

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Education Subventions

44EC – A private independent school (secondary-cum-primary) at Shum Wan Road, Aberdeen

Members are invited to recommend to Finance Committee the upgrading of **44EC** to Category A at an estimated cost of \$216.9 million in money-of-the-day prices for the construction of a composite school comprising a 36-classroom secondary section and a 24-classroom primary section at Shum Wan Road, Aberdeen.

PROBLEM

We need to provide 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 **44EC** to Category A at an estimated cost of \$216.9 million in money-of-the-day (MOD) prices for the construction of a non-profit-making private independent school (PIS) comprising a 36-classroom secondary section and a 24-classroom primary section at Shum Wan Road, Aberdeen.

3. The amount of government subvention, being no more than the cost for constructing standard design public sector schools accommodating the same number of students, will be provided in the form of a capital grant to the Victoria Shanghai Education Foundation Limited (the school sponsor) for the sole purpose of building the school. The school sponsor will be responsible for the design and construction of the school to meet its own curriculum needs.

PROJECT SCOPE AND NATURE

4. The proposed school will adopt a non-standard design with the following planned facilities –

	Secondary section	Primary section
(a) classrooms	36	24
(b) special rooms	13	3
(c) staff rooms	1	1

Shared facilities

- (d) 15 special rooms including four information technology laboratories and a language laboratory;
- (e) four small group teaching rooms;
- (f) a guidance activity room;
- (g) two interview rooms;
- (h) a staff common room;
- (i) a student activity centre;
- (j) two conference rooms;
- (k) a library;
- (l) an assembly hall (which can be used for a wide range of physical activities such as badminton, gymnastics and table-tennis);

Shared facilities

- (m) a multi-purpose area;
- (n) two basketball courts (one at the assembly hall and another at the rooftop of the school building);
- (o) a green corner¹;
- (p) a 60-metre running track²;
- (q) a swimming pool; and
- (r) ancillary accommodation, including two 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 views of the school premises (artist's impression) are at Enclosure 3. Subject to approval of the capital grant by Finance Committee, the school sponsor plans to start the construction works in August 2004 for completion in June 2007.

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 however a need to inject more variety into our school system, including encouraging alternatives to public sector schools, given the increasingly diverse values in the community, the multifaceted demands on our work force in the face of fast changing technology and increasing globalisation. With freedom in setting the school curriculum, PISs can provide viable alternatives to government and aided schools.

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¹ 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.

² Making optimal use of the space of the campus, a 60-metre running track will be provided.

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 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 each school year, the school is required to set aside a sum, which will not be less than 10% of its total school fee income, to provide scholarship and other financial assistance for deserving students. Apart from the capital grant, PISs will not receive any recurrent or further capital financial assistance from Government. As PISs are fee charging and recruit students from all over the territory, they will unlikely have any significant impact on the supply and demand balance of public sector school places for the district concerned³. In line with the policy for PISs and following a competitive selection process as scrutinised by the School Allocation Committee⁴, SEM has allocated the school site at Shum Wan Road, Aberdeen, to the school sponsor for the operation of 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 public sector secondary school and the reference costs of standard design 18-classroom and 24-classroom public sector primary schools, is \$176.1 million in September 2003 prices. The reference costs are based on an uncomplicated site with no unusual environmental or geotechnical constraints. Due to the difficult ground conditions of the school site at Shum Wan Road, Aberdeen, D Arch S supports a supplementary provision of up to \$50.6 million (in September 2003 prices) for site formation, additional foundation works and standard provision of carparking spaces and lay-bys. We estimate the total capital grant to be \$216.9 million in MOD prices (see paragraph 11 below), made up as follows –

/(a)

³ The Southern District, in which **44EC** is located, may have a projected surplus of 57 secondary classes and two primary school classrooms by 2007. But this projection has not taken into account the supply of direct subsidy scheme (DSS) schools in the district which recruit students from all over the territory and, nor the existence of 14 floating senior secondary classes without home classrooms. If we nevertheless include the supply of school places of DSS schools in the district, the Southern District may have a projected surplus of 73 secondary classes and 18 primary school classrooms by 2007.

⁴ The School Allocation Committee makes recommendations to SEM on the allocation of school premises/sites to suitable school sponsors through an open and competitive selection process. The Committee comprises an equal number of official and non-official members familiar with the Hong Kong education system.

\$ million

(a) Capital grant for school construction 176.1

(i) Secondary section 100.4

The cost of building a standard design 30-classroom secondary school with 1 160 students is \$95.9 million in September 2003 prices, as advised by D Arch S. The equivalent provision for the 36-classroom secondary section with 1 215 students⁵ will be \$100.4 million.
 (\$95.9 million ÷ 1 160 x 1 215)

(ii) Primary section 70.6

The cost of building a standard 18-classroom primary school with 621 students is \$68.2 million and that for a 24-classroom primary school with 828 students is \$73.3 million in September 2003 prices, as advised by D Arch S. The primary section is designed for 720 students⁶. The equivalent provision for the primary section will be \$70.6 million.
 {Incremental cost per student is –
 (\$73.3 million – \$68.2 million)
 ÷ (828 – 621) = \$24,600 per student.
 The cost of a standard design school with 720 students is –
 \$68.2 million + [(720 – 621)
 x \$24,600 per student]
 = \$70.6 million }

(iii) Consultants' fees 5.1

/(iii)

⁵ The secondary section will have 30 classes of 35 students each for Secondary 1 to 5, three classes of 30 students each for Secondary 6 and three classes of 25 students each for Secondary 7. The total number of students is 1 215.

⁶ The primary section will have 24 classes of 30 students each for Primary 1 to 6. The total number of students is 720.

\$ million

Having examined and revised the consultants' fees estimated by the school sponsor, D Arch S considers the figures acceptable. For schools built by the Government, such services are arranged through the Architectural Services Department.

(b) Additional costs for site specific construction works 50.6

(i) Site formation cost 29.3

D Arch S considers the amount of additional site formation cost acceptable as it is no more than the estimated site formation cost for developing a standard design school with the same number of students on the proposed site.

(ii) Additional foundation cost 19.2

D Arch S considers the amount of additional foundation cost acceptable as it is no more than the estimated site foundation cost for developing a standard design school with the same number of students on the proposed site.

(iii) Additional cost for standard provision of carparking spaces and lay-bys 2.1

Due to site constraint at sloped hillside, there is no flat land for provision of carparking spaces and lay-bys. Some carparking spaces and lay-bys are to be built at the upper storeys of the school building. D Arch S considers the estimated additional cost for standard

provision of carparking spaces and lay-bys acceptable.

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	\$ million
	—————
	Sub-total 226.7 (in September 2003 prices)
(c) Provision for price adjustment	(9.8)
	—————
	Total 216.9 (in MOD prices)
	—————

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

9. The school sponsor estimates the construction cost of the school to be \$266.6 million in MOD prices (see paragraph 11 below). D Arch S has examined and endorsed the cost estimate, made up as follows –

	\$ million
a) Site formation	34.0
b) Foundation	44.1
c) Building	123.7
d) Building services	35.4
e) Drainage and external works	9.0
f) Consultants' fees for –	6.6
i) Construction administration	4.0
ii) Site supervision	2.2
iii) Out-of-pocket expenses	0.4
g) Contingencies	25.3
	—————
Sub-total	278.1 (in September 2003 prices)
h) Provision for price adjustment	(11.5)
	—————
Total	266.6 (in MOD prices)
	—————

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10. As the estimated construction cost of the PIS (\$266.6 million in MOD prices) is higher than the capital grant (\$216.9 million in MOD prices), the difference (\$49.7 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 44EC. The capital grant provided by the Government will be capped at \$216.9 million in MOD prices. 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 on a pro-rata basis of their estimated contribution to the project (i.e. 81.4% for the Government and 18.6% for the school sponsor).

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

Year	\$ million (Sept 2003)		Price adjustment factor	\$ million (MOD)	
	Capital grant under 44EC	Construction cost		Capital grant under 44EC	Construction cost
2004 – 05	–	39.4	0.97150	–	38.3
2005 – 06	73.0	85.0	0.95450	69.7	81.1
2006 – 07	115.7	115.7	0.95450	110.4	110.4
2007 – 08	33.4	33.4	0.96643	32.3	32.3
2008 – 09	4.6	4.6	0.98455	4.5	4.5
	<u>226.7</u>	<u>278.1</u>		<u>216.9</u>	<u>266.6</u>

12. We have derived the MOD estimate on the basis of the Government's latest forecast of trend rate of change in the prices of public sector building and contribution output for the period 2004 to 2009. The school sponsor will deliver the site formation and foundation works under one fixed-price lump-sum contract, and the construction works under another because it can clearly 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.

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.

15. We consulted the Southern District Council on **44EC** on 12 May 2003. Members of the Council supported the project on grounds that the project would add diversity to the education system, provide students with high quality education, and that the school would open up some of its facilities for community use.

16. We also consulted the Legislative Council Panel on Education on 30 January 2004 on the planning and provision of public sector school places and the various projects to be implemented in the School Building Programme in the next few years. The Panel on Education thoroughly discussed the Administration's policy and noted its plan to proceed with seeking funding approval from the Public Works Subcommittee for projects in the following three categories –

- (a) whole-day primary schools;
- (b) reprovisioning and redevelopment projects; and
- (c) schools, including DSS and PISs, which have already been allocated to sponsoring bodies.

Members supported projects under categories (a) and (b). In respect of proposals under category (c), members asked that full background and justification, including the supply and demand balance of school places on both a territory-wide and district basis, be provided to facilitate consideration on a case-by-case basis.

17. We have circulated the draft Public Works Subcommittee paper to the Panel on Education on 14 June 2004.

ENVIRONMENTAL IMPLICATIONS

18. The school sponsor engaged a consultant to conduct a Preliminary Environmental Review (PER) for **44EC** in February 2003. The PER recommended the provision of air-conditioning for rooms exposed to traffic noise and noise from the nearby shipyards exceeding the limits recommended in the

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Hong Kong Planning Standards and Guidelines. The recommended mitigation measures are as follows –

Mitigation measures	Estimated cost \$ million (in September 2003 prices)
Insulated windows and air conditioning for the following rooms at the western façade –	
(a) 18 classrooms, five special rooms and one small group teaching room of secondary section on the 8/F to 11/F	1.9
(b) 16 classrooms, one special room and two small group teaching rooms of primary section on the 4/F to 7/F	1.5

The school sponsor has included the cost of the above mitigation measures as part of the building services works in the project cost.

19. 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.

20. 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 pre-fabricated building elements into the project 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 contractors to use metal site hoardings and signboards so that these materials can be recycled or reused in other projects.

21. The school sponsor will require its contractor to submit waste management plans (WMPs) for approval. The WMPs 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 WMPs. The school sponsor will control the disposal of public fill and

/C&D

C&D waste to the 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 materials 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 51 650 cubic metres (m³) of C&D materials. Of these, the school sponsor will reuse about 8 470 m³ (16.4%) on site, 37 760 m³ (73.1%) as fill in public filling areas⁷, and dispose of 5 420 m³ (10.5%) at landfills. The notional cost of accommodating C&D waste at landfill sites is estimated to be \$677,500 for this project (based on a notional unit cost⁸ of \$125/m³).

LAND ACQUISITION

22. The project does not require land acquisition.

BACKGROUND INFORMATION

23. We upgraded **44EC** to Category B in January 2003. The school sponsor has engaged consultants to carry out the PER in February 2003, topographical survey in April 2003, site investigation in May 2003, detailed design in December 2003 and tender documentation in March 2004 for the project. We will charge the Government's contribution of \$8.3 million to block allocation **Subhead 8100QX** "Alterations, additions, repairs and improvements to education subvented buildings". The consultants have completed all the services except for the preparation of tender documents which are being finalised.

24. In choosing the school sponsors for PISs, the School Allocation Committee invited parties interested in operating PISs to submit proposals. Selected non-profit-making PISs would usually be granted school sites by private treaty. 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

⁷ 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.

⁸ 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 landfill sites (which is estimated at \$90/m³), 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.

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 PISs⁹ 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 upon completion of these projects how PIS places should be taken into account in planning the supply of school places.

25. The proposed construction of the school will involve removal of 140 trees, including 136 to be felled and four to be replanted within the project site. All trees to be removed are not important trees¹⁰. We will incorporate planting proposals as part of the project, including estimated quantities of 160 trees, 15 000 shrubs, and 300 square meters of grassed area.

26. We estimate that the proposed works will create about 265 jobs (235 for labourers and another 30 for professional/technical staff) providing a total employment of 4 400 man-months.

Education and Manpower Bureau
June 2004

⁹ Up to now, we have upgraded **29EC** “A private independent school at Po Kong Village Road, Wong Tai Sin” and **39EC** “A private independent school (secondary-cum-primary) in Area 90B, Ma On Shan” to Category A in March 2002 and July 2003 respectively.

¹⁰ Important trees include trees on the Register of Old and Valuable Trees, and any other trees which meet one or more of the following criteria –

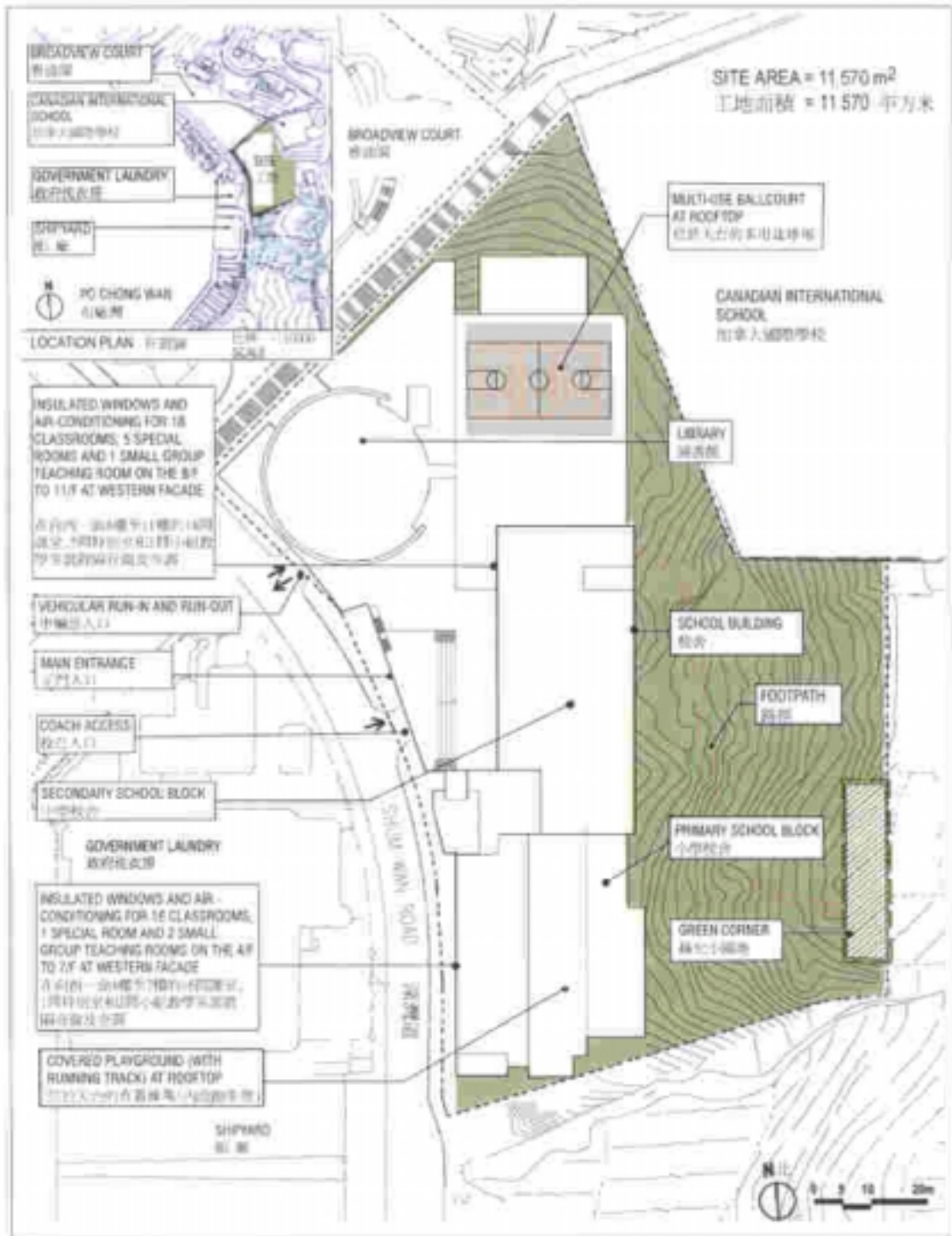
- trees over 100 years old;
- trees of cultural, historical or memorable significance;
- trees of precious or rare species;
- trees of outstanding form; or
- trees with trunk diameter exceeding one meter (measured at one meter above ground level).

**44EC – A private independent school (secondary-cum-primary)
at Shum Wan Road, Aberdeen**

A comparison of the facilities proposed under 44EC with those at standard design schools

Facilities	44EC		Standard design school	
	36-classroom secondary section	24-classroom primary section	30-classroom secondary school	24-classroom primary school
Classroom	36	24	30	24
Special room	13	3	16	6
Staff room	1	1	1	1
Special room	15		–	–
Small group teaching room	4		3	4
Guidance activity room	1		1	1
Interview room	2		2	2
Staff common room	1		1	1
Student activity centre	1		1	1
Conference room	2		1	1
Library	1		1	1
Assembly hall	1		1	1
Multi-purpose area	1		1	1
Basketball court	2		2	1
Green corner	1		1	1
Swimming pool	1		–	–
Ancillary accommodation, including lifts and relevant facilities for the handicapped	Available		Available	Available

附件2 Enclosure 2



**44EC- A PRIVATE INDEPENDENT SCHOOL
 (SECONDARY-CUM-PRIMARY) AT SHUM WAN ROAD, ABERDEEN**
 香港仔深灣道的1所私立獨立學校(中學暨小學)



從西面望向校舍的構思圖
VIEW OF THE SCHOOL PREMISES FROM WESTERN DIRECTION (ARTIST'S IMPRESSION)



從西南面望向校舍的構思圖
VIEW OF THE SCHOOL PREMISES FROM SOUTH-WESTERN DIRECTION (ARTIST'S IMPRESSION)

**44EC- A PRIVATE INDEPENDENT SCHOOL
(SECONDARY-CUM-PRIMARY) AT SHUM WAN ROAD, ABERDEEN**
香港仔深灣道的1所私立獨立學校(中學暨小學)

**44EC – A private independent school (secondary-cum-primary)
at Shum Wan Road, Aberdeen**

Breakdown of the estimate for consultants' fees

		Estimated man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
(a) Consultants' staff cost					
(i) Contract administration ^(Note 2)	Professional	–	–	–	2.0
	Technical	–	–	–	1.1
(ii) Site supervision ^(Note 3)	Technical	57.1	14	1.6	1.7
				Sub-total	4.8
(b) Out-of-pocket expenses ^(Note 4)					
	Lithography and other direct expenses				0.3
				Sub-total	0.3
				Total	5.1

* MPS = Master Pay Scale

Notes

1. A multiplier of 1.6 is applied to the average MPS point to estimate the resident site staff cost supplied by the consultants. (As at 1 January 2004, MPS point 14 = \$18,603 per month.)
2. The consultants' staff cost for contract administration is calculated in accordance with the existing consultancy agreement for the design and construction of 44EC. The assignment will only be executed subject to Finance Committee's approval to upgrade 44EC to Category A.
3. We will only know the actual man-months and actual costs for site supervision after completion of the works.
4. 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.