. The Haw Par Mansion and its Garden is located at 15A Tai Hang Road. Built in 1936, the Haw Par Mansion mainly comprises a four-storey residential mansion with an attached side wing housing servants' quarters and a private garden. The distinctive east-meets-west architectural style can be found in the design of the Mansion and the Garden. The Mansion was of Chinese Eclectic style between 1920s and 1930s, featuring an adoption of Western construction method, and decorated with architectural features borrowed from traditional Chinese architecture. Beautiful decorations such as stained glass windows and doors, decorative mouldings gilded with gold and murals showing Indian and Burmese influence etc. can still be found on-site. The Garden is also of Chinese Eclectic style with layout and features of a French garden with Chinese elements. The Antiquities Advisory Board (AAB) accorded a Grade 1 status to the Haw Par Mansion in 2009.

6. The proposed Haw Par Music Farm will provide a cultural environment to students in studying Chinese and Western music for the enrichment of life. Apart from providing music education, Haw Par Music Farm will encourage students to participate in community services by offering a number of social outreach programmes. It will also bring benefits to the underprivileged group by offering scholarships, bursaries, music therapy and music appreciation classes in particular Chinese music to the elderly.

7. The revitalisation project for the Haw Par Mansion will contribute to heritage conservation. The revitalisation works will ensure the architectural details of the Mansion are well preserved and emphasized. The main entrance hall will be adapted as an interpretation area to showcase the historic and architectural background of the Haw Par Mansion and the Aw family as well as the history of the Tiger Balm Garden and the process for conserving and revitalising the Haw Par Mansion into Haw Par Music Farm. The Garden and the interpretation area will be opened to public free of charge during office hours. Guided tours will also be arranged through advance booking.

8. The ABHF has set up a special-purpose company (SPC)¹ namely Haw Par Music Foundation Limited (HPMF), for implementation as well as future day-to-day operation of the revitalised project. HPMF will undertake the preservation and revitalisation works with a capital grant proposed in this submission. During the tenancy period², HPMF is required to fund the operating cost of the Haw Par Music Farm with the revenue generated from the services to be provided at the premises. Where justified, the Government may provide a one-off grant to meet the starting cost and/or deficits of the project (if any) in the first two years of operation at a ceiling of \$5 million. The project is expected to become self-sustainable after the first two years of operation. Any operating surplus will be ploughed back to support the operation of the Haw Par Music Farm.

/FINANCIAL

¹ Successful applicants under the Revitalisation Scheme are required to set up SPCs which also possess charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112) for the sole purpose of the projects. The purpose of requiring applicants to set up SPCs to implement the revitalisation projects is to facilitate financial monitoring by the Government, in particular to facilitate the Government in detecting any attempt of the successful applicants in siphoning off funds intended for or arising from the projects to serve non-project related purposes.

² The tenancy period is of initial term of three years, plus a further renewal term (if applicable). The Government will review the performance of the SPC and other factors prevailing at the time to decide whether the tenancy agreement will be renewed. The Government reserves the right not to renew the tenancy agreement upon its expiry.

FINANCIAL IMPLICATIONS

9. We estimate the capital cost of the project to be \$167.3 million in money-of-the-day (MOD) prices (please see paragraph 14 below), broken down as follows –

		\$ million	
(a)	Demolition and site clearance	3.7	
(b)	Foundation	12.4	
(c)	Building works	51.2	
(d)	Building services	15.9	
(e)	Drainage	3.2	
(f)	External works and landscaping	32.0	
(g)	Retaining wall upgrading works	1.9	
(h)	Energy conservation, green and recycled features	1.0	
(i)	Furniture and equipment	8.3	
(j)	Consultants' fees for	8.3	
	(i) contract administration	7.9	
	(ii) management of residentsite staff (RSS)	0.4	
(k)	Remuneration of RSS	2.2	
(l)	Contingencies	14.0	
	Sub-total :	154.1	(in September 2015 prices)
(m)	Provision for price adjustment	15.7	
	Total :	169.8	(in MOD prices)

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10. HPMF has pledged to contribute \$2.5 million in MOD prices towards the capital cost of the project. The Government will fund the remaining commitment of \$167.3 million in MOD prices for the project, calculated as follows –

	\$ million
(a) Total capital cost	169.8
(b) Contribution by HPMF	2.5
	<hr/>
Total commitment sought	167.3 (in MOD prices)

11. The capital subvention to be provided by the Government will be capped at \$167.3 million in MOD prices. The Government will bear any additional funding due to higher-than-expected tender return caused by market fluctuation. HPMF will be responsible for any additional funding requirements due to variations in the design works initiated by HPMF. The Government and HPMF will share all savings arising from lower-than-expected tender outturn on a pro-rata basis of their contribution to the project (viz. 98.5% for the Government and 1.5% for HPMF).

12. HPMF will engage consultants to undertake contract administration, management of RSS and site supervision of the project. A detailed breakdown of the estimates of the consultants' fees and RSS costs by man-months is at Enclosure 7.

13. The total construction floor area (CFA) of the project is 2 302 m². The estimated construction unit cost, represented by the building and building services costs, is about \$29,148 per m² of CFA in September 2015 prices. We consider the unit cost reasonable as the works involve the preservation and adaptive reuse of a historic building which is now in a dilapidated condition. The estimated cost reflects the cost of works necessary for revitalising this historic building into the Haw Par Music Farm as a music school for providing Chinese and Western music education and other music related community services. The works would also allow the building to comply with modern-day requirements under the Buildings Ordinance (Cap. 123) and heritage conservation requirements of the Antiquities and Monuments Office (AMO) of the Leisure and Cultural Services Department as well as licensing requirements, and has made allowance for construction difficulties anticipated for this site.

/14.

14. Subject to approval, we will phase expenditure as follows –

Year	\$ million (Sept 2015)		Price adjustment factor	\$ million (MOD)	
	Funded under 20QW	Total construction cost		Funded under 20QW	Total construction cost
2016 – 17	71.7	73.5	1.05875	75.9	77.8
2017 – 18	63.3	63.8	1.12228	71.0	71.6
2018 – 19	11.4	11.4	1.18961	13.6	13.6
2019 – 20	5.4	5.4	1.26099	6.8	6.8
	<u>151.8</u>	<u>154.1</u>		<u>167.3</u>	<u>169.8</u>

15. We have derived the MOD estimate on the basis of Government's latest set of assumptions on the trend rate of change in the prices of the public sector building and construction output for the period from 2016 to 2020. HPMF will award the contract on a lump-sum basis because the scope of works can be clearly defined in advance. The contract will provide for price adjustments.

16. HPMF is responsible for the future maintenance of the historic building and all the facilities within the site including the Main Site, the Ancillary Site and the footbridge over the existing public footpath at their own cost during the tenancy period. The maintenance of the structural elements of the historic building³ and the existing retaining wall structure will be borne by the Government. We estimate that the annual recurrent expenditure for the maintenance works to be borne by the Government upon completion of the project will be \$134,000 during the tenancy period.

PUBLIC CONSULTATION

17. The Wan Chai District Council was consulted on the proposed revitalisation project on 14 May 2013. Members were generally supportive of the project.

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³ The structural elements include structural walls, columns, beams and slabs.

18. We consulted the Legislative Council (LegCo) Panel on Development on 3 December 2014. Members generally supported the project.

ENVIRONMENTAL IMPLICATIONS

19. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). It will not cause any long-term adverse environmental impact. HPMF has included about \$0.5 million in the project estimate to implement suitable mitigation measures to control short-term environmental impacts.

20. During construction, HPMF will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contract. 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 to prevent dust nuisance.

21. At the planning and design stages, HPMF has considered measures to reduce the generation of construction waste where possible. These measures include the use of metal site hoardings and signboards, and retention of the existing structures and materials. In addition, HPMF will require the contractor to reuse inert construction waste (e.g. excavated soil for backfilling) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste at public fill reception facilities⁴. HPMF will encourage the contractor to maximise the use of recycled or recyclable inert construction waste, and the use of non-timber formwork to further reduce the generation of construction waste.

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⁴ Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of inert construction waste in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

22. At the construction stage, HPMF will require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. HPMF will ensure that the day-to-day operations on site comply with the approved plan. HPMF will also require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. HPMF will control the disposal of inert construction waste and non-inert construction waste at public fill reception facilities and landfills respectively through a trip-ticket system.

23. HPMF estimates that the project will generate in total 680 tonnes of construction waste. Of these, HPMF will reuse 460 tonnes (67.7%) of the inert construction waste on site and deliver 90 tonnes (13.2%) of inert construction waste to public fill reception facilities for subsequent reuse. HPMF will dispose of the remaining 130 tonnes (19.1%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at public fill reception facilities and landfill sites is estimated to be \$18,680 for this project based on a unit charge rate of \$27 per tonne for disposal at public fill reception facilities and \$125 per tonne at landfills as stipulated in the Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

ENERGY CONSERVATION, GREEN AND RECYCLED FEATURES

24. This project has adopted various forms of energy efficient features, including –

- (a) high coefficient of performance variable refrigerant volume air-conditioning system; and
- (b) heat recovery fresh air pre-conditioners in the air-conditioned space for heat energy reclaim of exhaust air.

25. For greening features, HPMF will provide planting areas under the new footbridge, on the roof of new services block and in the vicinity of main entrance of the mansion for environmental and amenity benefits.

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26. The total estimated additional cost for adoption of the above features is around \$1 million (including \$0.7 million for energy efficient features), which has been included in the cost estimate for this project. The energy efficient features will achieve 12.4% energy savings in the annual energy consumption with a payback period of about 8.2 years.

HERITAGE IMPLICATIONS

27. As required under the prevailing requirements, this project is subject to a Heritage Impact Assessment (HIA). The HIA report, in the form of a Conservation Management Plan, was considered by the AMO, which had no objection to the report. HPMF also consulted the AAB on the HIA report for this project at its meeting on 4 December 2014 and members were generally supportive of the findings of the HIA. HPMF will ensure that the construction works, future maintenance and interpretation of the site history to be carried out will comply with the mitigation measures, recommendations and requirements stipulated in the HIA report. In case of any subsequent amendment to the scheme or the detailed design, HPMF will further consult the AMO and the AAB as necessary to formulate additional mitigation measures to ensure that any possible impact on the heritage site is acceptable from the heritage conservation perspective.

LAND ACQUISITION

28. The project does not require any land acquisition.

BACKGROUND INFORMATION

29. We upgraded **20QW** to Category B in September 2013.

30. HPMF engaged architectural and quantity surveying consultants to carry out the pre-construction consultancies (including architectural service, heritage conservation, town planning, structural and geotechnical engineering, building services, landscape architectural and quantity surveying services and preparation of tender documentation) and minor site investigation works for the project. The total cost of the above works is about \$11.8 million (in MOD prices). We have charged this amount to **23QW** “Revitalisation Scheme – Revitalisation of the Haw Par Mansion into Haw Par Music Farm – pre-contract consultancy and minor investigation works” which was upgraded to Category A in July 2013. The detailed design and site investigation works have been completed.

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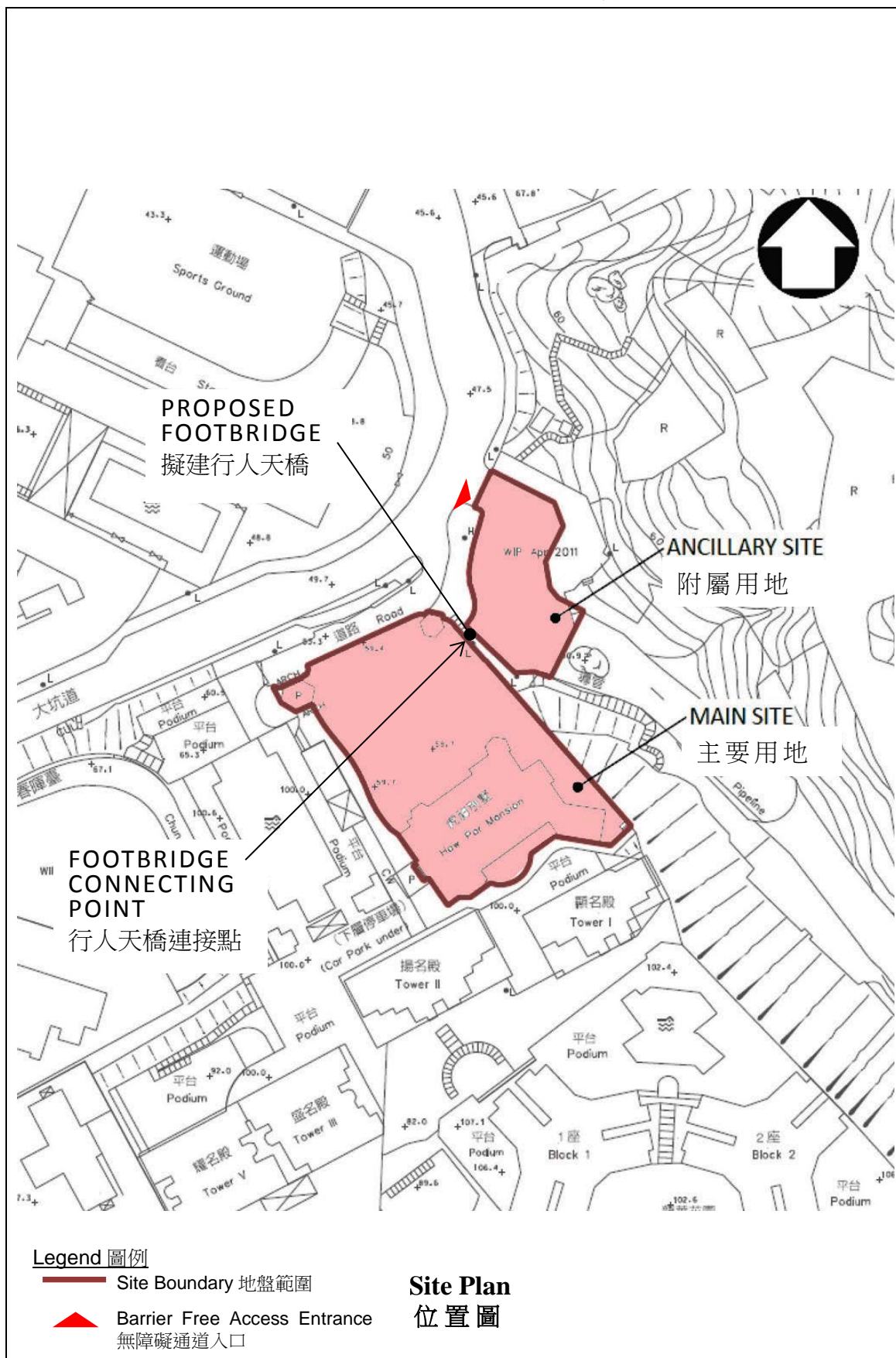
31. Details of the Revitalisation Scheme were set out in LegCo Paper No. CB(2)637/07-08(03), which was discussed by the LegCo Panel on Home Affairs on 2 January 2008. The Scheme aims to achieve the dual objectives of preserving historic buildings and making these buildings available for public use. As provided for under the Revitalisation Scheme, the Government will meet the cost of the revitalisation works via a capital subvention under the Capital Works Reserve Fund. In October 2011, we invited non-profit-making organizations (NPOs) with charitable status under Section 88 of the Inland Revenue Ordinance (Cap. 112) to apply for adaptive re-use of selected government-owned historic buildings in the form of social enterprise under the Revitalisation Scheme. The selection of NPO for each project followed a vigorous and competitive process and was carried out upon the advice of the Advisory Committee on Revitalisation of Historic Buildings which comprises experts from various fields.

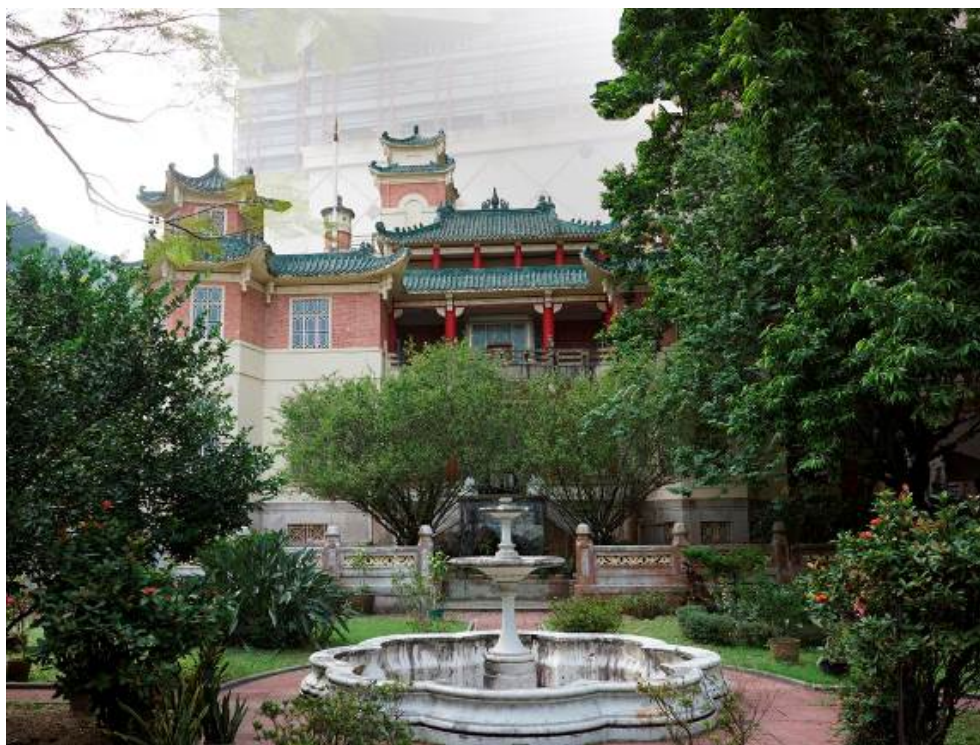
32. The project will not involve removal of trees. One existing tree at the Main Site is proposed to be transplanted within its garden before commencement of the renovation works.

33. We estimate that the proposed works will create about 160 jobs (comprising 20 professional/technical staff and 140 labourers), providing a total employment of 2 000 man-months.

34. In June 2015, we submitted PWSC(2015-16)42 which invited Members to recommend to the FC the upgrading of **20QW** to Category A. The paper was not discussed by the PWSC during the 2014-15 legislative session. This paper supersedes PWSC(2015-16)42 to update the programme, phasing of expenditure and estimated cost of the project.

Development Bureau
October 2015





Main Façade and Garden
主樓外觀及花園



Verandah
露台走廊

Photo of existing Haw Par Mansion
虎豹別墅現貌



Ceiling of 1/F Hallway
一樓門廊天花



Corridor at the Servants' Quarters
工人宿舍走廊

Photo of existing Haw Par Mansion
虎豹別墅現貌



Main Façade and Garden
主樓外觀及花園

Artist's Impression of the Haw Par Music Farm
虎豹樂園外觀構思圖



New Staircase
新建樓梯

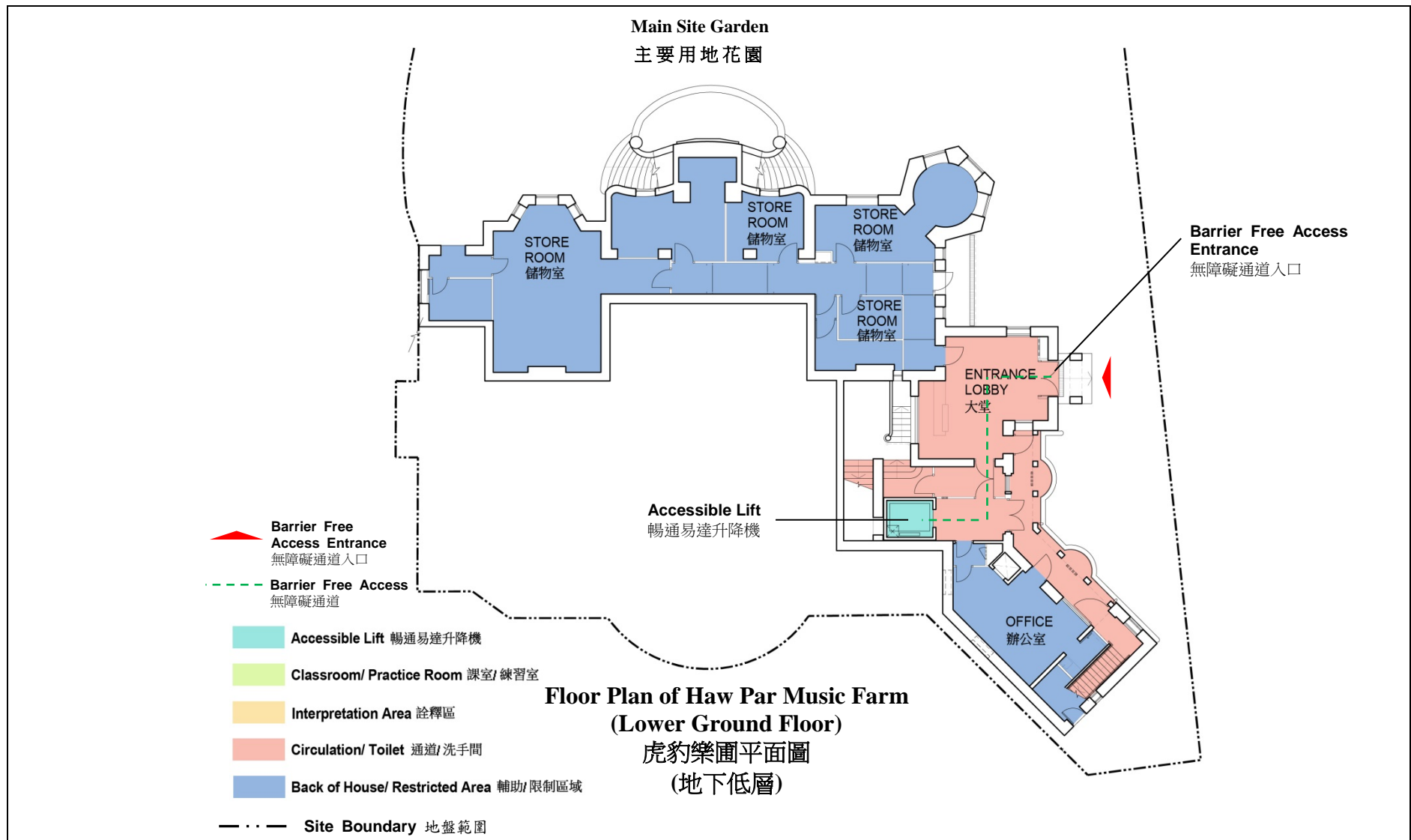
**New Stair Tower
and Accessible Lift**
新建樓梯塔樓及
暢通易達升降機

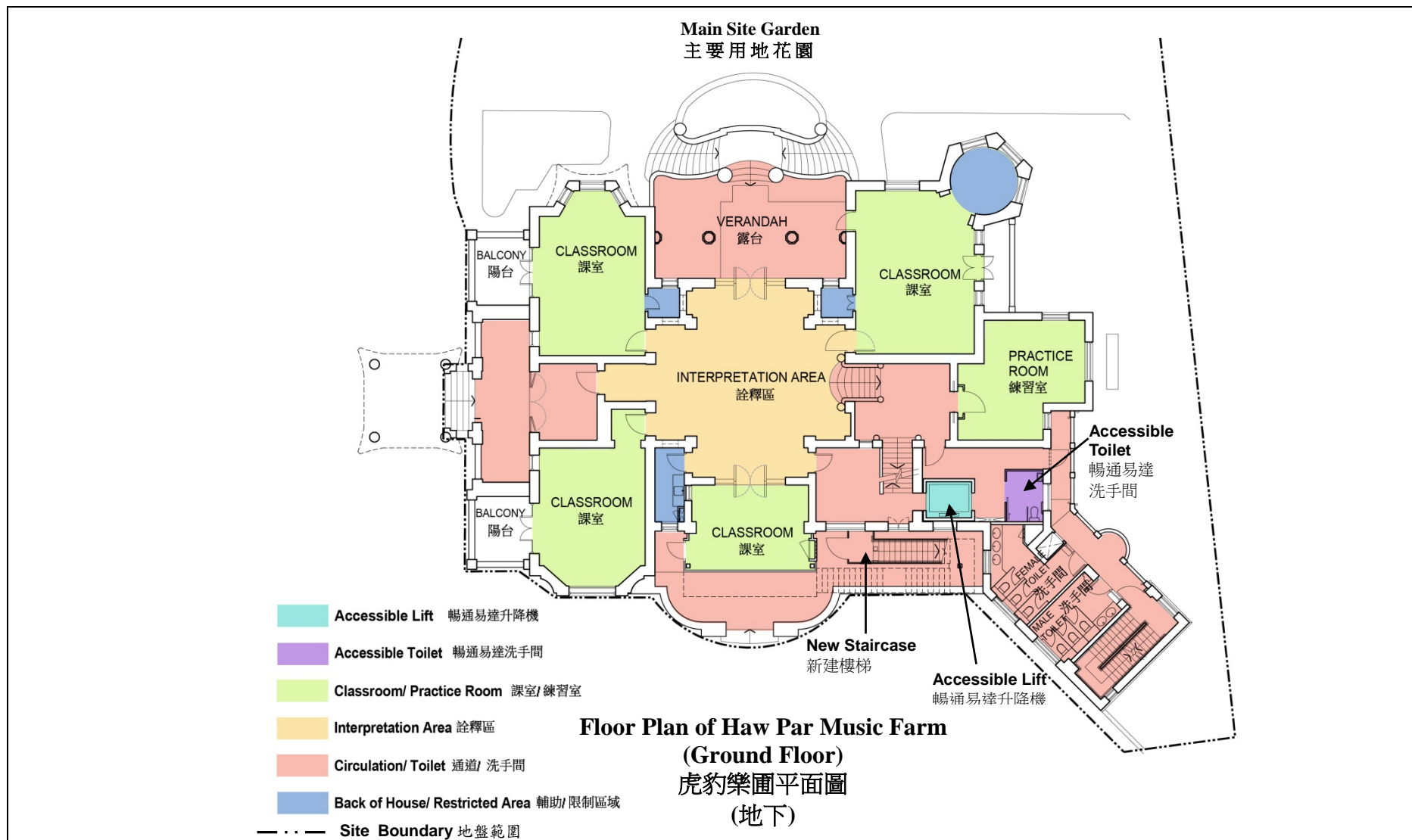
New Services Block
新建設施大樓

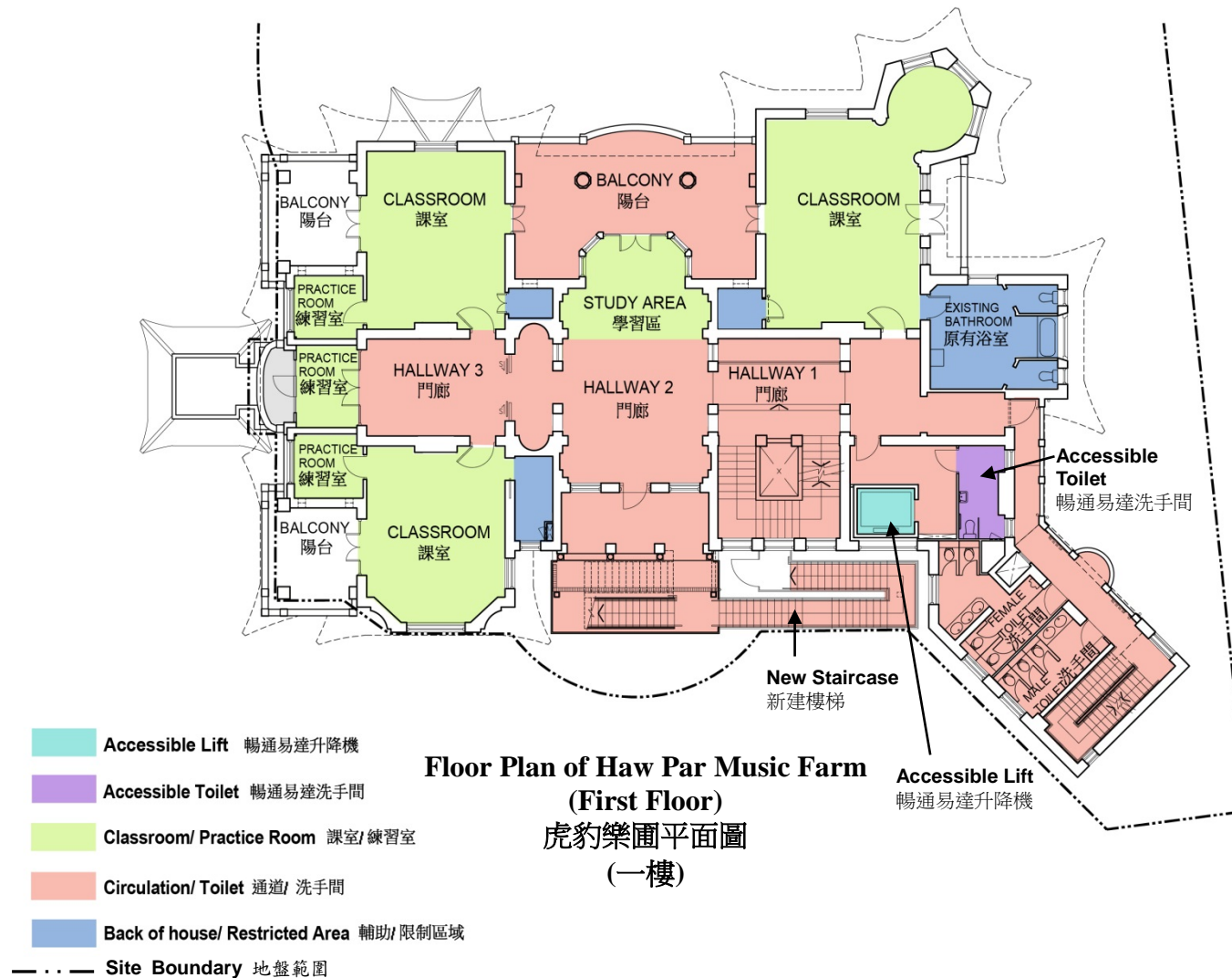


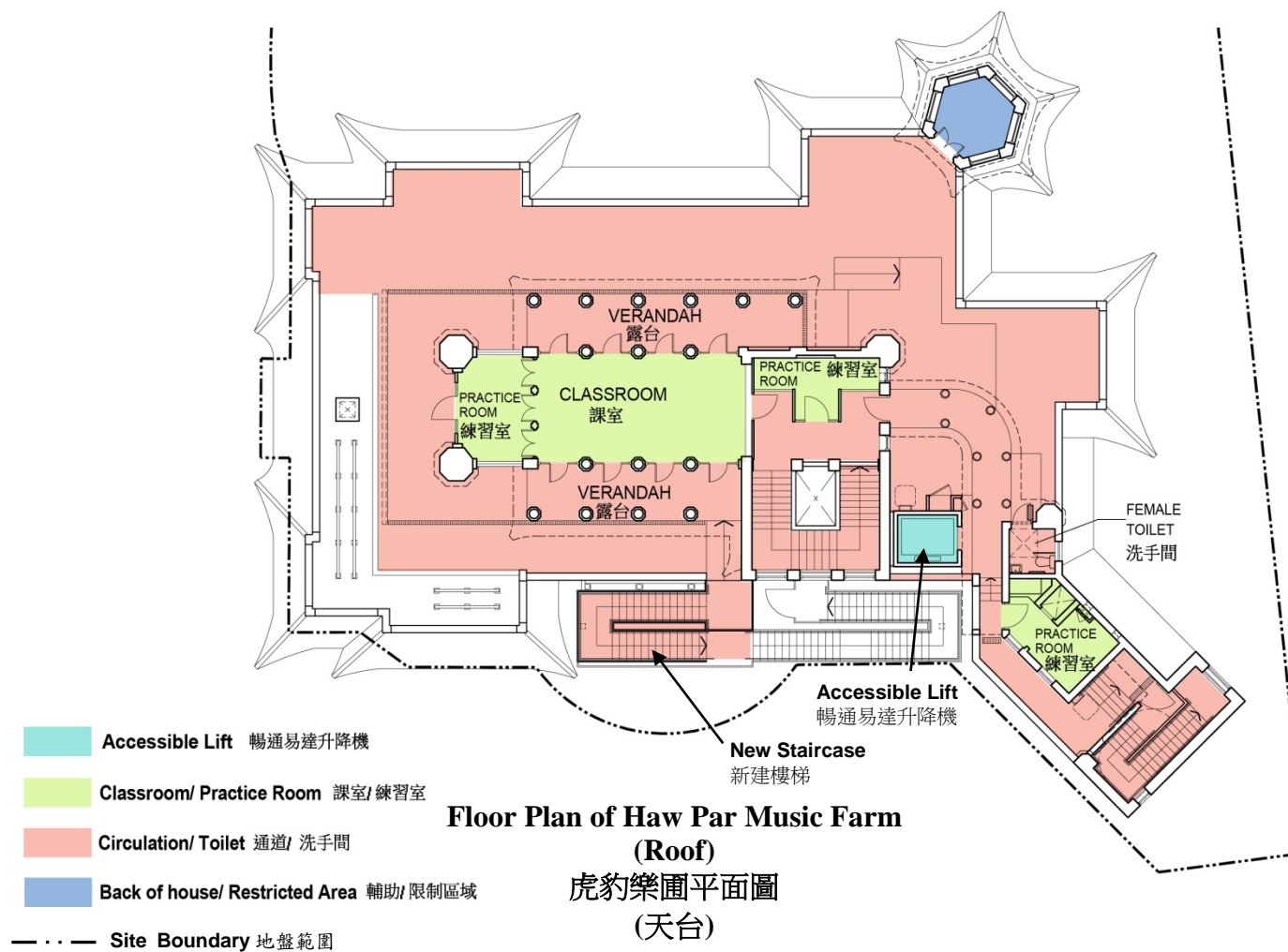
New Services Block and Stair Tower at Ancillary Site
於附屬用地之新建設施大樓及樓梯塔樓

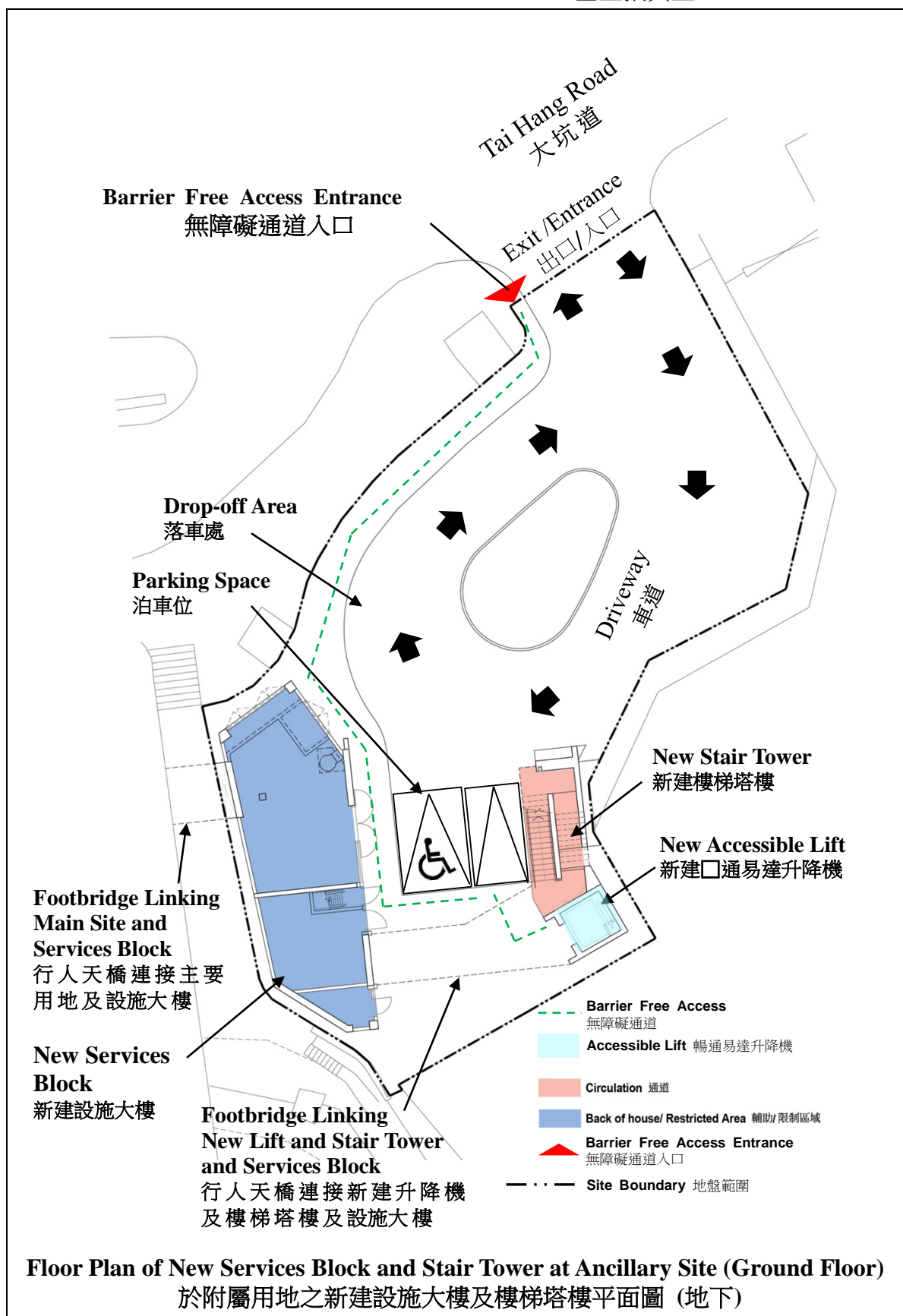
Artist's Impression of the Haw Par Music Farm
虎豹樂園外觀構思圖

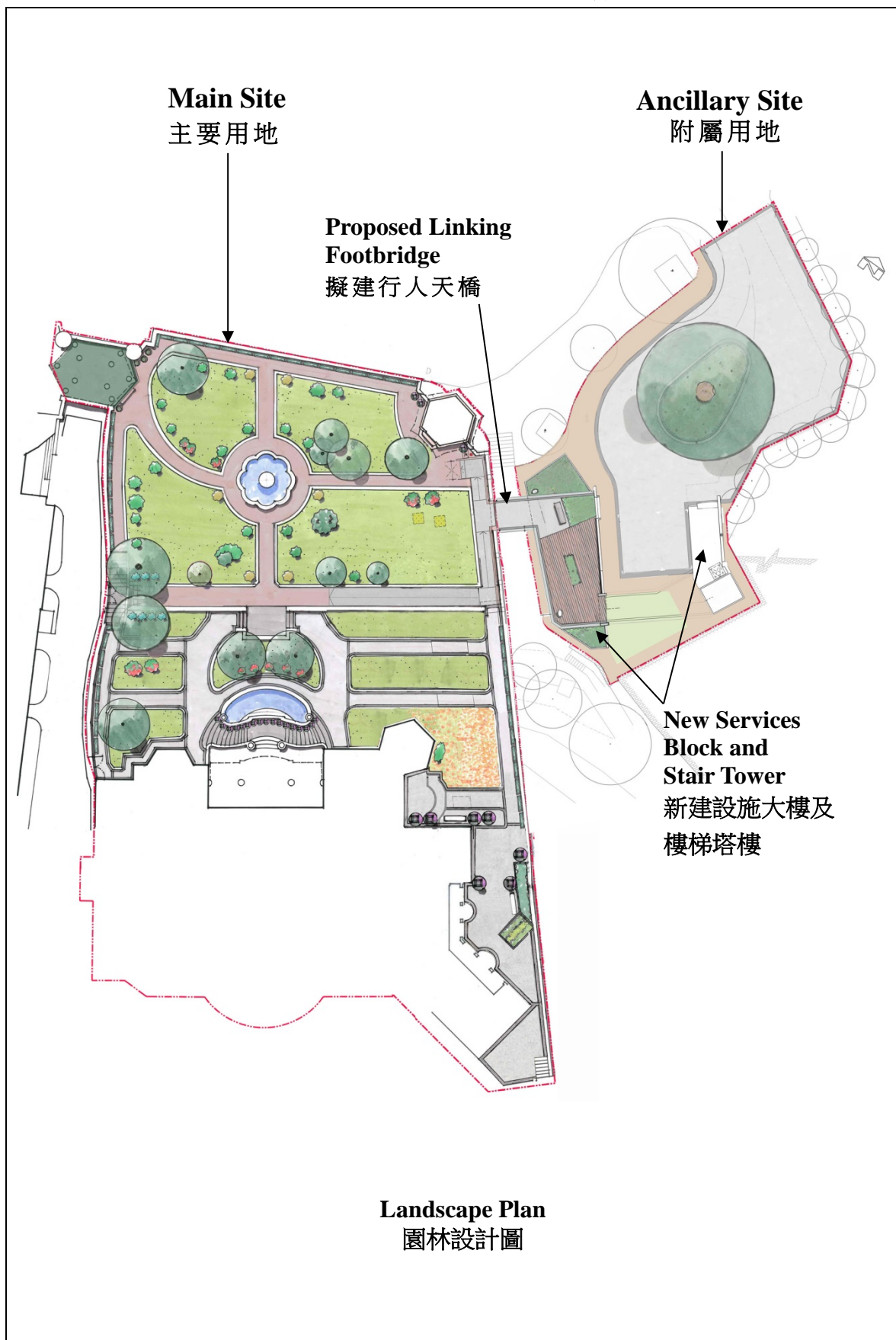


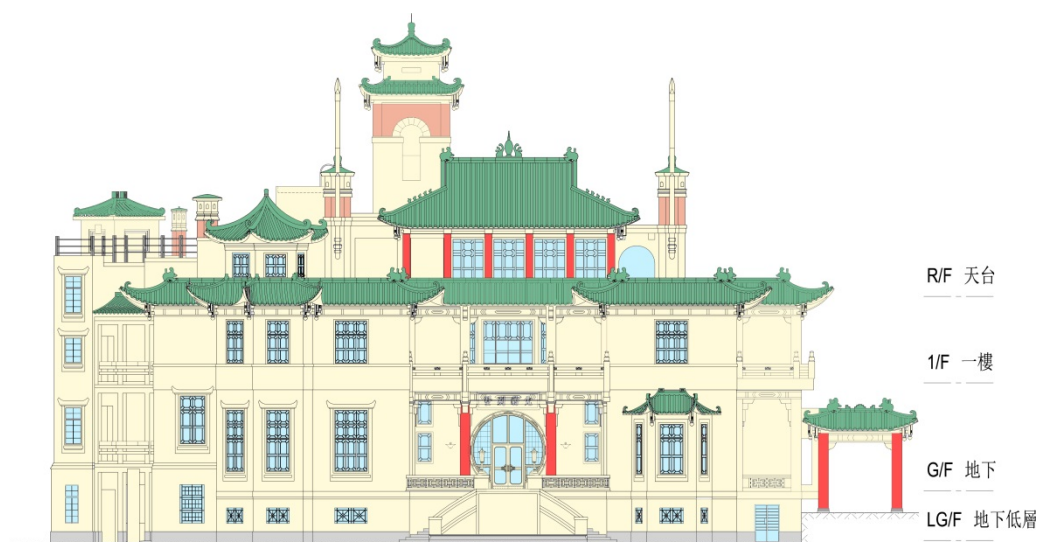




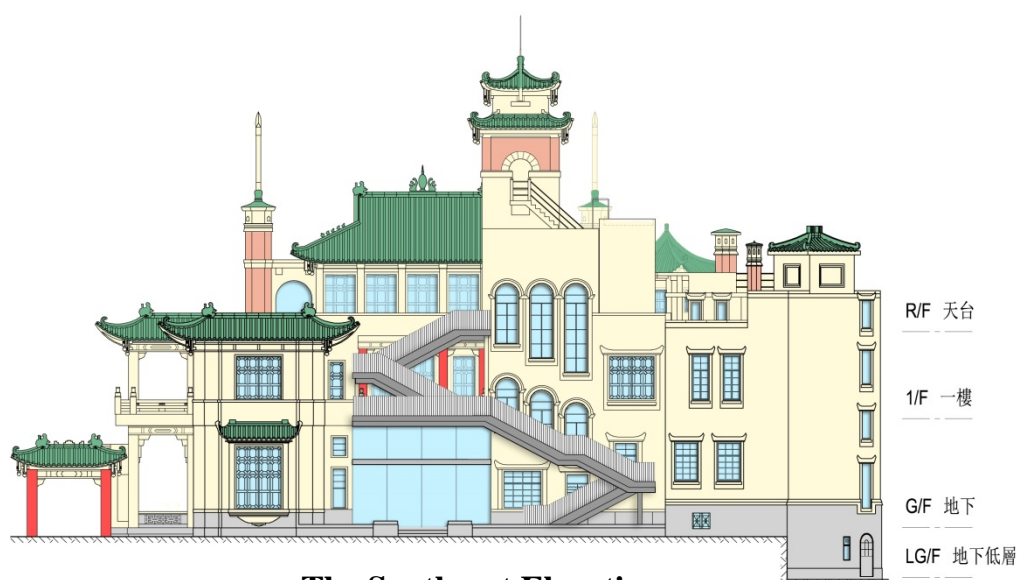




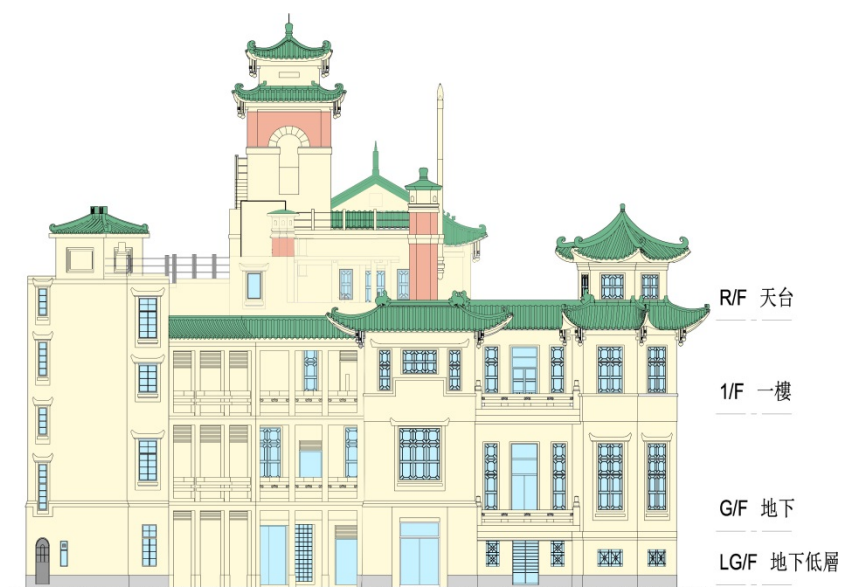




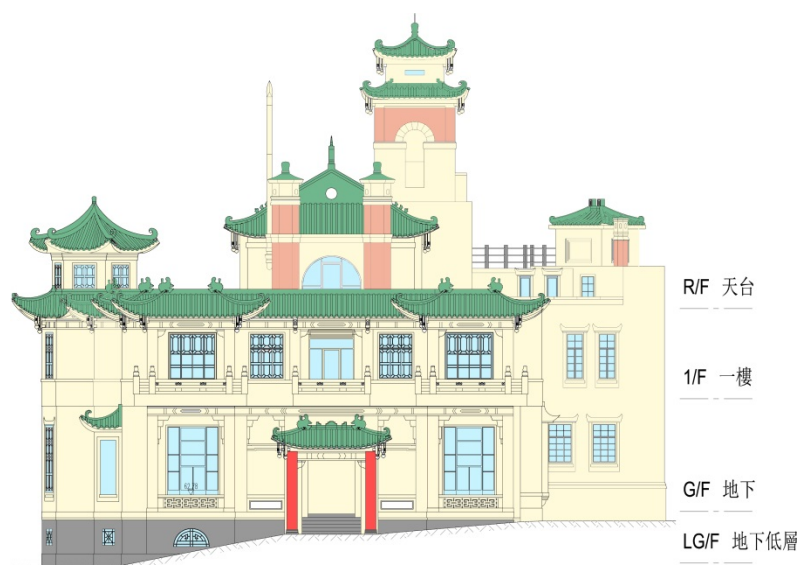
The Northwest Elevation
西北面立面圖



The Southeast Elevation
東南面立面圖



The Northeast Elevation
東北面立面圖



The Southwest Elevation
西南面立面圖

20QW – Revitalisation Scheme - Revitalisation of the Haw Par Mansion into Haw Par Music Farm

Breakdown of estimates for consultants' fees and resident site staff costs (in September 2015 prices)

			Estimated man-months	Average MPS* Salary Point	Multiplier (Note 1)	Estimated Fees (\$ million)
(a)	Consultants' fees for contract administration ^(Note 2)	Professional	36	38	2.0	5.3
		Technical	50	14	2.0	2.6
					Sub-total	7.9
(b)	Resident site staff (RSS) costs ^(Note 3)	Professional	3	38	2.0	0.4
		Technical	54	14	1.6	2.2
					Sub-total	2.6
Comprising –						
(i)	Consultants' fees for management of RSS				0.4	
(ii)	Remuneration of RSS				2.2	
					Total	10.5

* MPS = Master Pay Scale

Notes

1. A multiplier of 2.0 is applied to the average MPS salary point to estimate the full staff costs including the consultants' overheads and profits, as the staff will be employed in the consultants' offices. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of RSS supplied by the consultants (as at now, MPS salary point 38 = \$74,210 per month, MPS salary point 14 = \$25,505 per month).
2. The consultants' fees for contract administration are calculated in accordance with the existing consultancy agreements of **23QW**. The construction phase of the assignment will only be executed subject to FC's funding approval to upgrade the project to Category A.
3. The figures on estimates are prepared by the HPMF and agreed by the Commissioner for Heritage. The Director of Architectural Services has examined the figures and considered them acceptable. The actual man-months and actual costs will only be known after completion of the construction works.