

## **ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT**

#### **Education Subventions**

#### **39EC – A private independent school (secondary-cum-primary) in Area 90B, Ma On Shan**

Members are invited to recommend to Finance Committee the upgrading of **39EC** to Category A at an estimated cost of \$191.6 million in money-of-the-day prices for the construction of a composite school comprising a 30-classroom secondary section and a 30-classroom primary section in Area 90B, Ma On Shan.

#### **PROBLEM**

We need to have more diversity in our school system and give parents more choices in the selection of schools for their children.

#### **PROPOSAL**

2. The Secretary for Education and Manpower (SEM), on the advice of the Director of Architectural Services (D Arch S), proposes to upgrade **39EC** to Category A at an estimated cost of \$191.6 million in money-of-the-day (MOD) prices for the construction of a non-profit-making private independent school (PIS) comprising a 30-classroom secondary section and a 30-classroom primary section in Area 90B, Ma On Shan.

3. This amount, being no more than the cost for constructing a standard design public sector school accommodating the same number of students, will be provided in the form of a capital grant to the English Schools Foundation (the school sponsor). The school sponsor will be responsible for the design and construction of the school.

### PROJECT SCOPE AND NATURE

4. The proposed school will adopt a non-standard design to accommodate a 30-classroom secondary section and a 30-classroom primary section, with the following planned facilities –

	<b>Secondary section</b>	<b>Primary section</b>
(a) classrooms	30	30
(b) staff rooms	4	1
(c) library	1	1
(d) seminar rooms	11	0
(e) gymnasium	0	1
(f) special rooms	24	4

#### **Shared facilities**

- (g) three special rooms (a computer-assisted learning room and two language rooms)
- (h) three interview rooms
- (i) a staff common room
- (j) two student activity centres
- (k) a conference room
- (l) an assembly hall
- (m) two multi-purpose areas

- (n) four basketball courts (two at ground level and two at the rooftop of the building)
- (o) a green corner<sup>1</sup>
- (p) a swimming pool
- (q) a sports hall
- (r) ancillary accommodation, including three lifts and relevant facilities for the handicapped

\_\_\_\_\_ A comparison of the facilities at the proposed school with those at standard design schools is at Enclosure 1.

\_\_\_\_\_ 5. The proposed school will meet the planning target of providing two square metres of open space per student. A site plan is at Enclosure 2 and computer rendering drawings of the site are at Enclosure 3. Subject to approval of the capital grant by Finance Committee, the school sponsor plans to start the construction works in September 2003 for completion in May 2005.

## JUSTIFICATION

6. With the provision of nine-year free education since 1978, the majority of schools in Hong Kong have been public sector schools comprising government schools and aided schools. There is a need to inject more variety into our school system by encouraging alternatives to public sector schools, in the face of increasingly diverse attitude and values in the community, a multitude of demand in our workplace, fast changing technology and increasing globalisation. With freedom in setting the school curriculum, PISs can provide viable alternatives to government and aided schools.

7. To facilitate the development of a vibrant private school sector, Government has since 1999 been providing land grants 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 schools. The financial assistance and the provision of land at nominal premium will help high quality

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<sup>1</sup> The green corner is a designated area inside the campus to enable students to develop an interest in horticulture and the natural environment. The green corner may include a green house, a weather station and planting beds.

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 line with the policy for PISs, SEM will allocate the school site in Area 90B, Ma On Shan, for the operation a non-profit-making PIS.

## FINANCIAL IMPLICATIONS

8. The capital grant for the PIS, calculated on the basis of the reference cost of a standard design 30-classroom secondary public sector school and the reference costs of standard design 24-classroom and 30-classroom primary public sector schools, is \$171.8 million in September 2002 prices. The reference costs of standard design public sector schools are based on an uncomplicated site with no unusual environmental or geotechnical constraints. Due to the difficult ground conditions of the school site in Area 90B, Ma On Shan, D Arch S supports providing the school sponsor with an additional foundation cost of up to \$33.6 million (in September 2002 prices). We estimate the total capital grant to be \$191.6 million in MOD prices (see paragraph 11 below), made up as follows –

	<b>\$ million</b>
(a) Capital grant for school construction	171.8
(i) Secondary section	93.9
The cost of building a standard design 30-classroom secondary school with 1 160 students is \$90.8 million, as advised by D Arch S. The equivalent provision for the secondary section with 1 200 students <sup>2</sup> will be \$93.9 million. ( $\$90.8 \text{ million} \div 1\,160 \times 1\,200$ )	
(ii) Primary section	72.1
The cost of building a standard 24-classroom primary school with 828 students is \$69.9 million and that for a 30-classroom primary school with 1 035 students is \$76.3 million, as advised by D Arch S. The primary	
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<sup>2</sup> The secondary section will have 30 classes of 30 students each for secondary 1 to 5, and 150 students for each of secondary 6 and 7. The total number of students is 1 200.

**\$ million**

section is designed for 900 students<sup>3</sup>.  
 The equivalent provision for the primary section will be \$72.1 million.  
 {Incremental cost per student is –  
 (\$76.3 million – \$69.9 million) ÷  
 (1 035 – 828) = \$30,900 per student.  
 The cost of a standard design school with 900 students is –  
 \$69.9 million + [(900 – 828) x  
 \$30,900 per student]  
 = \$72.1 million.}

(iii) Consultants' fees 5.8

The consultants' fees estimated by the school sponsor have been assessed by D Arch S as acceptable. For schools built by the Government, such services are arranged through the Architectural Services Department.

(b) Additional foundation cost 33.6

D Arch S considers the amount of additional foundation cost acceptable as it is below the estimated additional foundation cost for developing a standard design school with the same number of students on the proposed site.

	Sub-total	205.4	(in September 2002 prices)
(c) Provisions for price adjustment		(13.8)	
	Total	191.6	(in MOD prices)

A detailed breakdown of the estimate for consultants' fees by man-months is at Enclosure 4.

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<sup>3</sup> The primary section will have 30 classes of 30 students each for primary 1 to 6. The total number of students is 900.

9. The school sponsor estimates the construction cost of the school to be \$204.6 million in MOD prices (see paragraph 11 below). D Arch S has examined and endorsed the cost estimate, made up as follows –

	<b>\$ million</b>	
(a) Foundation	47.0	
(b) Building	99.9	
(c) Building services	26.2	
(d) Drainage and external works	19.3	
(e) Consultants' fees for –	7.0	
(i) Contract administration	3.5	
(ii) Site supervision	3.1	
(iii) Out-of-pocket expenses	0.4	
(f) Contingencies	19.9	
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Sub-total	219.3	(in September 2002 prices)
(g) Provisions for price adjustment	(14.7)	
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Total	204.6	(in MOD prices)
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10. As the estimated construction cost of the PIS (\$204.6 million) is higher than the capital grant (\$191.6 million), the difference (\$13 million) will be borne by the school sponsor. SEM will arrange to pay the school sponsor to meet requirements falling within the approved scope of **39EC**. The capital grant provided by the Government will be capped at \$191.6 million. The school sponsor will be responsible for all additional funding requirement, whether due to higher-than-expected tender outturn or other variations. The Government and the school sponsor will share all savings arising from lower-than-expected tender outturn (excluding foundation works) on a pro-rata basis of their estimated contribution to the project (i.e. 93.6% for the Government and 6.4% for the school

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sponsor). For the foundation works, the Government will retain all savings in case these arise<sup>4</sup>.

11. Subject to approval, the school sponsor will phase the expenditure as follows –

Year	\$ million (Sept 2002)		Price adjustment factor	\$ million (MOD)	
	Capital grant under 39EC	Construction cost		Capital grant under 39EC	Construction cost
2003 – 04	41.8	48.7	0.94300	39.4	45.9
2004 – 05	119.3	126.3	0.93003	111.0	117.5
2005 – 06	36.8	36.8	0.93003	34.2	34.2
2006 – 07	7.5	7.5	0.93003	7.0	7.0
	<u>205.4</u>	<u>219.3</u>		<u>191.6</u>	<u>204.6</u>

12. We have derived the MOD estimates on the basis of the Government's latest forecast of trend labour and construction prices for the period 2003 to 2007. The school sponsor will deliver the works through a fixed-price lump-sum contract because the school sponsor can define the scope of works in advance, leaving little room for uncertainty.

13. The cost of furniture and equipment and the annual recurrent expenditure for the school will be borne by the school sponsor. There will not be recurrent expenditure for the Government. This arrangement is in line with the existing policy.

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<sup>4</sup> The school sponsor will tender the foundation works under the main contract with the foundation works demarcated from the other cost items. If the tender sum for the foundation works is lower than the tender estimate (i.e. lower than \$47 million plus 10% contingencies in September 2002 prices), the Government will retain all savings.

## PUBLIC CONSULTATION

14. The Legislative Council Panel on Education discussed the policy on land and financial assistance for PISs in March 1999. Members supported the policy designed to foster the growth of a quality private school sector. We have further informed the Panel in January 2003 that we would subvent the construction of ten PISs by the 2007/08 school year. Members raised no objection. We consulted the Sha Tin District Council on **39EC** in January 2003. Members supported the project.

## ENVIRONMENTAL IMPLICATIONS

15. The school sponsor engaged a consultant to conduct a Preliminary Environmental Review (PER) for **39EC** in December 2001. The PER concluded that the proposed school would not be subject to adverse environmental impacts provided that the school sponsor implements the following environmental mitigation measures to keep the road traffic noise impact within the limits recommended in the Hong Kong Planning Standards and Guidelines –

<b>Mitigation measures</b>	<b>Estimated cost \$ million (in Sept 2002 prices)</b>
(a) Provision of insulated windows and air-conditioning to 13 classrooms and 12 special rooms from the 1/F to 6/F at the northern and southern facades of the secondary school block	1.5
(b) Provision of insulated windows and air-conditioning to six classrooms and one special room from the 1/F to 3/F at the northern façade of the primary school block	0.5

The school sponsor has included the cost of the above mitigation measures in the estimated construction cost.

16. During construction, the school sponsor will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contracts. 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.



17. At the planning and design stages, the school sponsor has considered measures to reduce the generation of construction and demolition (C&D) materials. The school sponsor has introduced more prefabricated building elements into the school designs to reduce temporary formwork and construction waste. These include dry-wall partitioning and proprietary fittings and fixtures. The school sponsor will use suitable excavated materials for filling within the site to minimise off-site disposal. In addition, the school sponsor will require its contractor to use metal site hoardings and signboards so that these materials can be recycled or reused in other projects.

18. The school sponsor will require its contractor to submit a waste management plan (WMP) for approval. The WMP will include appropriate mitigation measures to avoid, reduce, reuse and recycle C&D materials. The school sponsor will ensure that the day-to-day operations on site comply with the approved WMP. The school sponsor will control the disposal of public fill and C&D waste to designated public filling facilities and landfills respectively through a trip-ticket system. The school sponsor will require its contractor to separate public fill from C&D waste for disposal at appropriate facilities. The school sponsor will record the disposal, reuse and recycling of C&D materials for monitoring purposes. The school sponsor estimates that the project will generate about 30 000 cubic metres (m<sup>3</sup>) of C&D materials. Of these, the school sponsor will reuse about 19 500 m<sup>3</sup> (65%) on site, 6 000 m<sup>3</sup> (20%) as fill in public filling areas<sup>5</sup>, and dispose of 4 500 m<sup>3</sup> (15%) at landfills. The notional cost of accommodating C&D waste at landfills is estimated to be \$562,500 for this project (based on a notional unit cost<sup>6</sup> of \$125/m<sup>3</sup>).

## LAND ACQUISITION

19. The project does not require land acquisition.

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<sup>5</sup> A public filling area is a designated part of a development project that accepts public fill for reclamation purposes. Disposal of public fill in a public filling area requires a licence issued by the Director of Civil Engineering.

<sup>6</sup> This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfills (which is estimated at \$90/m<sup>3</sup>), nor the cost to provide new landfills (which are likely to be more expensive) when the existing ones are filled. The notional cost estimate is for reference only and does not form part of this project estimate.

**BACKGROUND INFORMATION**

20. We upgraded **39EC** to Category B in November 2002. The school sponsor has engaged consultants to carry out the PER, topographical survey, site investigation, detailed design and tender documentation for the project. The consultants have completed these services except for the tender documents which are being finalised. We will charge the Government's contribution of \$8.8 million to block allocation **Subhead 8100QX** "Alterations, additions, repairs and improvements to education subvented buildings".

21. To enhance the accountability of the PISs in delivering education in exchange for government assistance, and to facilitate the development of performance-based school management, the school sponsors of PISs are required to sign a ten-year service agreement with the Government. The agreement will confirm the objective of providing quality education in accordance with the prevailing approved education policies. Renewal of the service agreement upon its expiry will be subject to an evaluation with reference to the performance targets stated in the agreement. In the case of non-renewal or termination of the service agreement, SEM may allocate the school to a new school sponsor or temporarily take over the school. With only a very limited number of PISs<sup>7</sup> at the initial stage of development, provision of school places in these schools is not at present counted towards the projected supply of school places under the current mechanism for the planning and provision of school places. We shall review after three to five years how PIS places should be taken into account in planning the supply of school places.

22. We estimate that the project will create some 270 jobs comprising 20 professional/technical staff and 250 labourers, totalling 5 100 man-months.

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Education and Manpower Bureau  
June 2003

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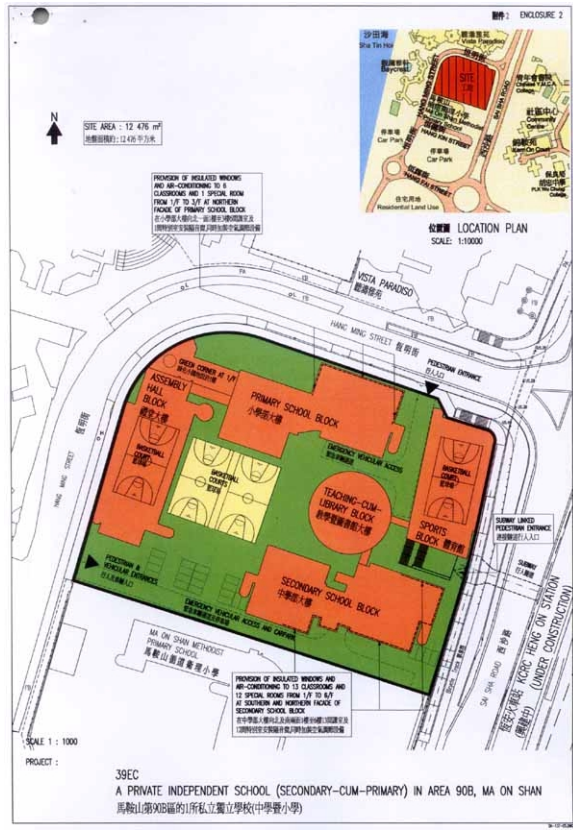
<sup>7</sup> Up to now, we have upgraded **29EC** "A private independent school at Po Kong Village Road, Wong Tai Sin" to Category A in March 2002.

**Enclosure 1 to PWSC(2003-04)40**

**39EC – A private independent school (secondary-cum-primary)  
in Area 90B, Ma On Shan**

**A comparison of the facilities proposed under 39EC with those at a standard design school**

Facilities	39EC		Standard design school	
	30-classroom secondary section	30-classroom primary section	30-classroom secondary school	30-classroom primary school
Classroom	30	30	30	30
Small group teaching room	–	–	3	4
Guidance activity room	–	–	1	1
Staff room	4	1	1	1
Library	1	1	1	1
Seminar room	11	–	–	–
Gymnasium	–	1	–	–
Special room	24	4	16	6
Special room (shared)		3	–	–
Interview room		3	2	2
Staff common room		1	1	1
Student activity centre		2	1	1
Conference room		1	1	1
Assembly hall		1	1	1
Multi-purpose area		2	1	1
Basketball court		4	2	2
Green corner		1	1	1
Swimming pool		1	–	–
Sports hall		1	–	–
Ancillary accommodation, including lifts and relevant facilities for the handicapped		Available	Available	Available





電腦繪製的工地概觀圖(東北面) COMPUTER RENDERING DRAWING OF THE SITE (NORTH-EASTERN VIEW)



電腦繪製的工地概觀圖(西北面) COMPUTER RENDERING DRAWING OF THE SITE (NORTH-WESTERN VIEW)

title : 39EC

A PRIVATE INDEPENDENT SCHOOL (SECONDARY-CUM-PRIMARY) IN AREA 90B, MA ON SHAN  
馬鞍山第90B區的1所私立獨立學校(中學暨小學)

**39EC – A private independent school (secondary-cum-primary)  
in Area 90B, Ma On Shan**

**Breakdown of the estimate for consultants' fees<sup>(Note 1)</sup>**

		Estimated man- months	Average MPS* salary point	Multiplier <sup>(Note 2)</sup>	Estimated fee (\$million)
(a) Consultants' staff costs					
(i) Contract administration <sup>(Note 3)</sup>	Professional	–	–	–	2.0
	Technical	–	–	–	0.9
(ii) Site supervision <sup>(Note 4)</sup>	Professional	5.4	38	1.6	0.5
	Technical	65.1	14	1.6	2.0
Sub-total					5.4
(b) Out-of-pocket expenses <sup>(Note 5)</sup>					
Lithography and other direct expenses					0.4
Sub-total					0.4
Total					5.8

\* MPS = Master Pay Scale

**Notes**

1. The figures are based on estimate prepared by the school sponsor. D Arch S has examined the figures and considered them reasonable.
2. A multiplier of 1.6 is applied to the average MPS point to estimate the cost of resident site staff supplied by the consultants. (As at 1 October 2002, MPS point 38 is \$57,730 per month and MPS point 14 is \$19,195 per month.)
3. The consultants' staff cost for contract administration is calculated in accordance with the existing consultancy agreement for the design and construction of 39EC. The assignment will only be executed subject to Finance Committee's approval to upgrade 39EC to Category A.

4. The consultants' staff cost for site supervision is based on the estimate prepared by the school sponsor. We will only know the actual man-months and actual costs after completion of the works.
5. Out-of-pocket expenses are the actual costs incurred. The consultants are not entitled to any additional payment for overheads or profit in respect of these items.