

政府總部
民政事務局

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16 May 2012

(Urgent by fax 2840 0716)

Ms Miranda Hon
Clerk, Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Hon,

**The Director of Audit's Report on the
results of value for money audits (Report No. 58)**

Youth Square (Chapter 8)

Thank you for your letter of 8 May 2012. Further to our email of 8 May 2012 advising you of the relevant clauses in the management and operation contract for the Youth Square as requested in para. 2(a) of your letter, I append at Annex our response to the part of the supplementary information requested by the Committee in the Appendix of your letter. We endeavour to provide you with the rest of the information as soon as possible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kitty Yu', written over a circular stamp.

(Ms Kitty YU)

for Secretary for Home Affairs

Encl.

c.c. Secretary for Financial Services and the Treasury (Fax no. 2147 5239)
Director of Audit (Fax no. 2583 9063)

(Translation)

Annex

Information Sought for the Follow-up of the Youth Square

1. The invitation to tender for the management and operation services of the Youth Square.

- Please refer to **Annex 1** for the invitation to tender.

2. Papers and minutes of the Steering Committee's discussions on the tender exercise.

- As mentioned in the Director of Audit's Report, the Steering Committee on the Centre for Youth Development (the Steering Committee) had no further meeting convened after September 2004. As a result, no paper and minutes of the Steering Committee's discussions on the tender exercise are available.

6. Had members of the Steering Committee made any declaration of interests regarding the tender or the granting of contract? Did they abstain or vote after making such declarations?

- The tender exercise was deliberated by the "Tender Assessment Panel". The "Tender Assessment Panel" was composed of representatives of the Home Affairs Bureau, the Education Bureau, the Social Welfare Department and the Leisure and Cultural Services Department. Before assessing the tenders, all members were required to make declaration of interests pursuant to the Government's Stores and Procurement Regulations. According to records, there was no conflict of interest among panel members that required declaration.

8. What was the rationale of only requiring a 70% usage rate without setting a performance target for the number of target users? Please provide the relevant papers and minutes of the Steering Committee on this issue.

- Besides the utilisation rates of venue facilities and the hostel, the performance targets stipulated in the contract also include surveys on young people's satisfaction level with Youth Square's facilities/management conducted by the contractor, the number of venue promotional programmes targeting at young people, the service availability rates of major electrical and mechanical systems, provision of security services and emergency support within a specified time, provision of regular cleansing services according to the work schedule, ensuring the management and maintenance of Youth Square and its facilities comply with all relevant statutory requirements, and so forth.
- As the Steering Committee had no further meeting convened after September 2004, no paper and minutes of the committee's discussions on the tender exercise (including the setting of performance targets) are available.

10. Presently 198 people are employed by the Youth Square. Please list their respective rank and annual salary.

- Please refer to **Annex 2** for the relevant information.

11. Presently the management and operation services company charges \$53 million per year. Please provide the auditors' reports for the past 2 years, together with the expenditure breakdown for the \$53 million management fee. How much manager's remuneration did the management and operation services company receive?

- The Youth Square's expenditures in the past two contract years are as follows:

Expenditure Item	2010-11 Contract Year (\$)	2011-12 ¹ Contract Year (\$)
1. Payment to the management and operation services contractor ²	53,530,000	56,144,000
2. Expenses on power tariff, water charges and other public utilities	7,067,000	7,642,000
3. Expenses on maintenance and improvement works charged by Architectural Services Department	4,766,000	3,496,000
4. Administrative and miscellaneous expenses	615,000	130,000
Total expenditure	65,978,000	67,412,000

***Note by Clerk, PAC: Annex 1 not attached.**

¹ The figures quoted are estimates for the 2011-12 contract year. Actual figures are pending verification.

² The total value of the 7-year contract is \$371 million (i.e. \$53 million per year). This is the annual basic management fee and the fee is subject to upward/downward adjustment according to the consumer price index (CPI) every year.

(Translation)

Annex 2

Rank and Salary of Staff Employed by Youth Square

I. Staff employed directly by the Management and Operation Services Contractor

Rank	No. of staff	Annualized Salary Range
Executive Director	1	1,500,000 - 1,700,000 ^{Note}
Director	4	720,000 – 1,080,000
Manager	13	312,000 – 569,000
Assistant Manager	7	229,000 – 311,000
General Staff	46	108,000 – 324,000
Total no. of staff	71	

II. Staff employed by Sub-contractors

Staff	No. of staff	Annualized Salary Range
Manager	2	180,000 – 216,000
Gondola/High Platform Technician	10	144,000 – 192,000
Senior Technician/Supervisor	6	132,000 – 216,000
Senior Security & Customer Services Officer/Security & Customer Services Officer	30	113,000 – 201,000
Property Officer/Assistant Property Officer	2	120,000 – 192,000
Technician	8	114,000 – 180,000
Customer Services Officer	11	102,000 – 144,000
Operator	9	96,000 – 144,000
Cleaner	49	52,000 – 133,000
Total no. of staff	127	

^{Note} On account of protection of personal data, the salary information will be indicated in the form of annualized salary range.