For discussion
on 3 November 1999

PWSC(1999-2000)66

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT
Technical Education and Industrial Training
Vocational Training Council
11EM – Annex Building at the Shatin Campus of the Hong Kong Institute of Vocational Education

Members are invited to recommend to Finance Committee to approve a new commitment of $77.99 million in money-of-the-day prices for the Vocational Training Council to construct an annex building at the Shatin Campus of the Hong Kong Institute of Vocational Education.

PROBLEM

The existing accommodation of the Hong Kong Institute of Vocational Education (IVE) under the aegis of the Vocational Training Council (VTC) is insufficient to meet the anticipated increase in student intake in the near future.

PROPOSAL

2. The VTC, on the advice of the Director of Architectural Services (D Arch S), and with the support of the Secretary for Education and Manpower (SEM), proposes to create a new commitment at an estimated cost of $77.99 million in money-of-the-day (MOD) prices for the construction of an annex

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building at the Shatin Campus of the IVE to meet the anticipated expansion in student intake starting from the 2001/02 academic year.

PROJECT SCOPE AND NATURE

3. The project comprises the construction of a six-storey annex building in the Shatin Campus of the IVE, comprising one multi-purpose design studio and 13 laboratories for information technology facilities. It also covers alteration works to the existing premises of the campus, including the library, student canteen and kitchen, student union office and student amenities areas, to improve ancillary facilities for students. The site plan is at Enclosure 1 for Members' reference. The VTC plans to start the piling work in December 1999, and start the construction of the annex building in June 2000 for completion by mid 2001.

JUSTIFICATION

4. One of IVE's main missions is to provide courses to suit the employer's requirements for educated and trained manpower. In response to changing demands, the VTC would review its programmes annually and make adjustments such as introducing new courses, expanding and/or contracting existing ones. These adjustments would affect student numbers as well as the use of space which are calculated in terms of building full-time equivalent (BFTE)[1] student numbers.

5. VTC is aware that during the next few years there will be increased demands for trained technical personnel for the service industries, particularly in business information systems, corporate and secretarial administration, matched by a corresponding drop in the demand for part-time places on basic commercial studies. Furthermore, there is a clear demand for technicians in information technology and computing, leisure studies and child care. Enclosure 2 provides a detailed account of the estimated increases.

6. Overall, the demands lead to an increase in BFTEs. To respond to

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[1] In view of the different modes of education provided by the IVE, BFTE is calculated as follows - 1 full time student is 1 BFTE; 1 mixed full-time student is 0.4 BFTE; 1 part-time day release student is 0.2 BFTE. Part-time evening students do not count towards the BFTE.

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this requirement, the VTC proposes to expand the capacity of the IVE from a total BFTE of about 22 000 in 1999/2000 to about 23 430 in 2002/03. The increases will mainly cater for courses in the following disciplines -

Discipline	Net BFTE Increase
Business Administration	430
Information Technology and Computing	680
Hotel Service and Tourism Studies (Leisure Studies)	180
Child Care	140
Total	1 430

In the long run, the proposed expansion should contribute to the competitiveness of Hong Kong's economy by enriching the workforce with additional well-trained, adaptable new members of the workforce.

7. If we are to satisfy the demand for training places, additional space is required. Among IVE's nine campuses[2], the VTC considers it most suitable to expand the Shatin Campus. This is owing to the following factors - the location of the campus is convenient and easily accessible by public transport; it is conveniently located to serve the catchment area comprising North Kowloon and the New Territories; and, of most importance, there is an open, vacant site readily available at the campus. The construction of an annex building will also facilitate the centralisation of VTC's design courses, which require more space per student than other courses. This is part of the rationalisation exercise of IVE's education provision throughout its nine campuses to achieve higher efficiency and greater effectiveness. The annex building would also provide extra space for the Shatin Campus to assume its designated role as one of IVE's three lead campuses, managing the Kwun Tong and Kwai Chung campuses. The remaining two lead campuses are Tsing Yi and Chai Wan campuses.

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[2] The nine campuses are Shatin, Kwun Tong, Kwai Chung, Tsing Yi, Tuen Mun, Morrison Hill, Chai Wan, Lee Wai Lee and Haking Wong campuses.

8. The annex building would increase IVE's total capacity by around 1 000 BFTEs. The remaining shortfall of around 430 BFTEs for IVE will be met through additional capacity in the other campuses being created through IVE's rationalisation exercise.

9. The planned student numbers in the Shatin Campus will increase after the completion of the annex building. We need to carry out necessary improvements to the existing library, student canteen and kitchen, student union office and student amenities areas to cope with the increased demand.

FINANCIAL IMPLICATIONS

10. SEM, on the advice of D Arch S, recommends approval of the project at a cost of $77.99 million in MOD prices (see paragraph 12 below), made up as follows -

			$ million
(a)	Site investigation		0.21
(b)	Alteration to existing campus		4.45
(c)	Piling		2.75
(d)	Building works		34.25
(e)	Building services works		15.50
(f)	External works and drainage		0.79
(g)	Consultants' fees for		7.24
	(i) design	2.39	
	(ii) tender documentation	2.01	
	(iii) contract administration	1.65	
	(iv) site supervision	1.11	

	(v) out-of-pocket expenses	0.08		
(h)	Furniture and equipment		5.50	
(i)	Contingencies		5.24	
	Sub-total		75.93	(at December 1998 prices)
(j)	Provisions for price adjustment		4.66	
	Sub-total		80.59	(in MOD prices)
(k)	Less funds allocated from block allocation **Subhead 8100QX** for site investigation and design		2.60	
	Total		77.99	(in MOD prices)

11. The total construction floor area of this project is 4 520 square metres. The construction unit cost, represented by building and building services costs, is $11,007 per square metre at December 1998 prices. D Arch S considers the construction unit cost reasonable. A breakdown by man months of the estimates for consultant's fees is at Enclosure 3.

12. Subject to Members' approval, VTC will phase the expenditure of the project as follows -

Year	**$ million (Dec 1998)**	**Price adjustment factor**	**$ million (MOD)**
1998 – 1999	2.60	-	2.60
1999 – 2000	8.40	1.02625	8.62
2000 – 2001	55.90	1.06217	59.38

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2001 – 2002	7.40	1.09934	8.14
2002 – 2003	1.63	1.13782	1.85
	75.93		80.59

13. We derived the MOD estimates on the basis of the Government's latest forecast of trend labour and construction prices for the period 1999 to 2003. The VTC will tender the works under a fixed-price lump-sum contract as the scope of works is clearly defined and leaves little room for uncertainty.

14. The VTC estimates that, upon completion of the annex building, the additional recurrent cost arising from the increase in student numbers will be around $36 million in a full year. VTC will absorb the increase in expenditure within its existing level of subvention from Government. The annex building will have no implication on the level of tuition fees charged by the VTC.

PUBLIC CONSULTATION

15. Since the proposed annex building will be constructed within the existing boundary of VTC's Shatin Campus, we do not consider it necessary to consult the public. However, we believe the community will welcome the improved provision of educational facilities.

ENVIRONMENTAL IMPLICATIONS

16. Based on a Preliminary Environmental Review on the project completed by the VTC in May 1998, the Director of Environmental Protection recommends that to mitigate the traffic noise impact, the VTC should provide suitable window insulation and air-conditioning to all noise sensitive rooms in the proposed annex building and alterations. We have included $6 million in the project estimate to implement the above mitigation measures.

17. During construction, the VTC will control noise, dust, and site run-

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off nuisance within the established standards and guidelines through the implementation of appropriate mitigation measures in the relevant works contracts.

LAND ACQUISITION

18. The proposal does not require land acquisition.

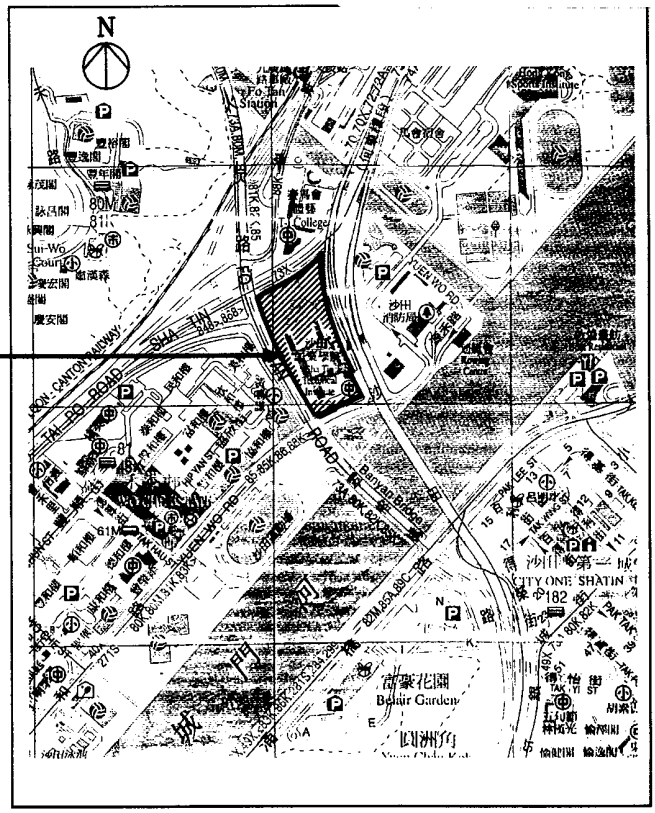
BACKGROUND INFORMATION

19. With an allocation of $2.6 million from the block allocation **Subhead 8100QX**, the consultant of the VTC has completed the feasibility study for the project, including site investigation, and the detailed design and is finalising the tender documentation.

20. Under existing procedures, the VTC submits a programme of capital works proposals to SEM annually. SEM examines all these proposals carefully, with professional advice provided by D Arch S, and recommends worthwhile projects for funding approval.

Education and Manpower Bureau
October 1999

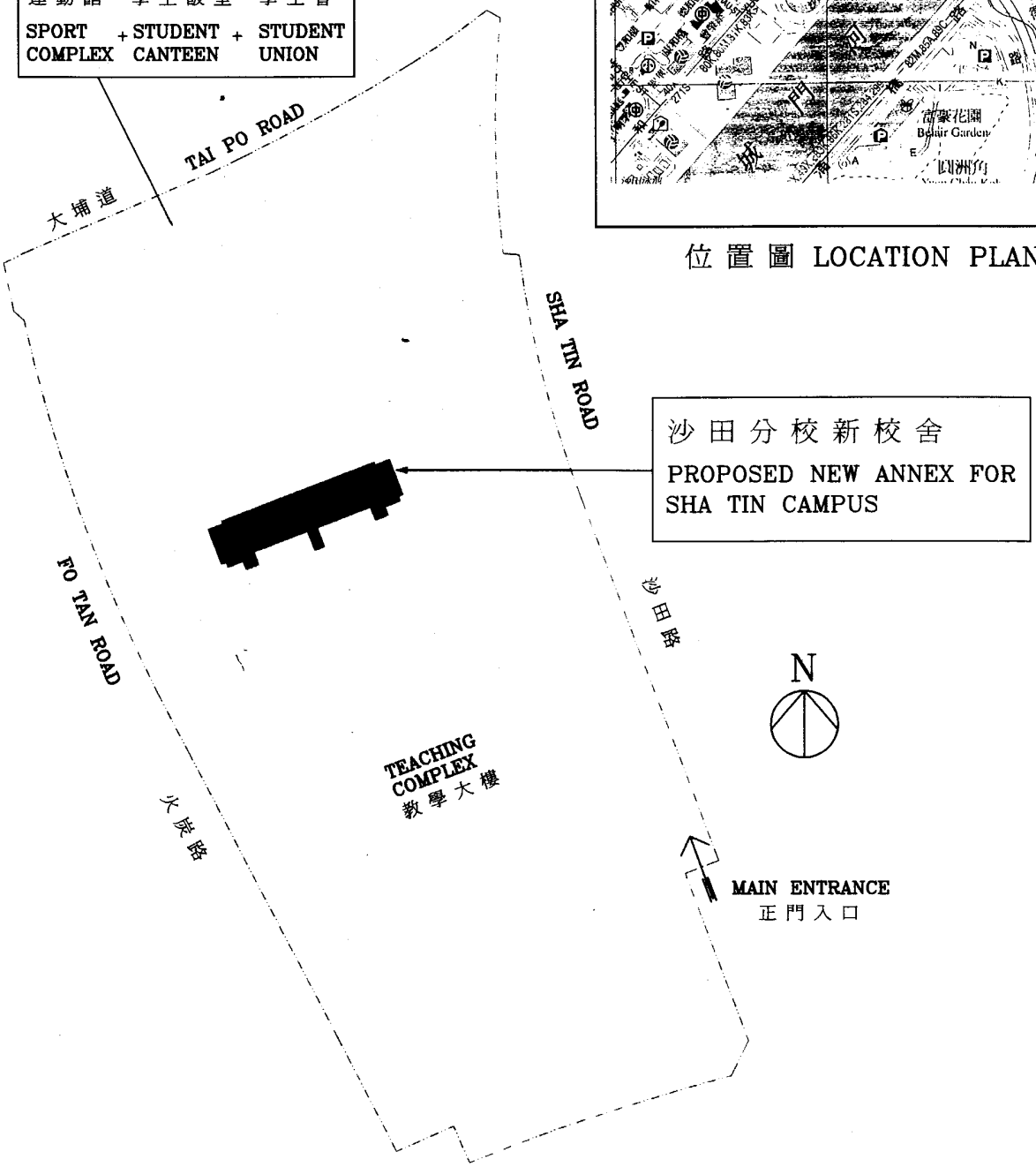
(PWSC0186/Win7)



位置圖 LOCATION PLAN

香港專業教育學院
(沙田分校)
HONG KONG INSTITUTE OF VOCATIONAL EDUCATION
(SHA TIN CAMPUS)

運動館 學生飯堂 學生會
SPORT COMPLEX + STUDENT CANTEEN + STUDENT UNION



香港專業教育學院(沙田分校)新校舍
PROPOSED NEW ANNEX FOR HONG KONG INSTITUTE OF VOCATIONAL EDUCATION (SHA TIN CAMPUS)

VTC – ESTATES DIVISION

Enclosure 2 to PWSC(1999-2000)66

Vocational Training Council
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Hong Kong Institute of Vocational Education

Detailed Account of the Estimated Increase in Building Full-time Equivalent (BFTEs) Student Numbers

Business Administration

The VTC has planned a net increase of 430 BFTEs for Business Administration Courses. This is made up from a spread of an additional 745 BFTEs across a range of courses and a decrease of 315 BFTEs in courses where the employers' demand has been decreasing.

2. The planned increase is made in response to the results of three published VTC Manpower Surveys of the Insurance Industry (1997), Banking and Finance Industry (1997), and the Transport and Physical Distribution Industry (1998). They, respectively, indicate additional annual manpower requirements at the supervisory and clerical levels at 380, 5 470 and 630 persons.

Information Technology (IT) and Computing

3. The VTC has planned a net increase of 680 BFTEs for IT and related courses. This increase is made in response to the anticipated increase in demand for IT practitioners. For instance, in the 'IT Manpower and Training Needs Study' (1999) commissioned by the Education and Manpower Bureau, the consultant has projected a shortfall of 106 or 2 227 IT graduates at sub-degree level in the year 2000 under conservative and moderate projections respectively.

Leisure Studies

4. The VTC has planned a net increase of 180 BFTEs in Leisure Studies and related courses. This was in response to the Government report entitled "Hong Kong At Your Service: Final Report of the Government Task Force on Services Promotion" (1997, page 65) which stated that the Government will encourage the VTC to develop, in conjunction with Hong Kong Tourist Association, more job-related training to satisfy the needs of the rapid growing market demands for trained personnel.

5. The increase, which involves the introduction of Diploma and Higher Diploma courses in leisure studies, is a modest contribution to possible future requirements, particularly bearing in mind Government's policy to develop new tourist attractions and theme parks.

Child Care

6. The planned increase of 140 BFTEs for child care courses is a response to the request from the Hong Kong Council of Social Service for VTC to upgrade the one-year full-time child care certificate into a two-year full-time diploma in order to enhance the quality of child care workers.

7. Child care courses have in recent years attracted a very large number of applicants especially since Education Department has announced that registered child care workers may become qualified kindergarten teachers, and the VTC is unable to meet the demand.

(PWSC0186/Win7)

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Breakdown of estimates for consultants' fees

Consultants' staff costs			Estimated man months	Average MPS* salary point	Multiplier factor	Estimated fee ($ million)
(a)	Detailed Design	Professional	11.0	40	2.4	1.66
		Technical	14.5	16	2.4	0.73
(b)	Tender documentation	Professional	9.0	40	2.4	1.35
		Technical	13.0	16	2.4	0.66
(c)	Contract administration including account finalisation and defect rectification	Professional	8.0	40	2.4	1.21
		Technical	8.7	16	2.4	0.44
(d)	Site supervision	Professional	1.5	40	1.7	0.16
		Technical	26.5	16	1.7	0.95
					Consultants' staff costs	7.16
(e)	Out of pocket expenses					0.08
					Total consultants' fee	7.24

* MPS = Master Pay Scale

Notes

1. Regarding the staff employed in the consultant's offices, a multiplier factor of 2.4 is applied to the average MPS point to arrive at the full staff costs including the consultants' overheads and profit (as at 1.4.1998, MPS point 40 is $62,780 per month, and MPS point 16 is $21,010 per month). A multiplier factor of 1.7 is applied in the case of site staff supplied by the consultants.

2. The figures given above are based on estimates prepared by the VTC which have been examined and accepted by D Arch S.

(PWSC0186/Win7)