

## **ITEM FOR FINANCE COMMITTEE**

### **LOTTERIES FUND HEAD 341 – NON-RECURRENT GRANTS**

Members are invited to approve an allocation of \$69,920,000 from the Lotteries Fund for meeting the construction costs of a new Contract Residential Care Home for the Elderly and a new Day Care Centre for the Elderly at the site of ex-Kwong Choi Market, Tuen Mun.

### **PROBLEM**

There is a need to provide more subsidised residential and day care places for the elderly to meet the substantial and growing demand.

### **PROPOSAL**

2. The Director of Social Welfare, with the support of the Secretary for Labour and Welfare and the Lotteries Fund Advisory Committee (LFAC), proposes to allocate \$69,920,000 from the Lotteries Fund (LF) to meet the construction costs of a new Contract Residential Care Home for the Elderly (RCHE) and a new Day Care Centre for the Elderly (DE) at the site of ex-Kwong Choi Market (Tuen Mun Town Lot No. 499) at the junction of Tseng Choi Street and Tsing Min Path, Tuen Mun (the subject site).

### **JUSTIFICATION**

3. The Social Welfare Department (SWD) proposes to construct a 100-place Contract RCHE (60 subsidised residential care places (including 54 nursing home (NH) places and 6 care and attention (C&A) places upon admission) and 40 non-subsidised residential care places) and a DE with 60 subsidised places

/at .....

Encl. 1

at the subject site. The site has an area of about 2 200 square metres (m<sup>2</sup>) and has been included in the Government's 2013-14 Land Sale Programme. Its location plan is at Enclosure 1. The Government will, through imposing conditions in the land sale, require the purchaser of the site to construct thereon the bare-shell premises of the proposed Contract RCHE and the proposed DE, with ancillary parking spaces and lay-by<sup>1</sup>, according to the specifications and to the satisfaction of the Government. It will be beneficial to entrust the construction of the Contract RCHE and the DE with the purchaser of the site as this will help ensure timely provision of the proposed welfare facilities and proper integration with the private development, thereby facilitating better planning and optimal use of the subject site. Subject to the approval of this proposal by the Finance Committee (FC), we will clearly inform the purchaser of the site that the funding reimbursed by the Government for the construction of the Contract RCHE and the DE will be capped by the proposed allocation of \$69,920,000 from the LF. The proposed Contract RCHE and the proposed DE will have a net operational floor area of not less than 1 096 m<sup>2</sup> and 358 m<sup>2</sup> respectively.

Encl. 2

4. Upon completion of the construction works, SWD will take over the facilities and select a suitable operator through invitation of tenders or proposals for the operation, management and maintenance of the proposed Contract RCHE and the DE respectively. Taking into account the construction lead time required for the entire development, it is estimated that the contract of the proposed Contract RCHE will be awarded in around 2020-21, and the DE will come into operation in the same financial year. The facilities to be provided in the proposed Contract RCHE and the DE upon fitting out are detailed at Enclosure 2.

## FINANCIAL IMPLICATIONS

### *Capital cost estimates*

5. The funding sought under this submission (\$69,920,000) relates to the estimated construction cost of the proposed Contract RCHE and the proposed DE. It is worked out on the basis of the construction floor area and technical requirements of the proposed welfare facilities as assessed by the Architectural Services Department. A breakdown of the cost estimate is as follows –

	<b>\$'000</b>
(a) Construction costs	
(i) RCHE	27,360
(ii) DE	7,860
(iii) Carparks	3,650
(iv) Lay-by	1,060
	/(b) .....

<sup>1</sup> One lay-by and four parking spaces (one for the Contract RCHE and three for the DE) will be constructed for exclusive use of the proposed welfare facilities. Parking spaces are standard provision for RCHE and DE to facilitate the transport and escort of frail elders.

(b)	Professional/supervision fees	5,000
(c)	Provision for price adjustment	24,990
	<b>Total cost (a+b+c):</b>	<b>69,920</b>

Upon completion of the construction works to the Government's satisfaction, the purchaser will be reimbursed the actual cost of construction or the above amount, whichever is the less.

6. The funding for fitting-out works of the proposed Contract RCHE (including the non-subsidised section) and the proposed DE, as well as the procurement of furniture and equipment for the subsidised section of the proposed Contract RCHE and the DE, will be separately sought under LF in accordance with the established mechanism when the construction is near completion.

#### ***Recurrent financial implications***

7. The estimated recurrent funding requirements for the operation of the proposed Contract RCHE (subsidised section) and the proposed DE in a full year, including personal emoluments, other charges, reimbursement of rates and government rent and after netting off income from service users' fees, are \$10.451 million and \$15.758 million respectively. The recurrent funding estimate is derived with reference to the standard notional staffing of the relevant welfare facilities at present. The necessary recurrent provision will be included in the draft Estimates of the relevant years.

#### **PUBLIC CONSULTATION**

8. The Environment, Hygiene and District Development Committee of the Tuen Mun District Council was consulted on the proposed sale of the subject site in January 2013. The Committee did not make any adverse comments on the provision of the proposed Contract RCHE and the proposed DE on this site. We consulted the Legislative Council Panel on Welfare Services on 11 November 2013. The meeting supported the proposal.

#### **BACKGROUND**

9. While most elderly persons prefer ageing in the community, some frail elderly persons need institutional care for health or family reasons. It is the Government's policy to promote "ageing in place as the core, institutional care as back-up". In line with this policy, SWD strives to increase the supply of both subsidised residential care places and subsidised community care services.

Encl. 3 10. The provision of subsidised residential care places and the number of elderly persons on the waiting list, as at end-August 2013, are set out at Enclosure 3. In the face of strong demand for residential care places for the elderly amid the ageing population, SWD has been making strenuous efforts to increase the provision through various measures. Development of new Contract RCHEs is a major initiative in this regard.

11. Since 2001, SWD has awarded contracts through open tenders to non-governmental organisations or private operators to operate 22 purpose-built RCHEs. Among these 22 Contract RCHEs, 21 Contract RCHEs are in operation, providing a total of 1 608 subsidised places (about 84% are NH places and 16% are C&A places upon admission) and 1 142 non-subsidised places as at end August 2013. The remaining one is under renovation.

12. Day care services for frail elderly persons are provided in DEs and Day Care Units for the Elderly (DCUs). The services provided by DEs and DCUs are largely the same, except that the former is usually a stand-alone service unit while the latter is usually attached to an RCHE. As at end of August 2013, there are 50 DEs and 16 DCUs, providing a total of 2 697 subsidised day care places.

Encl. 4 13. From now to 2015-16, six Contract RCHEs will commence service to provide a total of 416 new subsidised residential care places (of which 90% are NH places and 10% are C&A places upon admission) and 300 non-subsidised places. As for subsidised day care places, a total of 80 new places will be provided in DCUs attached to Contract RCHEs. Another 224 new places will commence service through four DEs during the same period. Details are at Enclosure 4. In addition, SWD has earmarked sites in 11 development projects, as set out at Encl. 5, for the construction of new Contract RCHEs, Contract RCHEs with DCUs and new DEs. One of these sites is the one at ex-Kwong Choi Market located at the junction of Tseng Choi Street and Tsing Min Path, Tuen Mun.

14. The costs of construction, fitting-out works and procurement of furniture and equipment (for the subsidised section only) of social welfare facilities are funded by LF. Under Section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to approve payments from LF to finance the development of social welfare services. In line with the established practice, the approval of the FC is sought for this proposal, as it is estimated to incur recurrent financial implications exceeding \$10 million per annum (details in paragraph 7 above).

15. The LFAC endorsed the proposed LF allocation of \$69,920,000 for the construction of the proposed Contract RCHE and the proposed DE at the subject site at its meeting on 10 July 2013. The membership and terms of reference of LFAC is at Enclosure 6.

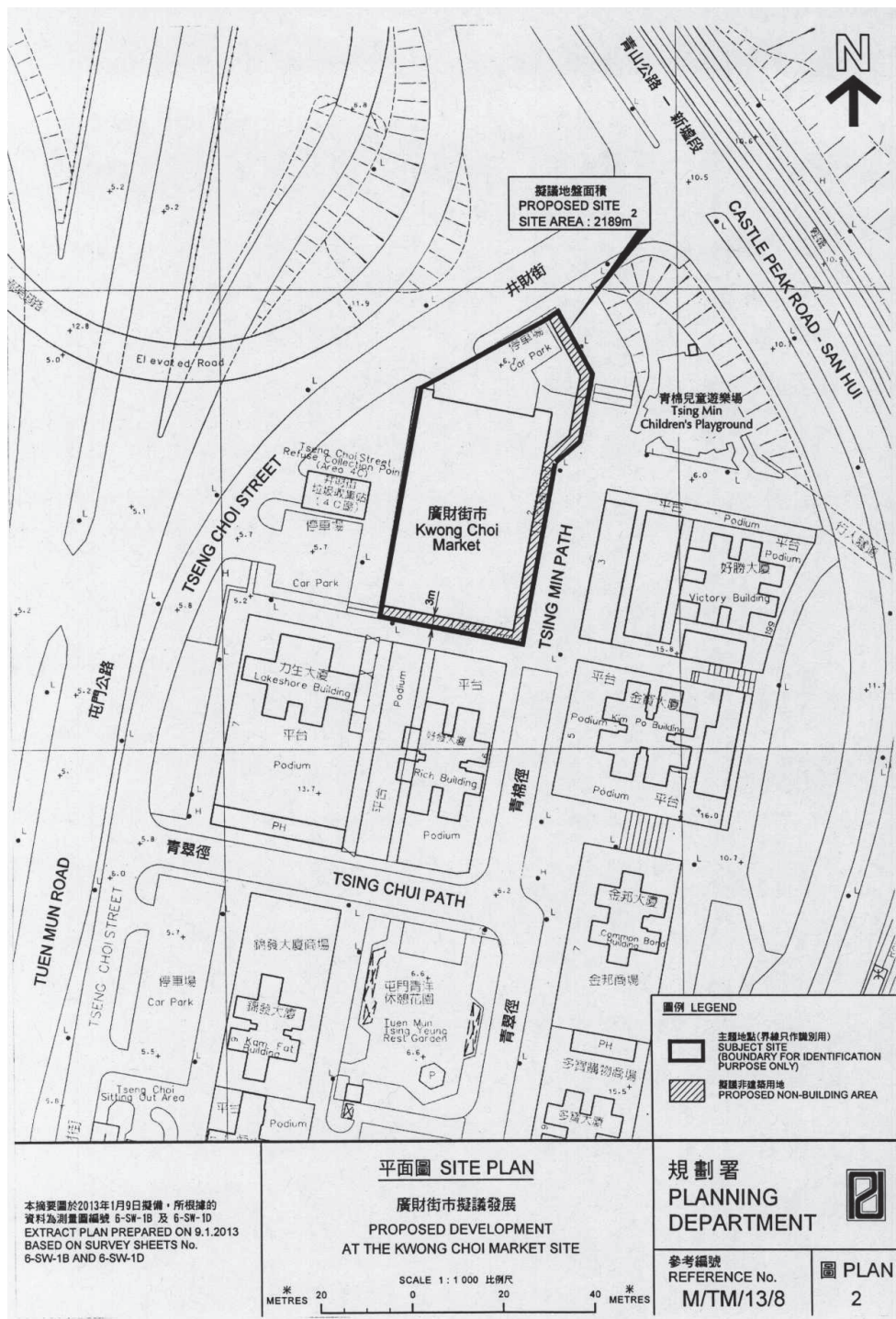
Encl. 6

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Labour and Welfare Bureau  
December 2013

Location Plan

**Proposed Contract Residential Care Home for the Elderly and Day Care Centre for the Elderly at Tuen Mun Town Lot 499, the ex-Kwong Choi Market site at the junction of Tseng Choi Street and Tsing Min Path, Tuen Mun**



**Facilities of the Proposed Contract Residential Care Home for the Elderly (RCHE) and Day Care Centre for the Elderly (DE)  
at Tuen Mun Town Lot 499, the ex-Kwong Choi Market site  
at the junction of Tseng Choi Street and Tsing Min Path, Tuen Mun**

***Facilities of the 100-place RCHE***

Dormitories  
Toilet and shower facilities for dormitories  
Multi-purpose rooms/Dining/Common/Activity rooms  
Rehabilitation area/Physiotherapist/Exercise/Occupational therapy room  
Kitchen and kitchen store  
Laundry  
Nurse duty rooms  
Sick/Isolation/Quiet rooms  
Accessible toilet cum shower room attached to each sick/isolation/quiet room  
Small group activity room/Activity/Training room  
Interview/Meeting room  
Conference room  
General office  
Superintendent's and assistant superintendent's office  
Male and female staff changing rooms  
Soiled utility rooms  
Clean utility rooms  
Assisted bath room  
Shower trolley room  
Store rooms  
Panties  
Male, female and disabled toilets for communal use  
Reception/Waiting area

***Facilities of the 60-place DE***

Common room  
Dining/Activity room/Meal provision area  
Physiotherapist/Training room  
Multi-sensory area  
Medical consultation/Nurse duty room/Sick room  
Interview room  
Laundry/Workroom  
Bath/Toilet  
General store  
Staff changing room  
Office  
Reception

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**Provision of Subsidised Residential Care Places  
(as at end-August 2013)**

<b>Types of Residential Care Places</b>	<b>Number of Subsidised Places</b>	<b>Number of Elderly Persons on the Waiting List</b>
Nursing Home (NH) Places (including Nursing Home Place Purchase Scheme)	3 087	6 357
Care-and-attention (C&A) Places (overall)	21 980	23 288
➤ Subvented/Contract /Conversion Homes Places	14 487	
➤ Enhanced Bought Place Scheme (EBPS) Places	7 493	
Self-care Hostel and Home-for-the-aged Places	1 399	N.A
<b>Total</b>	<b>26 466</b>	<b>29 645</b> (Note )

Note: Including about 3 100 elderly persons who were using subsidised community care services while waiting for subsidised residential care services.

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**Enclosure 4 to FCR(2013-14)38**

**Additional Residential Care Places and Day Care Places Provided  
in New Contract Residential Care Homes for the Elderly (RCHEs) / RCHEs  
with Day Care Units (DCUs)  
(from now to 2015-16)**

From now to 2015-16, six new Contract RCHEs/RCHEs with DCUs providing a total of 716 residential care places and 80 day care places are expected to commence service. Details are as follows –

	District	Location	Number of Subsidised Residential Care Places		Number of Non-subsidised Residential Care Places	Number of Subsidised Day Care Places
			Nursing Home Places	Care-and-attention Places		
1.	Yau Tsim Mong	Hoi Wang Road / Hoi Ting Road <i>(contract awarded in February 2013 and under renovation)</i>	54	6	63	0
2.	Sha Tin	Tai Wai <i>(contract will be awarded in December 2013)</i>	54	6	40	30
3.	Sham Shui Po	Shek Kip Mei Estate Phase 2 <i>(contract will be awarded in December 2013)</i>	54	6	40	30
4.	Yau Tsim Mong	Hoi Fai Road	81	9	60	0
5.	Sham Shui Po	Ex-Cheung Sha Wan Police Married Quarters	81	9	60	0
6.	Wan Chai	Lee Tung Street / McGregor Street	50	6	37	20
<b>Total</b>			<b>374</b>	<b>42</b>	<b>300</b>	<b>80</b>
					<b>716</b>	

From now to 2015-16, four new DEs providing a total of 224 day care places are expected to commence service. Details are as follows -

	<b>District</b>	<b>Location</b>	<b>Number of subsidised Day Care Places</b>
1.	Kwun Tong	Lower Ngau Tau Kok Estate	57
2.	Shatin	Pok Hong Estate	47
3.	Sai Kung	Public Housing Development at Tseung Kwan O Area 65 B	60
4.	Kwai Tsing	Kwai Shing West Estate	60
<b>Total</b>			<b>224</b>

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**11 Sites Earmarked for the Construction of  
New Residential Care Homes for the Elderly (RCHEs),  
RCHEs with Day Care Units (DCUs) and Day Care Centres for the Elderly (DE)**

	<b>Location and District</b>	<b>Estimated number of residential care places (including both subsidised and non-subsidised places)<sup>Note 1</sup></b>	<b>Estimated number of service places of day care centre/unit(s) for the elderly (DE/DCUs)<sup>Note 1</sup></b>
1	Po On Road / Wai Wai Road, Sham Shui Po	100	0
2	West Rail Tsuen Wan West Station, Tsuen Wan	120	DCU: 20
3	Shui Chuen O, Shatin	100	0
4	Tung Chung Area 56, Tung Chung	100	0
5	Un Chau Street / Hing Wah Street / Fuk Wing Street, Sham Shui Po	100	0
6	West Rail Long Ping Station (North), Long Ping, Yuen Long <sup>Note 2</sup>	125	DE: 60 DCU: 20
7	Ex-Kwong Choi Market, Tuen Mun	100	DE: 60
8	Anderson Road, Kwun Tong	100	DCU: 20
9	Ex-Kwai Chung Police Married Quarters, Kwai Chung	100	DCU: 20
10	Government Joint User Complex at Lei King Wan, Sai Wan Ho, Eastern	100	0
11	Choi Yuen Road, Sheung Shui	100	0

Note 1: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the project.

Note 2: Lotteries Fund allocation for meeting the construction cost of the project was approved by Finance Committee in January 2013.

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**Lotteries Fund Advisory Committee**

**Terms of Reference**

To advise the Director of Social Welfare on applications from welfare organisations for allocations from the Lotteries Fund and on charitable fund-raising issues including the allocation of flag days.

**Membership**

	<b><u>Name</u></b>	<b><u>Professional Background</u></b>
<b>Chairperson:</b>	Ms YIP Man-kuen, Carol	Director of Social Welfare
<b>Member:</b>	Mr CHAN Wai-ming, David	Tsuen Wan District Councillor
	Mr CHENG Wai-hung, Nelson	Director K L Partnership Limited
	Professor LAM Ching-man	Vice Chairperson Department of Social Work The Chinese University of Hong Kong
	Dr LEUNG Sai-man, Sigmund	President The Hong Kong Dental Association
	Ms LO Yee-hang, Loretta	Central and Western District Councillor
	Mr MA Kam-wah, Timothy	Committee Member, Senior Citizen Home Safety Association
	Mr MAN Hung-ye, Joseph	Deputy Director Hong Kong Sheng Kung Hui Welfare Council
	Professor MENG Mei-ling, Helen	Chairperson Department of Systems Engineering and Engineering Management The Chinese University of Hong Kong

<b><u>Name</u></b>	<b><u>Professional Background</u></b>
Mr SUEN Lai-sang	Director Hong Kong Christian Service
Ms WONG Wai-ching, Connie	Managing Director Wong Sun Hing Limited

**Official Representative:** Secretary for Labour and Welfare or representative

**Secretary:** Senior Executive Officer (Lotteries Fund)  
Social Welfare Department

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