

Laying of the Report The Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2010 and his Report No. 55 on the results of value for money audits were laid in the Legislative Council on 17 November 2010. The Committee's Report (Report No. 55) was subsequently tabled on 16 February 2011, thereby meeting the requirement of Rule 72 of the Rules of Procedure of the Legislative Council that the Report be tabled within three months of the Director of Audit's Report being laid.

2. **The Government Minute** The Government Minute in response to the Committee's Report No. 55 was laid in the Legislative Council on 18 May 2011. A progress report on matters outstanding in the Government Minute was issued on 4 October 2011. The latest position and the Committee's further comments on these matters are set out in paragraphs 3 to 30 below.

Equal Opportunities Commission

(Paragraphs 3 and 4 of Part 3 of P.A.C. Report No. 55)

3. The Committee was informed that:

- the Equal Opportunities Commission ("EOC") had duly implemented the new measures arising from the recommendations of the compliance and management study. These measures had effectively enhanced the EOC's internal financial control and management capabilities; and
- the EOC was expected to conclude in a few months its review of the division of responsibilities within its senior management. It was also considering the creation of the Chief Operations Officer post in the context of the review.

4. The Committee wishes to be kept informed of further development on this subject.

Provision of aquatic recreational and sports facilities
(Paragraphs 11 and 12 of Part 4 of P.A.C. Report No. 55)

5. The Committee was informed that:

De-gazetting of the Kiu Tsui Beach on Sharp Island

- in support of the promotion campaign carried out for the Hong Kong National Geopark, the Leisure and Cultural Services Department ("LCSD") had started organising canoe trips to Sharp Island since August 2011. Promotion leaflets were also sent to non-governmental organisations and canoe clubs in Sai Kung to encourage them to use the Kiu Tsui Beach ("the Beach") as a landing base so as to learn about the igneous rocks and marine life thereat. The number of visitors to the Beach from January to June 2011 had increased by 21.5% as compared with the corresponding period in 2010. The LCSD would continue to explore ways to enhance the facilities and usage of the Beach; and

Alignment of fees and charges of all swimming pool complexes and swimming training courses

- the LCSD continued with the review to examine the fee structures and fee levels of different types of recreation and sports facilities (including swimming pool complexes). The key issues being examined included the impact of changing the fee structures/levels on cost recovery rates, concessionary arrangements, and the implications of different fee alignment options, taking into account public affordability as well as latest analysis on the costing and utilisation patterns. As part of the exercise, the LCSD would also examine all the fees for recreation and sports programmes it organised (including swimming training courses), and assess the financial implications of changing or aligning the fees. The LCSD would continue to accord high priority to the review and would formulate proposals for consultation with the Legislative Council, District Councils and relevant stakeholders.

6. The Committee wishes to be kept informed of further development on the subject.

University Grants Committee funded institutions — General administrative services

(Paragraphs 13 to 14 of Part 4 of P.A.C. Report No. 55)

7. The Committee was informed that the working group of the Joint Committee on Student Finance overseeing the consultancy study on the review of the mechanism for setting and adjusting the levels of living expenses loans for post-secondary students met on 13 October 2011 to review progress of the study.

8. The Committee wishes to be kept informed of further development on the subject.

Services provided by the Official Receiver's Office

(Paragraphs 17 and 18 of Part 4 of P.A.C. Report No. 55)

9. The Committee was informed that the Official Receiver's Office had been reviewing the level of its fees and charges and would consult the Legislative Council Panel on Financial Affairs.

10. The Committee wishes to be kept informed of further development on this subject.

Recoverability of the outstanding advances to the United Nations High Commissioner for Refugees

(Paragraphs 19 and 20 of Part 4 of P.A.C. Report No. 55)

11. The Committee was informed that:

- the Administration had continued to urge the United Nations High Commissioner for Refugees ("UNHCR") to make renewed efforts to appeal to the international community for donations with a view to settling the outstanding advances, which remained at \$1,162 million. The Security Bureau had written to the Head of Hong Kong Sub-office of the UNHCR in March and August 2011 to reiterate the Administration's stance on the matter and register the Hong Kong community's expectation of an early recovery of the outstanding advances; and

- although it was not optimistic that repayment could be made in the near future in view of the pressing service demands on the UNHCR worldwide, the Administration would continue to urge the UNHCR for an early settlement of the outstanding advances.

12. The Committee wishes to be kept informed of the action taken by the Administration to pursue the repayment of the outstanding advances to the Government.

Footbridge connections between five commercial buildings in the Central District

(Paragraphs 21 and 22 of Part 4 of P.A.C. Report No. 55)

13. The Committee was informed that the Lands Department ("Lands D") had coordinated a joint meeting in August 2011 with the owners of Buildings I and II (the location of these Buildings is shown in *Appendix 4*) and representatives of the Buildings Department, the Transport Department and the Highways Department to discuss the concerns and requirements of both owners in the footbridge proposal. The Lands D and the concerned departments would continue to follow up the matter.

14. The Committee wishes to be kept informed of further discussions with the owners of the two concerned buildings for any feasible solution to materialise the footbridge proposal.

Small house grants in the New Territories

(Paragraphs 23 and 24 of Part 4 of P.A.C. Report No. 55)

15. The issues relating to small house grants in the New Territories were discussed in the Public Accounts Committee Report No. 39 published in February 2003. In the course of the Committee's public hearing on those issues, the then Secretary for Housing, Planning and Lands undertook in December 2002 to complete within the tenure of his office a review of the small house policy. However, despite the passage of some 10 years, the review had still not yet been completed. The Committee was repeatedly informed by the Administration that any major policy change would entail complex legal, land use and planning issues which required careful examination.

16. The Committee was concerned about the lack of progress in taking forward the review and asked whether the Administration had set a definite timetable for completing the review.

17. In her letter of 5 January 2012 in *Appendix 5*, the **Secretary for Development** replied that the existing small house policy had been in operation for a long period of time. Due to the complexity of the issues involved, the Administration was unable to set a definite timetable within which the review would be completed.

18. The Committee urges the Administration to expedite the review of the small house policy and wishes to be kept informed of further development on the review of the small house policy.

The acquisition and clearance of shipyard sites

(Paragraphs 25 and 26 of Part 4 of P.A.C. Report No. 55)

19. The Committee was informed that the Administration was compiling the necessary documents in preparation for the hearing scheduled for October 2012 to determine the amount of compensation payable to the ex-lessee.

20. The Committee wishes to be kept informed of the progress of action taken by the Administration.

Emergency ambulance service

(Paragraphs 32 and 33 of Part 4 of P.A.C. Report No. 55)

21. The Committee was informed that:

Measures taken to facilitate and ensure optimal deployment of emergency ambulance resources

- the Administration reported the results of the public consultation on the proposal to introduce the Medical Priority Dispatch System ("MPDS") to the Legislative Council Panel on Security ("Security Panel") in April 2010. The Administration would take the views and opinions of the

community and Legislative Council members into careful consideration in determining the way forward and details of the long-term plan. The Administration would follow up the recommended measures of the Committee and discuss the related matters in greater depth with the Security Panel;

Timetable and result of the review of the 12-minute target response time for emergency ambulance service

- if the proposed MPDS was accepted for implementation, it would lead to changes to the principle of ambulance dispatch and the mode of operations, and the response time targets would also be adjusted accordingly. The Administration would revisit the target response time for the emergency ambulance service after the way forward for the proposed MPDS was clear. The Administration would follow up with the Security Panel on an on-going basis; and

Review of the ambulance turnout time

- turnout time was part of the response time. The Administration would revisit the ambulance turnout time after the way forward for the proposed MPDS was clear. The Administration would follow up with the Security Panel on an on-going basis.

22. The Committee wishes to be kept informed of further development on the subject.

Administration of the Sports Subvention Scheme
(Paragraphs 34 to 36 of Part 4 of P.A.C. Report No. 55)

23. The Committee was informed that:

Comprehensive review of the Sports Subvention Scheme

- taking into account the views expressed by stakeholders, the Leisure and Cultural Services Department ("LCSD") finalised the recommendations of the comprehensive review of the Sports Subvention Scheme ("the Scheme") in January 2011 and began implementing improvement measures from 2011-2012. Details were set out in the following paragraphs:

Allocation of subvention

Eligibility criteria

- to enhance the transparency of the Scheme, the LCSD posted a notice on its website in July 2011 providing details of the eligibility criteria of the Scheme to facilitate new applicants in submitting applications for subvention in 2012-2013;

Performance-based approach to determine allocation of subvention

- National Sports Associations ("NSAs") would set more objective and quantitative performance targets in their annual plans for 2012-2013 for the four key performance areas, namely, Organisation of Programmes, Performance of Athletes, Development of Sport, and Corporate Governance and Compliance. When assessing the allocation of subventions to NSAs for 2012-2013, the LCSD would take into account NSAs' achievements of such targets in the past year;
- to allow NSAs more time to familiarise themselves with the new reporting system, the subvention adjustment system would be implemented from 2012-2013 onwards. The LCSD would present certificates of appreciation to NSAs that fulfilled the performance targets and were clear of any substantiated allegations or complaints in the previous year;
- in late 2011, the senior directorate of the LCSD would conduct a mid-year review to assess NSAs' achievement of performance targets and compliance with subvention requirements, as well as the need to provide assistance to NSAs;

Standardising and rationalising the subvention approaches

- in determining the amount of subvention granted to an NSA for different categories of programme in 2011-2012, the LCSD took into account the estimated income that could be derived from programmes as well as the maximum subvention level for the eligible expenditure of the categories of programme concerned. In 2011-2012, the LCSD continued to adopt a lump-sum approach when allocating the subvention for five categories of programme, namely, international competitions held outside Hong Kong, national and junior squad training, regional squad training, training of officials, and meetings and conferences. The LCSD also continued to process the remaining five categories of programme

(i.e. local international competitions, development schemes, local competitions, schools sports programmes and community sports clubs projects) on a programme basis;

Monitoring the use of subvention and internal controls of NSAs

Output-based approach to monitoring the use of subvention, and streamlined and simplified reporting requirements

- from 2011-2012 onwards, NSAs were required to submit one consolidated Programme Report in the respective quarter of each programme (instead of three reports as was the previous practice), in addition to an annual auditor's report on the entire subvention. When scrutinising the Programme Reports, the LCSD adopted an "output-based" approach whereby it did not vet individual expenditure items against the corresponding items in the approved budget, except for certain key expenditure items such as air fares, hotel accommodation and pay rates for coaches and officials. This would enable NSAs to use the approved subvention more flexibly so long as they met their commitment on deliverables and fulfilled the broad funding principles;

Systematic inspections

- starting from 2011-2012, the LCSD had adopted a new risk-based approach for conducting on-site inspections of subvented programmes. Under this approach, the frequency of on-site inspections carried out by LCSD staff was determined with reference to the nature and complexity of the programmes as well as the risk level of NSAs;

Comprehensive guidelines and best practices

- the Corruption Prevention Department of the Independent Commission Against Corruption ("ICAC") had compiled a checklist on "Governance of National Sports Associations" to help NSAs further enhance their governance and internal controls. The ICAC and the LCSD would jointly organise a briefing in late 2011 to brief NSAs on the checklist and help them implement the best practices;

Auditing standards and quality assurance inspections

- from 2011-2012 onwards, the LCSD had required NSAs to improve the standards of audited accounts to the level of "providing reasonable assurance on NSAs' compliance with the relevant guidelines and

requirements". The LCSD's Quality Assurance Section had kept its senior management informed of the quality assurance work conducted on NSAs. The follow-up actions taken would be reported to the senior directorate of the LCSD in the mid-year review to be held in late 2011;

Briefings and IT support for NSAs

- the LCSD conducted a briefing in March and two workshops in April 2011 for NSA staff to introduce the improvement measures and relevant guidelines to help them comply with the requirements of the Subvention Agreement. An annual briefing would be held in late 2011 to advise NSAs of the latest government policies and initiatives for developing sports, as well as to share with them common irregularities observed and ways to avoid or rectify such problems;
- Phase I of the computerised system for the Scheme would be implemented in early 2012 to improve the LCSD's monitoring capacity. Phase II, which would help improve NSAs' communication, operational efficiency and online reporting capacity, would be completed in early 2013. The LCSD had conducted two briefings for NSAs in July 2011 to explain the proposed functions of the system and to collect their views;

Manpower support

- from 2011-2012 onwards, the LCSD had enhanced its monitoring capacity and provided additional support to NSAs to enhance their internal control and accounting capabilities; and
- the LCSD would continue to monitor the implementation of improvement measures with a view to enhancing the overall efficiency and effectiveness of the Scheme.

24. The Committee wishes to be kept informed of further development on the subject.

Administration of the Direct Subsidy Scheme and Governance and administration of Direct Subsidy Scheme schools

(Chapter 1 of Part 8 of P.A.C. Report No. 55)

25. The Committee was informed that:

General

- the Working Group on Direct Subsidy Scheme ("the Working Group") had considered and proposed various improvement measures, including those to enhance the transparency of the operation of school governing bodies. Since July 2011, the Working Group had been conducting extensive consultation with the Direct Subsidy Scheme ("DSS") school sector by gauging views of the Hong Kong DSS Schools Council, the School Management Committees ("SMCs")/the Incorporated Management Committees ("IMCs") members and DSS school principals on the proposed measures. By the end of 2011, the Working Group submitted a report with their final recommendations to the Secretary for Education for consideration. The Education Bureau ("EDB") would brief the Legislative Council Panel on Education ("Education Panel") in early 2012;

School fee remission/scholarship schemes

- the Working Group considered that DSS schools should put in place measures to enhance the transparency of the school fee remission/scholarship schemes at the earliest opportunity so that parents could have a better understanding of the schemes and make an informed assessment of their children's eligibility for fee remission/scholarship. For parents of prospective students, this could help them make an informed choice of schools for their children. In this connection, the EDB issued a circular in early July 2011 setting out the following new measures:
 - (a) DSS schools were required to consult their SMCs/IMCs or parent-teacher associations on the operation of their school fee remission/scholarship schemes and how the related information should be presented to ensure that it could be easily understood by parents and prospective parents of the school;

- (b) DSS schools were required to clearly indicate in the application form for admission and the School Profiles published by the Committee on Home-School Co-operation that needy students, including those from families receiving Comprehensive Social Security Assistance ("CSSA") and students receiving financial assistance provided by the Student Financial Assistance Agency ("SFAA"), could apply for school fee remission. DSS schools were also required to provide details of their school fee remission/scholarship schemes on the application form and a hyper-link in the School Profiles through which details of the school fee remission/scholarship schemes could be obtained on the school's website;
- (c) DSS schools were required to provide details of the school fee remission/scholarship schemes to all students newly admitted to the school by enclosing such details with the letter offering admission;
- (d) subject to the availability of funds under the school fee remission/scholarship schemes, in principle, DSS schools were required to offer school fee remission to students from families receiving CSSA and students receiving financial assistance provided by the SFAA. This should be clearly set out under the school fee remission/scholarship schemes for information of parents/prospective parents;
- (e) when notifying students of the application results for financial assistance provided by the SFAA, DSS schools were required to provide an application form for the school fee remission/scholarship schemes to each of the eligible students as well;
- (f) DSS schools should process applications for the school fee remission/scholarship schemes from newly admitted students before the new school year began as far as possible so that those eligible students would not be required to pay the school fee in advance. Likewise, if applications were received during the school year, they should be processed as early as possible;
- (g) DSS schools were encouraged to provide a simulation test for school fee remission on their websites so that parents would know

in advance the level of fee remission their children would be granted. This would facilitate parents' decision on school choice and/or whether to apply for fee remission; and

- (h) the EDB would provide on its website hotlinks to the school fee remission/scholarship schemes of individual DSS schools to facilitate interested parents in obtaining the required information;
- the Working Group would continue to explore additional measures for improving the implementation of the schemes such as further means to provide additional financial assistance to needy students, and would brief the Education Panel as appropriate;

Financial management

- starting from the audited accounts for the 2009-2010 school year, DSS schools were required to provide more detailed and comprehensive information concerning the schools' financial situation including details of any investments and other reserves in all accounts. The EDB would promptly follow up with the schools should it detect any irregularity;
- the Working Group was also considering other measures to enhance DSS schools' financial management, such as setting a ceiling on their accumulated reserves, modifying guidelines for investment, providing school personnel with training and devising new requirements for setting aside school fee income for maintenance or development of above-standard facilities including capital works, etc;
- the recommendations of the Working Group would be followed up with the Education Panel;

Monitoring school performance

- the EDB would set up an additional audit team to carry out audit inspections for more DSS schools. With the additional audit team, the EDB planned to conduct audit inspections at 18 DSS schools every year and expected that on average each DSS school would undergo such an audit inspection once every four years instead of once every seven years as at present. Follow-up actions would be taken on an on-going basis;

International schools in the Direct Subsidy Scheme

- the Working Group was reviewing the justifications for continuing to allow School I to remain in the DSS. The recommendation of the Working Group would be submitted to the Secretary for Education by the end of 2011. The recommendation would then be followed up with the Education Panel;

Human resources management

- the Working Group was considering the introduction of an internal control checklist for completion by DSS schools with a view to enhancing their internal control mechanism for better personnel management among other things. Improvement areas on personnel management would cover the monitoring and check-and-balance mechanisms relating to staff recruitment, staff remuneration, promotion, performance management, etc. The recommendations of the Working Group would be followed up with the Education Panel;

General administration

- the internal control checklist as mentioned above would also cover general administration issues such as trading operations, fund raising, and declaration of interests by staff. The EDB believed the checklist could help schools comply with its requirements. It would follow up the recommendation of the Working Group with the Education Panel;

Other governance issues

- the Working Group was deliberating measures to enhance the transparency of school governing bodies and strengthen their internal control mechanism. In addition, the internal control checklist as mentioned above would help schools comply with the requirements in respect of the composition and operation of their SMCs/IMCs. The recommendations of the Working Group would be followed up with the Education Panel; and

Progress made in implementing the audit recommendations

- a summary of the progress of implementing the audit recommendations is in *Appendix 6*.

26. The Committee wishes to be kept informed of further development on the subject.

Residential treatment and rehabilitation services for drug abusers
(Chapter 2 of Part 8 of P.A.C. Report No. 55)

27. The Committee was informed that:

Policy formulation and coordination

- a Working Group had been formed to advise on the preparation of the 6th Three-year Plan on Drug Treatment and Rehabilitation Services in Hong Kong (2012-2014) ("6th Three-year Plan"), which began in May 2011. The Working Group consisted of stakeholders from various fields as well as representatives of relevant government bureaux and departments. It served as an important platform for engaging all parties concerned to review services, map out future strategy and coordinate efforts. The 6th Three-year Plan was scheduled for release in the first half of 2012;

Resource alignment

- the Government continued to assist Centre 1 to transform some of the places originally designated for heroin abusers to serve psychotropic substance abusers ("PSAs"), and to improve its utilisation;

Allocation of resources to the Society for the Aid and Rehabilitation of Drug Abusers ("SARDA")

- in addition to the legitimate role of Centre 1 on serving opiate abusers, the Narcotics Division ("ND") and the Department of Health ("DH") continued to work with SARDA to expand the capacity of Centre 1 to serve PSAs and to enable more effective utilisation of resources. SARDA continued to forge ahead with Project SARDA, an initiative which began in August 2010 to convert 38 places originally designated

for heroin abusers in Centre 1 to serve young male adult PSAs aged 21 to 35. Improvements had been made to the Project by strengthening its vocational elements and launching a programme to render special care to new clients to help them adapt to life in the Centre. Up to 31 July 2011, the total number of admissions under Project SARDA reached 46 and the occupancy rate of Centre 1 was 56.6%, including 27 PSAs under Project SARDA. SARDA had also taken steps to further promote Project SARDA, including proactively strengthening collaboration with probation officers ("POs") of the Social Welfare Department ("SWD"), schools and other anti-drug agencies (e.g. counselling centres for psychotropic substance abusers ("CCPSAs")), and publicising the Project through the media and in anti-drug seminars held for targeted groups;

- the DH had completed the review on the service capacity and target occupancy rate of Centre 1. Taking into account the existing manpower strength resulting from various efficiency drives over the past decade and the need for different skills to serve more PSAs vis-à-vis opiate abusers after service re-engineering, the DH considered that with a physical capacity of 316 places, the realistic service capacity of Centre 1 should be 260. After careful discussion with SARDA and consideration of a host of relevant factors, the DH had decided to set an initial target occupancy rate of Centre 1 at 70% against the service capacity of 260 places, i.e. 180 places. The target occupancy rate was subject to further review by the end of 2011-2012. The Administration would keep the Committee informed of the progress;
- to facilitate monitoring of the financial positions of its service programmes, SARDA completed in July 2011 the application of an accounting template recommended by the Efficiency Unit ("EU") on the costing data of 2009-2010. The DH would require SARDA to conduct the costing exercise on an annual basis and extend the requirement to other drug treatment and rehabilitation centres ("DTRCs") subvented by the DH to facilitate benchmarking. The DH would shortly start to work with SARDA on the transition to a lump sum grant mode. Taking into account the time required for staff consultation and for the resource requirement for Centre 1 to be firmly established upon service re-engineering to serve more PSAs, the DH aimed to work with SARDA towards implementing the change in 2012-2013 financial year;
- to further improve SARDA's corporate governance pursuant to another EU recommendation, the DH and the ND had nominated three

non-official members to sit on its Executive Committee as members for SARDA's consideration and processing in accordance with its constitution. The plan was to enable the new arrangement to take effect at the next Annual General Meeting scheduled for the end of 2011. The Administration would keep the Committee informed of the progress;

Usage of treatment centres

- the SWD continued to disseminate updated information to POs on the occupancy rates of DTRCs and closely monitor the waiting time and use of DTRCs by probationers. As a result, there had been a noticeable reduction in the waiting time for admission to DTRCs by probationers. From December 2010 to end June 2011, over 76% of 232 probationers (i.e. 177) waited for only two weeks or less for admission to a DTRC as compared with the corresponding figure of 70% as reported in the Public Accounts Committee Report No. 55;
- on the Government's information collection and sharing system, the review of the pilot project on the Service Information System ("SIS") was near completion. In collaboration with bureaux/departments and relevant stakeholders, the ND was redesigning the SIS to be a more integrated platform among DTRCs as well as bureaux/departments with a view to streamlining the information collection procedures and facilitating continuous service improvement. This was expected to be completed by end 2012. More DTRCs would then be invited to join the new SIS;
- the SWD had since April 2011 started to share with the Education Bureau ("EDB") every six months information collected during licensing inspections on the number of drug abusers aged under 18 residing in DTRCs. This might provide a general overview covering also DTRCs not receiving any education subvention. The next round of information sharing would be conducted in October 2011;
- in addition, the ND and the SWD had streamlined the procedures of quarterly collection of utilisation statistics from DTRCs. To reduce reporting burden, a new form which combined the requirements of the ND and the SWD had been introduced since June 2011. The new form also contained information on the admission of drug abusers aged under 18 residing in DTRCs. It would be shared with the EDB to give the latter an overview of DTRCs not receiving any education subvention;

Treatment centres on government sites/premises

- after a review of relevant provisions of the land documents and the physical and service conditions of the respective DTRCs, the SWD had strengthened the monitoring of the existing non-subvented DTRCs through on-site inspections and concern visits, as appropriate, to keep in view the latest operation of these centres. The SWD also continued its effort to promote collaboration between non-subvented DTRCs and the anti-drug service sector to better promote utilisation of the existing services;
- the Lands Department ("Lands D") had completed inspection of the 11 existing DTRCs which had land grants or tenancy agreements with it, and had confirmed with the SWD, the DH and the ND, as the case might be, support for continual use by the existing grantees or tenants for DTRC purposes. Of the 11 DTRCs, two non-government-subvented centres had lower utilisation rates. Although they did not receive any government funding, the SWD had written to encourage them to improve their utilisation rate. The SWD had also made follow-up visits and discussion with the two DTRCs. Both had seen improvement in utilisation. The relevant departments would continue to follow up any land use irregularities that might arise in future and, where appropriate, liaise with the Lands D as the lessor/landlord;
- the Lands D had issued to staff internal guidelines regarding processing of new applications for land grant or tenancy for DTRC purposes and for monitoring in conjunction with the sponsoring bureau/department after the execution of the land grant or tenancy agreements concerned. Unless otherwise advised by the relevant bureaux/departments, the land documents would include a user clause, restriction upon alienation clause, commence-to-operate clause, and cessation or diminution of use clause. For non-subvented DTRCs, the land documents would stipulate that the DTRC operators would have to submit to the SWD annual accounts and/or reports on the operation of the centres if deemed necessary and appropriate by the SWD. The SWD would base on the said information to assess whether the centres were operated on a scale satisfactory to the Director of Social Welfare;
- on Case 3, the Lands D had circulated information on the site to government departments and asked through the Home Affairs Department and the SWD whether any party was interested in using it. Up to end July 2011, no application had been received;

- on Case 4, non-governmental organisation ("NGO") 2, in consultation with the SWD, was actively preparing the audited accounts and a report on the operation of Centre 21 in accordance with the relevant conditions of grant. Besides, to further strengthen the collaboration between NGO 2 and the anti-drug service sector with a view to enhancing utilisation of Centre 21, a service briefing was conducted at the Centre in May 2011 for about 40 social workers of the CCPSAs which served PSAs over the territory;
- as Centre 21 was intended not only to be a DTRC but also a training and rehabilitation centre for displaced persons in general, the SWD was actively liaising with NGO 2 to facilitate their service review and work out the optimal split of places for use as a DTRC and other purposes, having regard to changing service demand. The SWD had a series of discussions with NGO 2 on matters relating to the licensed capacity of Centre 21. In consultation with the ND and the Labour and Welfare Bureau, the SWD would continue to discuss with NGO 2 with a view to finalising its service plan and licensed capacity;
- the SWD had critically reviewed the application from Centre 37 for renewal of Certificate of Exemption ("CoE"). Relevant bureaux and departments had been consulted on the building safety of the Centre. None had raised objection to the application after considering the supporting documents signed by the Centre's Authorised Person/Registered Structural Engineer. The SWD was also satisfied with the Centre's measures to improve the living condition as well as operation and management. In the light of the above, the SWD renewed the Centre's CoE for 12 months on 24 June 2011. The SWD would continue to monitor the Centre closely and render assistance as appropriate;

Licensing of treatment centres

- the SWD had stepped up cooperation with relevant departments to assist and advise DTRC operators on licensing issues through consultation meetings. From January to July 2011, eight meetings were held with five operators. Separately, since May 2010, most DTRCs with CoEs had been able to submit realistic works schedules when they applied for CoE extension through working with the professionals they engaged. Two of the DTRCs now operating on CoEs might be able to obtain a licence by the end of 2011, to be followed by another five in 2012;

- to improve the identification of new sites/premises for DTRCs which required re-provisioning, the ND and the SWD established a new coordinating mechanism in February 2011, and had since been following up potential sites/premises being considered, and monitoring the progress of licensing and the needs of treatment centres operating on CoEs. They had also continued to keep track of the progress of identifying and acquiring suitable sites for re-provisioning DTRCs after the drawing up of an action checklist in April 2011. The SWD had also set up an improved record system to document the reasons for rejecting vacant sites/premises for use as treatment centres;
- commissioned by the ND, a new television and a new radio Announcements in the Public Interest were launched in July 2011 to promote the important role played by drug treatment and rehabilitation facilities (including DTRCs) and to call for community support for setting up such facilities. A new poster for the same purpose had also been on display since June 2011; and
- the expanded Special Funding Scheme ("SFS") of the Beat Drugs Fund ("BDF") was launched in May 2011. Under the new SFS, DTRC operators might apply for funding to carry out technical feasibility studies, commission Authorised Persons, employ project coordinators, carry out construction works and run programmes that promoted community support for DTRCs and for their works projects. A briefing session was arranged on 10 June 2011 for DTRC operators. Separately, the 2011 Funding Exercise of BDF, which was open for application in July 2011, had included projects to raise local community acceptance of treatment and rehabilitation facilities as a priority area.

28. The Committee wishes to be kept informed of further development on this subject.

The Community Investment and Inclusion Fund
(Chapter 3 of Part 8 of P.A.C. Report No. 55)

29. The Committee was informed that:

Development of social capital

- to step up monitoring of the sustainability of the Community Investment and Inclusion Fund ("CIIF") projects, the Administration had completed the review on the framework of final performance reports to be submitted by grantees upon the expiry of funding periods, with reference to the definitions and assessment approaches adopted by local and overseas academics on sustainability. The Administration also required grantees to spell out in their reports measures to ensure sustainability of the projects. The Administration intended to submit its proposals to the Assessment and Evaluation Sub-committee at its meeting in September 2011 and, after collecting members' views, would submit the proposals to the CIIF Committee for endorsement. The proposals were expected to be implemented by end of 2011;
- to follow up on the Committee's recommendation of putting in place effective assessment tools, the Labour and Welfare Bureau ("LWB") had commissioned independent consultants to conduct a second evaluation study for the CIIF, including the design of a set of social capital outcome indicators and assessment tools for CIIF projects to evaluate the outcome of social capital development. The study commenced in October 2010 and would be completed by early 2012. In mid-2011, the consultants submitted to the LWB an interim report, the initial findings of which indicated that the CIIF had achieved positive outcome in the promotion of social capital development. The LWB would, in consultation with the CIIF Committee, actively follow up findings of the final report and consider the way forward for the CIIF; and

Progress in implementing Audit's recommendations

- the progress in implementing the remaining six recommendations in the Audit Report is set out in *Appendix 7*.

30. The Committee wishes to be kept informed of further development on the subject.