



中華人民共和國香港特別行政區政府總部教育局  
Education Bureau  
Government Secretariat, The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

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27 October 2009

Clerk to the Panel on Education  
(Attn: Miss Odelia Leung)  
Legislative Council Secretariat  
3/F Citibank Tower  
3 Garden Road, Hong Kong

Dear Miss Leung,

**Increase in Approved Project Estimate of  
3261ES – Secondary School at Aberdeen Reservoir Road, Aberdeen**

We wish to seek Members' support for the proposal to apply to the Finance Committee (FC) of the Legislative Council for increasing the approved project estimate of the project 3261ES – Secondary School at Aberdeen Reservoir Road, Aberdeen.

The project was approved by FC on 16 November 2007. The site formation works commenced in December 2007 and are expected to be completed by December 2009. In August 2009, the Director of Architectural Services received tender returns for school building construction works of the project. Following a review of the project programme and financial situation, we consider it necessary to increase the approved project estimate of the project to cover additional costs arising from the higher-than-expected tender prices of the construction contract. Members may refer to the attached paper for details.

Subject to the views of or discussion with Members if required, we propose to submit the funding application to increase the approved project estimate for this project to the Public Works Sub-committee of the FC on 2 December 2009 for consideration in order to avoid further delay to the project.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'RS' or similar initials.

( Raymond Sy )  
for Secretary for Education

Encl.

**Legislative Council Panel on Education****3261ES - Secondary School at Aberdeen Reservoir Road, Aberdeen  
Increase in Approved Project Estimate****PURPOSE**

This paper seeks Members' support for the proposal to increase the approved project estimate (APE) for the approved capital works project - Secondary School at Aberdeen Reservoir Road, Aberdeen (the Project).

**BACKGROUND**

2. On 16 November 2007, we upgraded the Project to Category A at an estimated cost of \$182.0 million in money-of-the-day (MOD) prices. The approved scope of the Project comprises site formation works and the construction of a new secondary school premises -

Site formation works

- (a) formation of about 4 000 square metres (m<sup>2</sup>) of site platform and associated slope works;
- (b) re-alignment of a portion (about 40 metres (m) long) of Peel Rise;
- (c) landscaping works; and
- (d) environmental mitigation measures.

Construction of school premises

- (a) 30 classrooms;
- (b) 16 special rooms, including a computer-assisted learning room, a language room and a multi-purpose room;
- (c) three small group teaching rooms;
- (d) a guidance activity room;
- (e) two interview rooms;
- (f) a staff room;
- (g) a staff common room;

- (h) a student activity centre;
- (i) a conference room;
- (j) a library;
- (k) an assembly hall (which can also be used for a wide range of physical activities such as badminton, gymnastics and table-tennis);
- (l) a multi-purpose area;
- (m) two basketball courts, one at ground level and one at the rooftop of assembly hall;
- (n) a 30-m running track;
- (o) a green corner; and
- (p) ancillary accommodation, including a lift and relevant facilities for the handicapped.

## **JUSTIFICATIONS**

3. Upon funding approval of the Finance Committee of the Legislative Council, the Civil Engineering and Development Department commenced site formation works in December 2007. The works are now underway and expected to be completed by December 2009. Tenders for school building construction works of the Project were invited in July 2009. Upon closure of the tender period in August 2009, we had evaluated the tenders returned, all of which were higher than the original estimate allowed in the APE. Following a review of the financial position of the Project, we consider it necessary to increase the APE from \$182.0 million by \$27.3 million to \$209.3 million in MOD prices in order to cover the additional cost under the Project. The increased construction cost is due to higher-than-expected tender returns submitted by the contractors arising from the unexpected drastic increase in prices of major construction materials from the date of the original project estimate of September 2007 to the date of tenders in July 2009, which exceeded the allowance that had been made to cater for the increase in the project estimate. According to the latest available information from the construction cost indices published by the Census and Statistics Department, there was a substantial rise in the material costs from the date of original project estimate of September 2007 to July 2009 for sand (39%), aggregates (39%), concrete block (37%) and ceramic wall tiles (16%).

4. The Architectural Services Department has carefully scrutinised the Project in detail and considered the option of re-tendering the contract with a view to securing a lower tender price. If the Project were to be re-tendered, additional consultancy fee would be incurred and the Project would be delayed by five to six

months. This will mean that the target commencement of school operation in September 2011 cannot be achieved. Moreover, as the market's response to re-tender will depend on many factors, it is not possible to guarantee that the re-tendered prices will be lower than that of the original tender. In view of the volatile market conditions, there is possibility that the re-tender results may be contrary to expectation. The proposed increase in APE for the Project is 15%, whereas the building works Tender Price Index has increased from 906 (Q3/2007) to 1100 (Q3/2009, provisional value) by 21.4%. Tenders recently returned for other projects also show a trend of increase in tender rates. We therefore decide not to pursue the option of re-tendering.

## **PROJECT ESTIMATE AND IMPLEMENTATION PLAN**

5. The Project is now in Category A. The estimated cost of the Project is about \$209.3 million in MOD prices. Subject to funding approval from the Finance Committee for the proposed increase in APE, construction of the school is expected to commence in December 2009 for completion in August 2011.

## **WAY FORWARD**

6. To take forward the Project, we propose to make a submission to the Public Works Sub-committee of the Finance Committee for consideration of increasing the APE at its meeting on 2 December 2009.

## **ADVICE SOUGHT**

7. Members are invited to support the proposal to increase the APE of the Project.

**Education Bureau**  
**October 2009**