

**For discussion on
18 February 2013**

Legislative Council Panel on Home Affairs

District Administration

This paper highlights the major enhancement measures on the District Administration Scheme announced in the 2013 Policy Address, and seeks Members' advice on creating a new block allocation for the Signature Project Scheme (SPS) for shared use by the Home Affairs Department (HAD) Headquarters and all 18 District Offices (DOs) in support of the requisite preparatory work before proposals on SPS projects are submitted to the Public Works Sub-committee (PWSC) and/or Finance Committee (FC) of the Legislative Council (LegCo) for funding approval.

BACKGROUND

2. In his 2013 Policy Address, the Chief Executive announced the following major measures, amongst others, to strengthen the District Administration Scheme:

- (a) earmarking a one-off allocation of \$100 million for each district to carry out signature projects (i.e. the SPS); and
- (b) providing an additional \$20.8 million a year for Community Involvement (CI) programmes to enhance the promotion of arts and culture by District Councils (DCs) at the district level.

3. An extract of the Policy Address on District Administration is at Annex.

SIGNATURE PROJECT SCHEME

4. Since the last review on district administration in 2006, DCs have been given increased responsibilities (e.g. in participation in the management of some district facilities) and resources to launch CI programmes and District Minor Works projects. However, when it comes to district facilities, services or community involvement programmes in districts, DCs aspire to carry out projects of a larger scale in order to meet the specific needs of their districts.

5. To fulfil this aspiration of DCs, the Chief Executive announced in his 2013 Policy Address that a one-off allocation of \$100 million would be earmarked for each district to initiate one to two SPS projects. All the projects will be proposed, discussed and agreed by DCs before they are put to implementation. The DC must be satisfied that the project would address local needs, or be able to highlight the characteristics of the district, and would have a visible and lasting impact in the community. Depending on the DC's views and needs of the district, an SPS project may be works or non-works in nature, or a mixture of both. All SPS projects will be subject to a lower limit of \$30 million and an upper limit of \$100 million.

Consultation and partnership

6. DCs are responsible for engaging their stakeholders in the districts in drawing up their SPS projects. In implementing the projects, DCs are encouraged to partner with relevant non-profit-making organisations (NPOs), business sector organisations or statutory bodies to enhance creativity and flexibility. Should a DC decide to enter into such partnership, there must be an open selection process, and the DC must be satisfied that the selected partner possesses the capability to deliver the project. If a project involves a district facility that needs to be operated or maintained after completion, the selected partner must demonstrate such capability and give the DC the requisite assurance. In cases where government departments are in a better position to construct, manage and maintain the facilities, a DC may consider partnering with government departments in implementing the SPS project.

Funding approval

7. LegCo's approval will be sought for implementation of individual SPS projects in accordance with established procedures. If an SPS project has a works element, it will be submitted to FC for funding approval upon obtaining PWSC's endorsement. For the works-related components of hybrid projects (comprising works and non-works components) costing \$30 million or less, they will be funded by the proposed block allocation (please see paragraph 13 below). For projects that are purely non-works in nature (such as trial run of service schemes which can meet the needs of districts) or the non-works elements of any SPS projects costing more than \$10 million, they will be submitted directly to FC for funding approval. If the non-works element of an SPS

project costs \$10 million or less, we will follow the established mechanism to seek funding approval from within the Administration under delegated authority.

Project monitoring

8. DCs will be responsible for implementing their SPS projects, monitoring progress and evaluating effectiveness with operational guidelines prepared by the Government. DCs may set up committees or task their relevant sub-committees to assist them in monitoring the projects, and scrutinizing progress reports and final reports submitted on the projects. DCs and HAD will conduct site visits during the implementation of SPS. HAD will also establish a Steering Committee to be chaired by the Director of Home Affairs (DHA) with representatives from relevant Bureaux / Departments to oversee the implementation of SPS projects in 18 districts.

9. The implementation of SPS projects will need to comply with the existing rules with respect to the engagement of consultants and contractors, as well as monitoring of project implementation.

Timeframe and support

10. We have briefed the DC Chairmen and Members on the modus operandi of SPS and encouraged them to plan their projects and come up with initial proposals. For this purpose, 31 March 2013 will be the earliest target for DCs to submit their proposals to HAD for further processing. 31 March 2013 is only an indicative target and we appreciate that some DCs may need more time to deliberate on proposals and may submit their proposals at a later date.

11. HAD will put in place a central team to process the proposals, give technical advice, assist in preparatory work including preliminary studies, site investigation and design.

Funding for preparatory work

12. Same as other capital works projects, works items under SPS will have to go through various stages including technical feasibility study, site investigation and design before they can be submitted to LegCo for funding approval. The more complex non-works projects may also require consultancy study at formulation stage. To enable DCs to draw up

project proposals with sufficient details for LegCo's scrutiny, the Administration has earmarked \$200 million for use by HAD Headquarters and 18 DOs to finance preliminary studies and consultancies, and to employ NCSC staff for preparatory and supporting work prior to seeking funding approval of individual SPS projects by LegCo. Part of the \$200 million will also be used to implement the publicity activities coordinated by HAD.

New block allocation

13. At present, there are block allocation subheads established under the Capital Works Reserve Fund (CWRP) to provide funds to establish the technical feasibility and prepare the detailed design/tender documents of major capital works projects prior to seeking PWSC/FC's funding approval for the construction works. To support the implementation of SPS projects, we propose to seek approval from FC to create a new block allocation, namely, **Subhead 7017CX** under **Head 707 – "New Towns and Urban Area Development"**, to fund the preparatory and pre-construction works required for works-related SPS projects or works-related components of hybrid projects. This would enable DCs to plan, identify and address the technical aspects of the works-related SPS projects or works-related components of hybrid projects at the planning stage, so that implementation of the works aspects of the projects could start readily upon approval of funding by FC. Moreover, we propose that the new block allocation should cover also the construction of works-related components of hybrid projects costing \$30 million or less.

14. The scope of the proposed subhead 7017CX will cover the costs to be incurred in the planning and design (including preparation of tender documents) of works-related projects or works-related components of hybrid projects implemented by DCs, such as consultants' fees, feasibility studies, site investigations and other studies, and also the construction costs of works-related components of hybrid projects. The expenditure of each Category D item will be subject to a maximum ceiling of not more than \$30 million. The fund will be used for the SPS projects in 18 districts as required. As the earliest target for DCs to submit their proposals to HAD for processing will be 31 March 2013, it is not possible for us to assess the exact resources required for the preparatory works at this stage. But we expect greater clarity in the PWSC/FC submission as DCs' deliberations on SPS become clearer.

15. As for the provisions for hiring of NCSC staff for preparatory work, preliminary studies or consultancies for non-works projects or non-works components of hybrid projects, if any, and central publicity,

these will be included in the Annual Estimates of 2013/14 which will be scrutinised by LegCo under the Appropriation Bill.

16. Subject to Members' views, we plan to seek PWSC's endorsement and FC's approval for the creation of the proposed block allocation mentioned in paragraphs 13 and 14 and the provision for 2013-14 in March 2013 and May 2013 respectively.

PROMOTION OF DISTRICT ARTS AND CULTURE

17. At present, DCs are provided with annual funding of \$320 million for organising or funding CI projects and activities to meet the needs of the districts. Such CI projects and activities may include community building activities, district sports activities, arts and culture programmes, greening activities and volunteer activities, etc. These projects, programmes and activities are organised by DC or DC committees/working groups, DOs or committees/working groups under DOs, or district organisations or relevant government departments such as the Leisure and Cultural Services Department (LCSD).

18. The CE has announced in his 2013 Policy Address the plan to inject an additional \$20.8 million per annum to strengthen the support for DCs to promote arts and culture in 18 districts. The additional funding will enable DCs to play a more prominent and pro-active role at the district level in this area. DCs may use the additional funding to provide better planning and support for arts and cultural activities organized by them and their committees, district organisations or relevant government departments.

ADVICE SOUGHT

19. Members are invited to comment on the above new initiatives and the proposal of creating a new block vote as mentioned in paragraphs 13 and 14 above.

Home Affairs Department
February 2013

Extract of 2013 Policy Address on District Administration

190. District administration has been implemented in Hong Kong for more than three decades. It has produced positive results, but also leaves much room for further development. I put forward the concept of "addressing district issues at the local level and capitalising on local opportunities". This means that district administration, initiated by the Government, should be complemented by active district participation. It should not be the sole responsibility of the Government. The way forward is to delegate certain work and responsibilities to the District Councils (DCs) so that they can assist in delivering district services and promoting district development.

191. We will actively study how to take forward the present mode of district administration to enhance the functions of DCs, enable DC Members to play a more active role in district affairs, and facilitate the co-ordination of government departments in service delivery at district level by the District Officers. We will amend the legislation as soon as possible to abolish all DC appointed seats from 2016 onwards. Meanwhile, I hope that local communities could manage local affairs with the overall interests of the community in mind. We will organise a summit to explore ways to improve district administration.

192. We plan to provide additional resources to DCs and increase the current provisions for district minor works (DMW) projects. We will also consider enhancing DCs' participation in resolving district issues and managing some district facilities. On top of the provisions for DMW projects and community involvement (CI) programmes, a one-off grant of \$100 million for each district, or \$1.8 billion in total for all districts, will be earmarked for DCs this year to carry out signature projects in the current term. Moreover, we plan to provide an additional \$20.8 million a year for CI programmes to enhance the work of DCs in promoting arts and cultural activities at the district level. We will also review the allowance and expense reimbursement arrangements for DC members as appropriate, including the arrangements of renting premises for ward offices.