

**For discussion  
on 9 May 2011**

**Legislative Council Panel on Health Services**

**Redevelopment of Caritas Medical Centre, Phase Two**

**Purpose**

This paper updates Members on the current status of the capital works project on the phase two redevelopment of the Caritas Medical Centre (the Project), and seeks Members' support for the Administration's proposal to increase its approved project estimate (APE).

**Background**

2. On 11 May 2007, the Finance Committee approved the upgrading of the Project to Category A at an estimated cost of \$1,218.1 million in money-of-the-day (MOD) prices. The approved project scope comprises –

- (a) demolition of the existing Wai Ming Block for the construction of a new ambulatory/rehabilitation block on the same site, to accommodate 260 convalescent/rehabilitation beds, ambulatory care and clinical support facilities;
- (b) site formation and excavation;
- (c) piling works;
- (d) refurbishment of Wai Oi Block to accommodate tele-health service, nurse specialist office, community nursing office, maintenance department, central domestic services, security and transport services, a training and conference centre, a library, Red Cross School and staff changing facilities reprovisioned from Wai Ming Block, Wai On Block and Wai Yan Block;
- (e) construction of two link bridges connecting Wai Shun Block with the new ambulatory/rehabilitation block and Wai Oi Block

respectively and a walkway linking Wai Yee Block and Wai Shun Block;

- (f) demolition of Wai On Block, Wai Tak Block and Wai Yan Block for the construction of a rehabilitation garden, external landscaping, and improvement works of access road and hospital entrances; and
- (g) consultancy services for contract administration and site supervision of the main works.

The existing and future layout of Caritas Medical Centre upon completion of the Project is shown at **Enclosures 1 and 2** respectively.

3. We last updated Members on the status of the Project on 20 April 2009 and reported the following –

- (a) since the actual tender prices of all the conforming tenders were significantly higher than the original estimate for the works contract, the Hospital Authority (HA) had cancelled the tender exercise in November 2007. After a review, HA concluded that the higher-than-expected tender outturn price was attributable to the following factors –
  - (i) rapid price inflation under a booming construction industry in 2007;
  - (ii) marking-up of tender price by bidders to provide safety cushions against the risks of a long construction period; and
  - (iii) inadequate allowance in project cost estimation by HA's consultants to fully reflect market situations.
- (b) HA had conducted a design review exercise involving extensive consultation with hospital end-users to incorporate the latest environmental and operational considerations (such as the provision of a washroom in each ward cubicle which was introduced as an enhanced infection control measure after the completion of the original design of the new ambulatory / rehabilitation block) and to enhance the efficiency in the use of space while maintaining the project scope. Through this design review exercise, the construction floor area of the new ambulatory / rehabilitation block has been reduced from around 59 100m<sup>2</sup> to

54 500m<sup>2</sup> and the number of storeys from 15 to 12, resulting in a more compact building form.

- (c) HA had explored an alternative procurement strategy by implementing the project through several smaller contracts in lieu of one single contract, and concluded that such an approach could increase the competitiveness of the tenders; minimize the likelihood of tenderers pricing in additional risk premium for extensive contract periods; and allow for participation of more small and medium-sized contractors. Accordingly, HA had split up the original single works contract into the following three works packages –
- (i) Works Package I : Foundation contract which covers the demolition of Wai Ming Block, site formation works and also the construction of a new lift tower;
  - (ii) Works Package II : Main Building Works contract for the construction of the new ambulatory / rehabilitation block and two link bridges; and
  - (iii) Works Package III : Remaining Works contract for the demolition of Wai On Block, Wai Tak Block and Wai Yan Block and the provision of the rehabilitation garden and the walkway linking Wai Yee Block and Wai Shun Block and road improvements.

4. Members noted the revised design and alternative procurement strategy and commented that we should expedite the implementation of the project to meet service demand in the long run. The revised capital cost of the Project was then estimated at around \$1,790 million in MOD prices. The completion schedule of the project was also revised, with the new ambulatory / rehabilitation block expected to be completed in March 2013 and the rehabilitation garden in December 2013.

## **Present Position**

### ***Works progress***

5. HA invited tenders for Works Package I in March 2009 and started the works on site in June 2009. The latest progress is as follows –

- (a) the construction of a new lift tower to facilitate access of patients, staff and visitors from Wing Hong Street to the hospital compound was completed in April 2010. The construction of the new lift tower was a prerequisite before the demolition of Wai Ming Block since the passengers lifts in Wai Ming Block mainly served to provide the above access;
- (b) the demolition of Wai Ming Block is ongoing. This takes a longer time than expected since asbestos-containing materials were found in the building and the safe removal of these materials have entailed a statutory process of submissions and approvals of works details, as well as other precautionary measures such as pre-abatement review meetings and inspections; phased containment set-ups and smoke tests; and supervision by registered asbestos consultant, etc. All asbestos-containing materials have been removed and the demolition work is expected to complete by the end of May 2011;
- (c) the site formation works in regard to the construction of bored pile walls and installation of rock anchors, which serve to ensure stability of the terrain on which Caritas Medical Centre stands, are expected to complete in end May 2011. The above works have taken more time than expected due to some unforeseen ground conditions, with the actual rock levels at various locations found to be much below those deduced from site investigation findings, necessitating longer piling works; and
- (d) the foundation works for the new ambulatory / rehabilitation block will commence in May 2011 after completion of (b) and (c) above and is expected to complete in October / November 2011.

6. For Works Package II (i.e. for the construction of new ambulatory / rehabilitation block), HA has invited tenders in January 2011 and the works will start immediately upon completion of Works Package I. The current target is to complete the new ambulatory / rehabilitation block by September 2013. For Works Package III (i.e. provision of a rehabilitation garden), HA plans to invite tenders in mid-2013 and to complete the works by June 2014.

7. HA has made regular reports on the progress of the project to the Sham Shui Po District Council.

### *Updated project estimates*

8. Based on the contract value of Works Package I, the returned tender price for Works Package II and the estimates for Works Package III, we estimate the total cost of the Project will be around \$1,770 million in MOD prices. As Caritas Hong Kong, the parent organization of Caritas Medical Centre, has pledged to contribute \$50 million in MOD prices towards the capital cost of the project, the total project costs will exceed its APE of \$1,218.1 million by around \$500 million. The increase in the estimated project cost is mainly due to the following reasons –

- (a) increase in construction costs resulting from price increases of major construction materials since mid-2007; and
- (b) higher provision of price adjustment as a result of the increase in the overall project estimate and latest price adjustment factors.

9. As reflected in the construction cost indices published by the Census and Statistics Department, the cost for steel reinforcement, galvanized mild steel, and sand as at January 2011 has risen by 84%, 38% and 98% respectively from the September 2006 prices adopted for the APE. A chart showing the relevant trend of material cost increases is at **Enclosure 3**. The rise in the cost of the above-mentioned raw materials, being the major elements of construction works, has driven up the tender price significantly. Furthermore, the tender price index for government building works<sup>1</sup> compiled by the Architectural Services Department appended at **Enclosure 4** indicates that the average tender prices have risen by about 69% from the third quarter in 2006 to the fourth quarter in 2010.

### **Way Forward**

10. Subject to Members' views, we plan to seek approval of the Public Works Sub-committee and the Finance Committee for increasing the APE of the Project from \$1,218.1 million by around \$500 million to \$1,720 million in MOD prices.

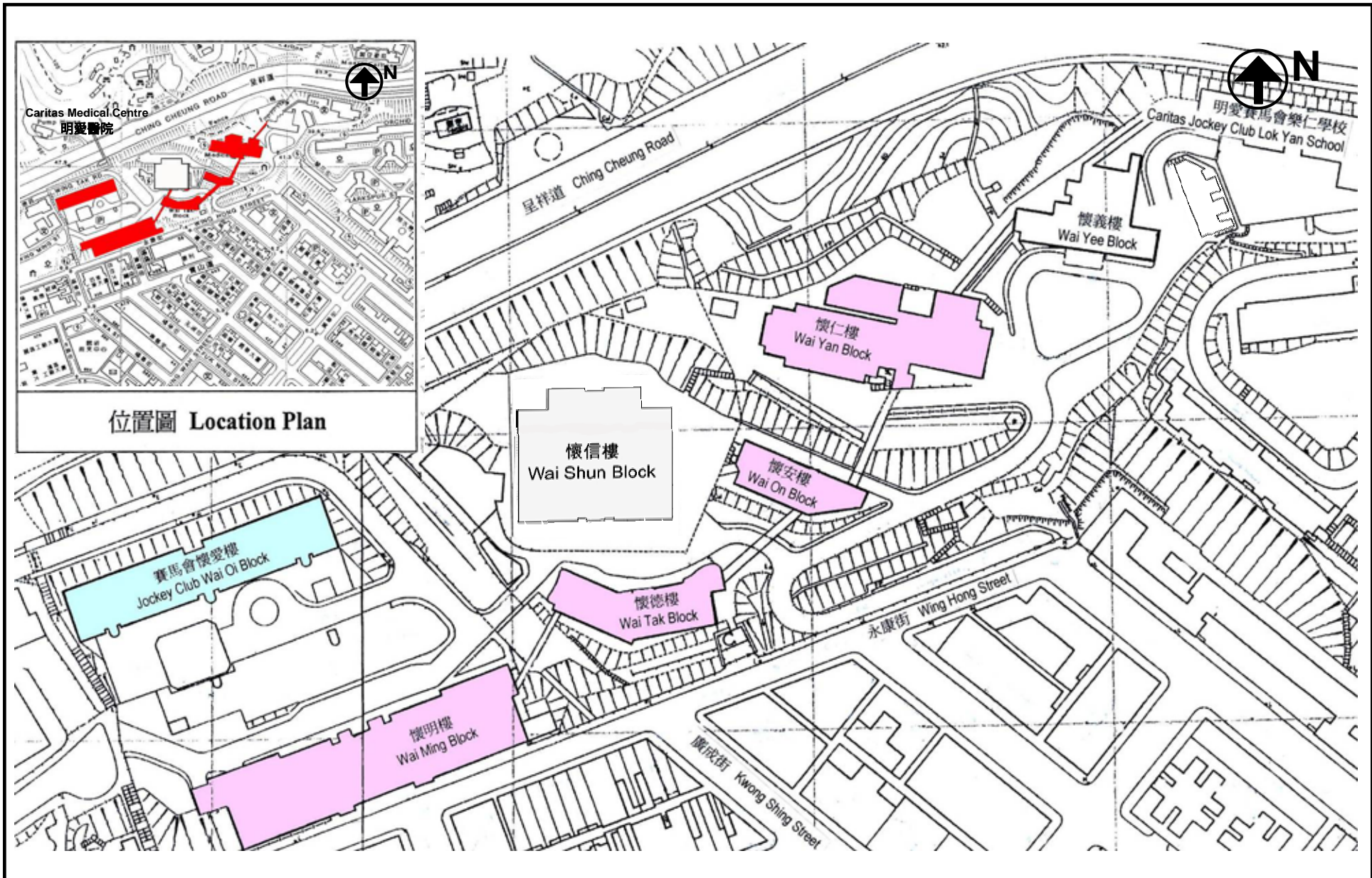
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<sup>1</sup> The tender price index is a quarterly index compiled by the Architectural Services Department based on data from accepted tenders.

## **Advice Sought**

11. Members are invited to note the current status of the phase two redevelopment of the Caritas Medical Centre, and support the Administration's proposal to increase its APE.

Food and Health Bureau  
Hospital Authority  
May 2011

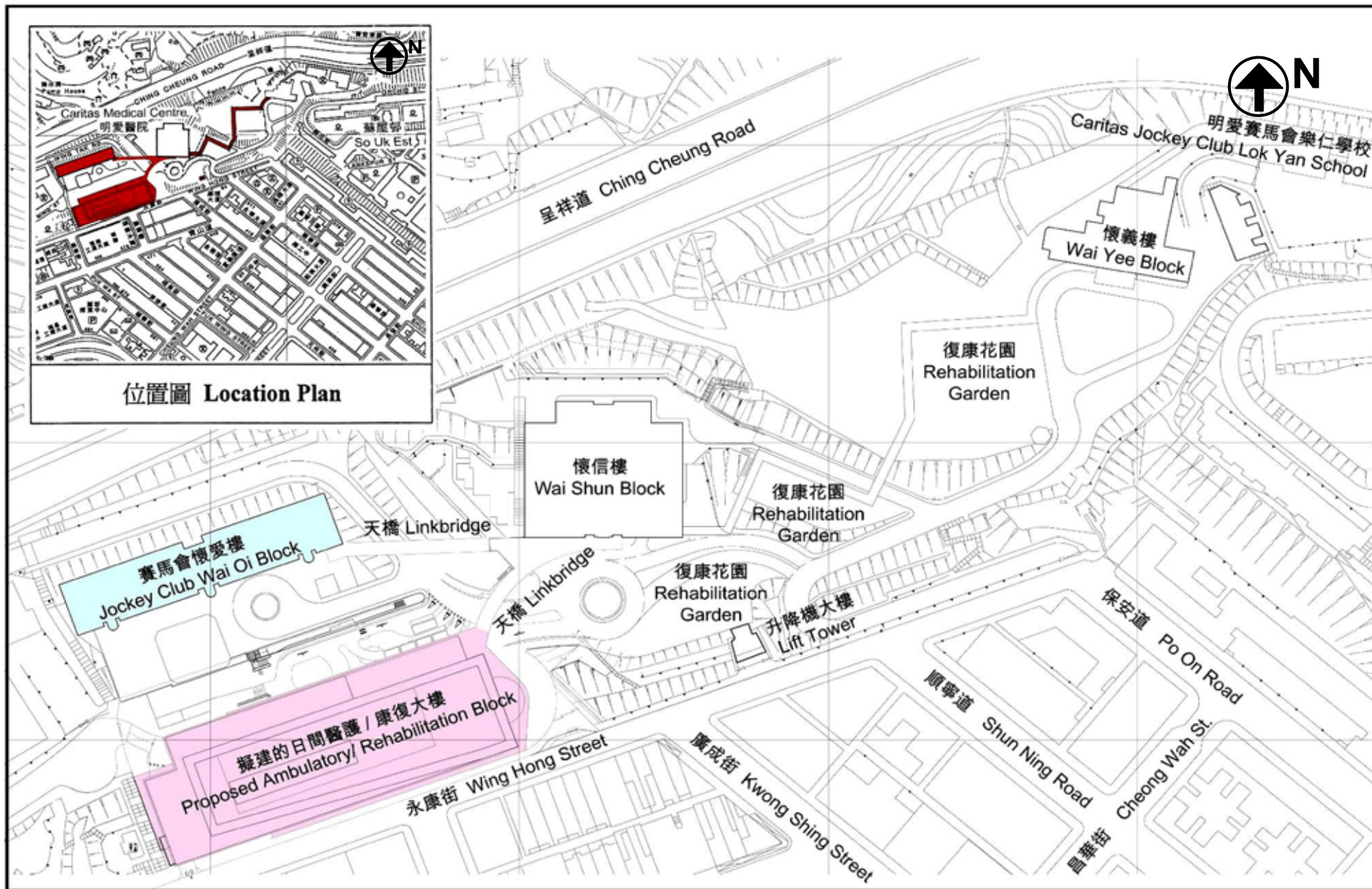


**Redevelopment of Caritas Medical Centre, Phase Two**  
**明愛醫院第二期重建計劃**

Site Plan of Existing Caritas Medical Centre (N.T.S.) 明愛醫院現時平面圖(不按比例)

- Buildings to be demolished 將予拆卸的樓宇
- Building to be refurbished 將翻新的樓宇





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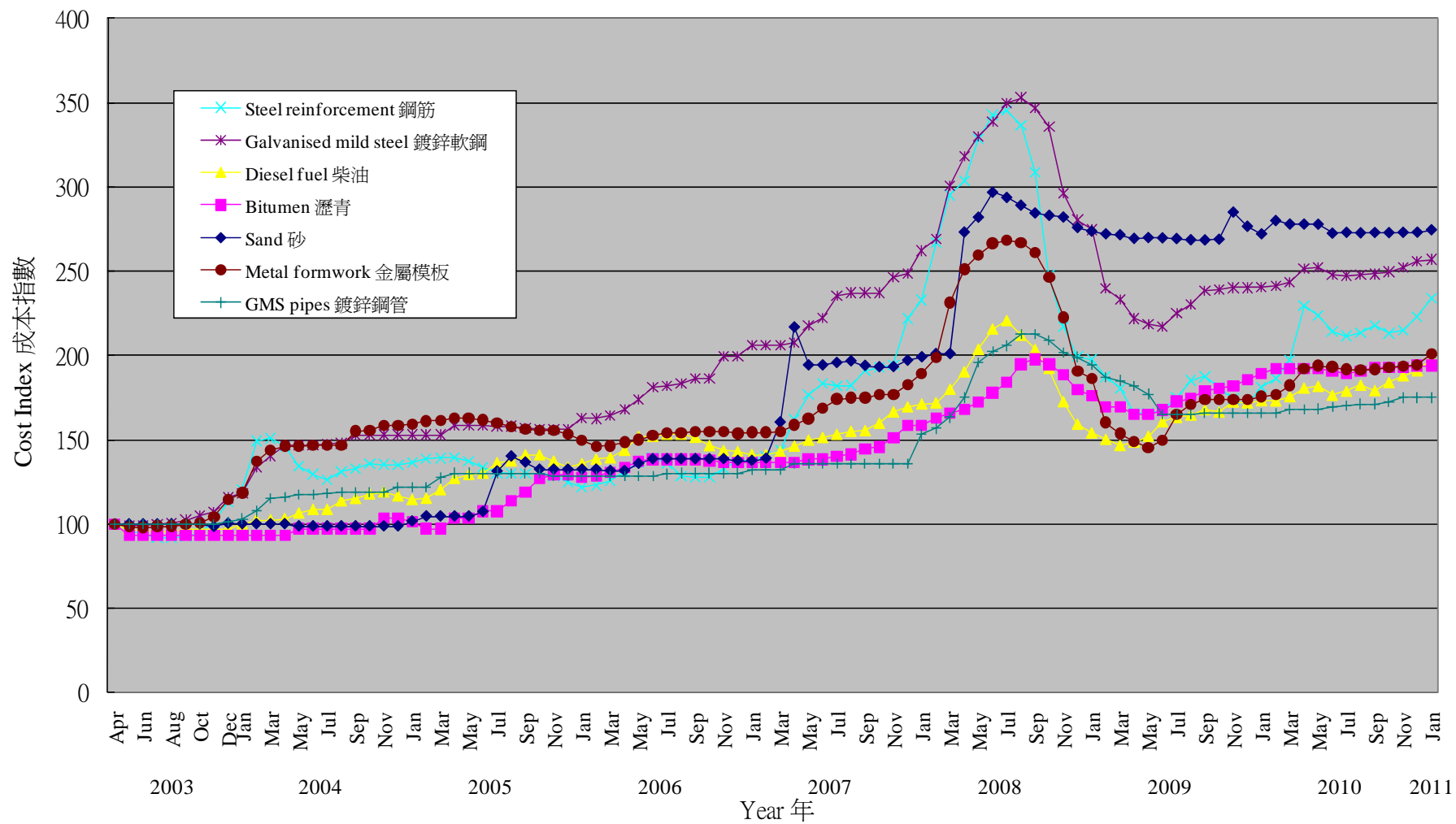
Site Plan of Caritas Medical Centre upon completion of Phase 2 Redevelopment (N.T.S.) 明愛醫院二期重建後平面圖(不按比例)

- New Ambulatory / Rehabilitation Building 新的醫護/康復大樓
- Building refurbished 經翻新大樓



Index Numbers of Costs of Materials used in Public Sector Construction Projects (Apr 2003=100)  
(Apr 2003 - Dec 2010)

公營建築工程的材料成本指數 (2003年4月=100)  
(2003年4月至2010年12月)



## Architectural Services Department's Building Works Tender Price Index 建築工程投標價格指數

