

ITEM FOR FINANCE COMMITTEE

LOTTERIES FUND HEAD 341 – NON-RECURRENT GRANTS

Members are invited to approve an allocation of **\$502 million** from the Lotteries Fund for meeting the design, construction and fitting-out costs for the redevelopment of the ex-Kai Nang Sheltered Workshop and Hostel into an Integrated Rehabilitation Services Complex.

PROBLEM

We need to increase the provision of the much-needed residential care, day training and vocational rehabilitation services for persons with disabilities to meet the substantial 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 from the Lotteries Fund (LF) \$502 million to meet the design, construction and fitting-out costs of an Integrated Rehabilitation Services Complex (IRSC) at the site of the ex-Kai Nang Sheltered Workshop and Hostel in Kwun Tong (the ex-Kai Nang site).

JUSTIFICATION

3. The Social Welfare Department (SWD) proposes to make use of the ex-Kai Nang site for setting up an IRSC to provide 510 additional places for residential care, day training and vocational rehabilitation services with the most

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pressing need and to re-provision three existing centres providing community rehabilitation services. This proposal is one of the initiatives included in the Chief Executive's 2013 Policy Address for increasing the supply of subvented day training and residential care places for persons with disabilities, having regard to the substantial demand for such services.

Encl. 1 4. The ex-Kai Nang site is situated at 4 Fuk Tong Road, Kwun Tong. A location map is at Enclosure 1. The site is held by SWD under the Government Land Allocation and falls within an area zoned "Government, Institution or Community" in the Outline Zoning Plan in which the use for "Social Welfare Facility" is always permitted. It has a site area of 1 650 square metres (sq m) and is currently occupied by a four-storey building with about 40 years' history. The site was at first used as a departmental rehabilitation service unit and was left vacant in 2002 upon re-provisioning of the service. Currently, the premises have been leased out on short-term tenancy to non-governmental organisations (NGOs) for use as a Community Rehabilitation Day Centre (CRDC) on SWD's subvention for discharged patients in need of professional rehabilitation training service and psychosocial rehabilitation services and a 24-hour convenience store under an employment assistance programme to provide training, learning platform and employment opportunities for the unemployed marginal youths. The CRDC will be relocated to a temporary site in Choi Ha Estate, Kwun Tong, to continue the services pending re-provisioning to the new IRSC upon completion of the proposed redevelopment, while the tenancy for operating the convenience store on a self-financing basis will be terminated by end-March 2016 and the NGO concerned has no intention of further operating the store upon demolition of the existing building.

5. For sustainable development and better utilisation of the site to augment the provision of the much-needed rehabilitation services, it is necessary to redevelop the site. A consultant has been engaged by SWD to conduct the feasibility and related studies¹ with a view to assessing the technical viability of setting up the proposed IRSC on the subject site and preparing a project cost estimate. The consultant has confirmed that the subject redevelopment project is technically feasible. The proposed welfare services (including re-provisioning of existing rehabilitation facilities) to be provided in the proposed IRSC on the subject site are as follows –

/Facility

¹ The cost of the technical feasibility study was met by a grant of \$3.2 million from LF.

Facility	Capacity
<i>Residential care services</i>	
(a) Hostel for Severely Mentally Handicapped Persons	50
(b) Hostel for Moderately Mentally Handicapped Persons	50
(c) Hostel for Severely Physically Handicapped Persons	50
(d) Care and Attention Home for Severely Disabled Persons	50
(e) Halfway House	60
(f) Supported Hostel	40
Subtotal:	300
 <i>Day training services</i>	
(g) Day Activity Centre	50
(h) Integrated Vocational Rehabilitation Services Centre	160
Subtotal:	210
Total:	510
 <i>Centre-based services (reprovisioned)</i>	
(i) District Support Centre for Persons with Disabilities ² (DSC)	
(j) CRDC ³	
(k) Integrated Community Centre for Mental Wellness ⁴ (ICCMW)	

6. According to the consultant's preliminary design, the site will be redeveloped into a ten-storey building for the proposed welfare facilities with a net operating floor area of 6 323 sq m and gross floor area of 10 940 sq m. The new building will also accommodate parking spaces for cars, vans and lorries to meet the operational requirements of the proposed welfare facilities. It will be served by sufficient passenger, service and fireman's lift facilities, and will be supported by necessary fire services installations, electrical and mechanical facilities and utilities. The conceptual sectional diagram and perspective views of the proposed IRSC as worked out by the consultant are provided at Enclosure 2.

Encl. 2

7. Upon funding allocation in mid-2015, the building works (including demolition of the existing building) are expected to commence in 2016 and

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² Currently located at the operating agency's own premises and will be reprovisioned to the proposed IRSC in order to meet the area shortfall.

³ Currently located at the ex-Kai Nang site, pending temporary relocation to Choi Ha Estate, Kwun Tong, during the construction phase of the proposed redevelopment project. It will be reprovisioned to the new IRSC upon completion of the proposed redevelopment project.

⁴ Currently operating at other premises in Kwun Tong where the total schedule of accommodation is not up to standard.

complete in 2018. Save for the reprovisioned DSC, CRDC and ICCMW, SWD will invite NGOs to submit project proposals for providing the new services in the proposed IRSC during the building works stage with a view to speeding up the fitting-out works (to be carried out by the selected service operator) upon completion of the building works.

FINANCIAL IMPLICATIONS

Capital cost estimates

8. The consultant estimates the costs of designing, constructing and fitting-out the IRSC at the ex-Kai Nang site to be **\$502 million**, with breakdown as follows –

Item	\$ million
A. Site works and demolition	8.2
B. Foundation and substructures	22.4
C. Building	130.9
D. Building services	48.4
E. External works, drainage and landscaping	6.3
F. Fitting-out works	118.3
G. Provision of sustainable design	6.5
<i>(Items A to G) Sub-total</i>	341.0
H. Consultants fees	26.4
I. Remuneration of resident site staff	11.1
J. Contingencies	34.1
<i>(Items A to J) Sub-total</i>	412.6⁵
K. Provision for price adjustment	89.4
Total	502.0

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⁵ At September 2014 prices.

9. When the construction is near completion, SWD will seek funding under LF for the procurement of furniture and equipment items in accordance with the established practice.

Recurrent financial implications

10. The estimated additional full-year recurrent funding requirement for the operation of the proposed new services in the IRSC at the ex-Kai Nang site, including personal emoluments, other charges, reimbursement of rates and government rent and after netting off income from service users' fees, is **\$61.4 million**. 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.

Environmental Implications

11. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). The project will not cause long-term environmental impacts. The project estimates include the cost to implement suitable mitigation measures to control short-term environmental impacts.

12. During construction, noise, dust and site run-off nuisances will be controlled within the established standards and guidelines through the implementation of mitigation measures in the relevant contract.

13. At the planning and design stages, measures to reduce the generation of construction waste where possible will be considered. In addition, the contractor will be required to reuse inert construction waste (e.g. use of excavated materials for filling within the site) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste at public fill reception facilities.

Energy Conservation, Green and Recycled Features

14. Provision is allowed in the budget for the adoption of energy efficient features, renewable energy technologies, and green and recycled features. For greening features, landscape will be provided on part of the roof terraces and ground level for environmental and amenity benefits.

PUBLIC CONSULTATION

15. The Social Services Committee (SSC) of the Kwun Tong District Council (KTDC) was briefed on the proposed redevelopment project in the context of the overall new welfare services development in Kwun Tong on 27 November 2012. Members of SSC of KTDC indicated support for the redevelopment project at the meeting and suggested that SWD should take into account the traffic impact arising from the redevelopment project. A traffic impact assessment was conducted and the Transport Department has confirmed no adverse comment on the findings to the effect that there would be minimal traffic impact generated by the proposed services on the existing roads in the vicinity. The Legislative Council Panel on Welfare Services was consulted on 8 December 2014, and supported the proposal.

BACKGROUND

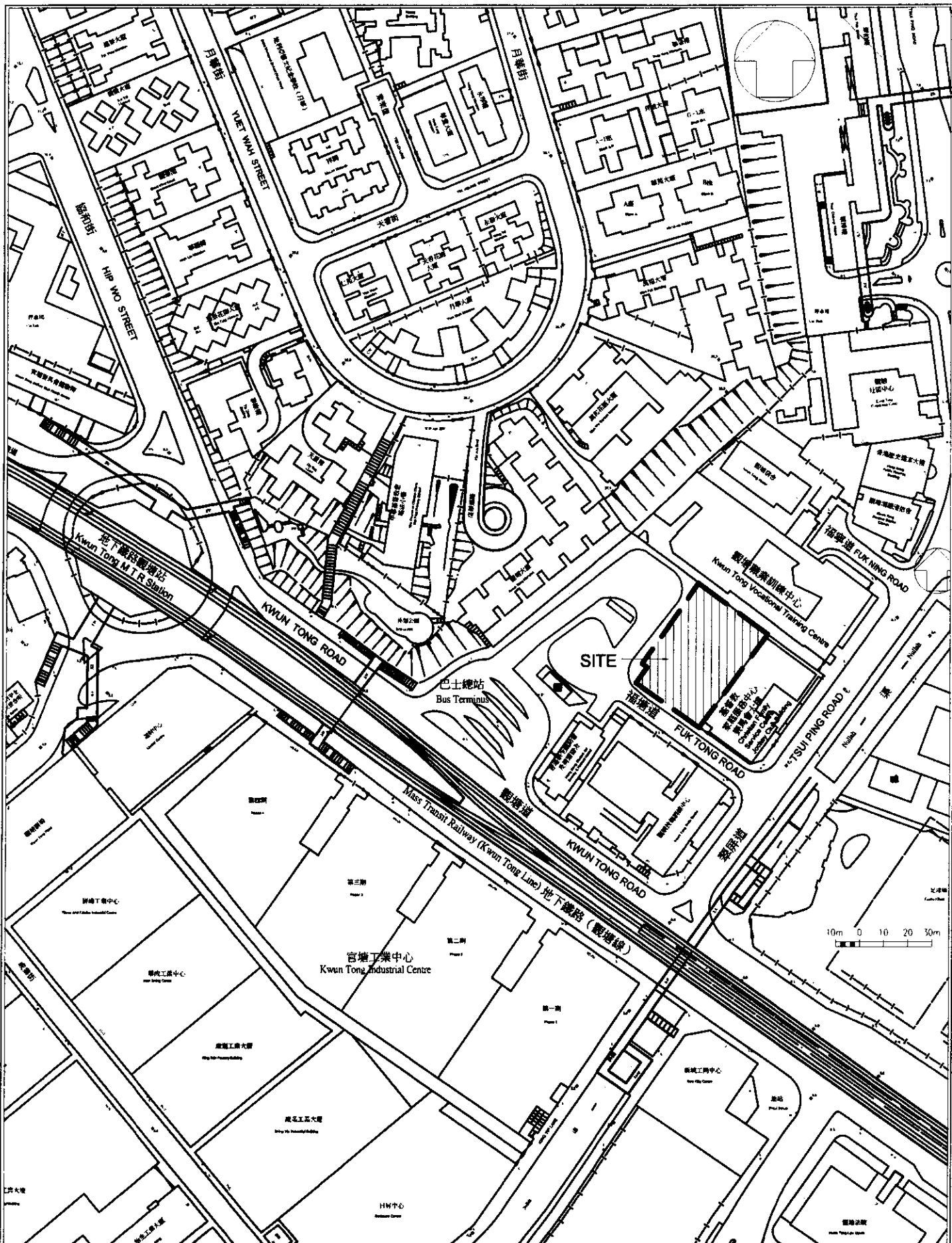
16. Under Section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to approve payments from the LF to finance the development of social welfare services. As an administrative practice, the Financial Secretary has advised that LF proposals involving recurrent cost of over \$10 million per annum would be referred to the Finance Committee (FC).

17. For the financial year of 2014-15, 729 allocations (including major grants, minor grants and block grants) involving a total cost of \$1,079 million were approved under LF; four of these involving a total cost of \$242 million had been presented to FC in line with the administrative practice.

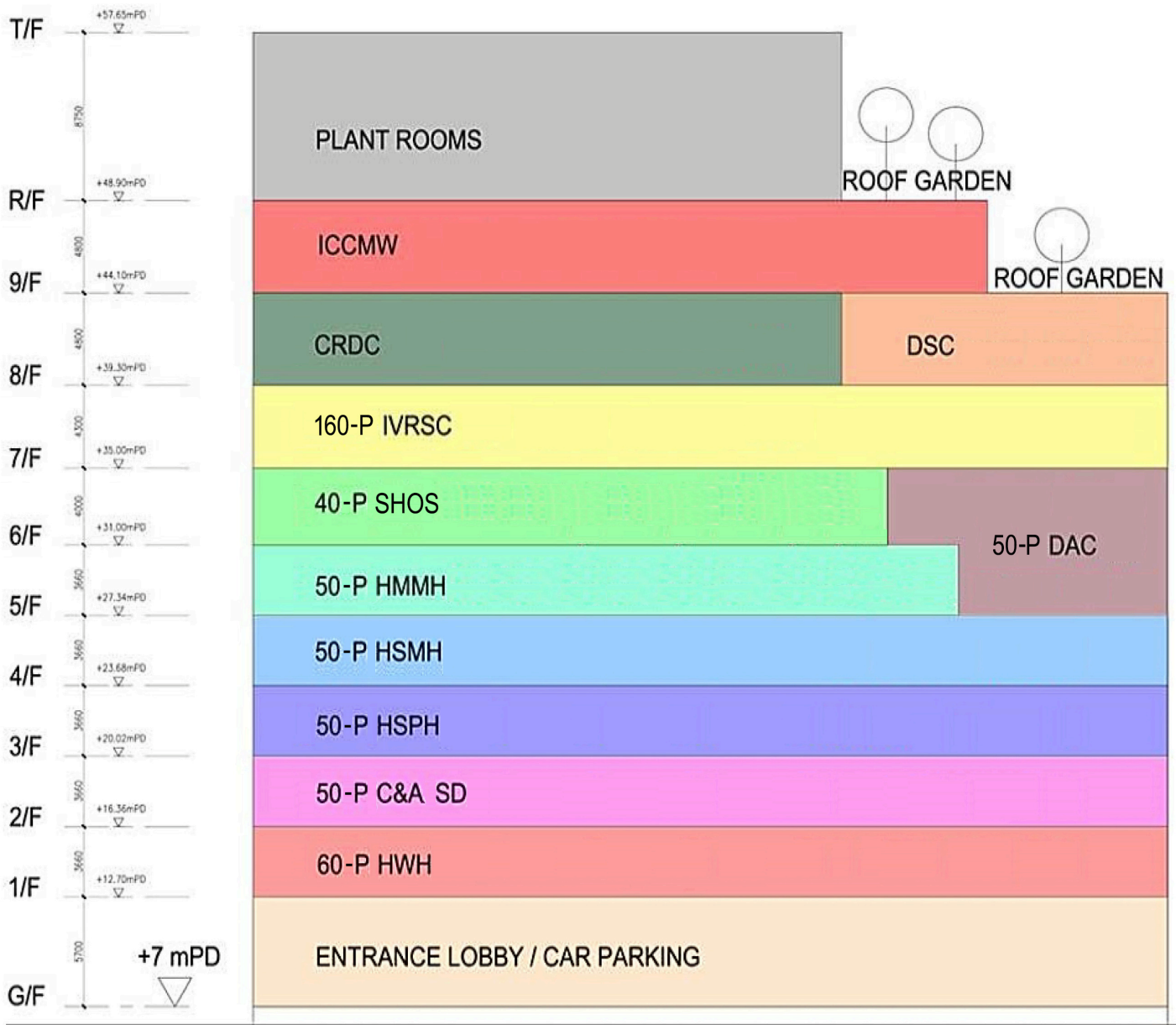
18. During 2014-15, expenditure incurred against the approved allocations amounted to \$876 million and total receipts were \$1,322 million. As at 31 March 2015, the balance of LF was \$22 billion. The balance of LF is estimated to rise to \$23 billion as at 31 March 2016.

19. At its meeting on 28 October 2014, LFAC endorsed the proposed LF allocation of \$502 million for the design, construction and fitting-out of an IRSC at the ex-Kai Nang site. The membership and terms of reference of LFAC is at Enclosure 3.

Encl. 3



<p>DRAWING TITLE Location Plan</p>	<p>SCALE 10m 0 10 20 30 40m</p>
<p>PROJECT TITLE Redevelopment of the Ex-Kai Nang sheltered workshop & hostel at Fuk Tong Road Kwun Tong</p>	<p>DRAWING NUMBER A/KNR/2-206-98/SK/002</p>



Conceptual Section

Legend

- ICCMW: Integrated Community Centre for Mental Wellness
- CRDC: Community Rehabilitation Day Centre
- DSC: District Support Centre for Persons with Disabilities
- IVRSC: Integrated Vocational Rehabilitation Services Centre
- SHOS: Supported Hostel
- DAC: Day Activity Centre
- HMMH: Hostel for Moderately Mentally Handicapped Persons
- HSMH: Hostel for Severely Mentally Handicapped Persons
- HSPH: Hostel for Severely Physically Handicapped Persons
- C&A SD: Care and Attention Home for Severely Disabled Persons
- HWH: Halfway House



Perspective View from Bus Terminus



Perspective View from **Fuk Tong Road**

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

	<u>Name</u>	<u>Professional Background</u>
Chairperson:	Ms YIP Man-kuen, Carol	Director of Social Welfare
Member:	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

	<u>Name</u>	<u>Professional Background</u>
Member(Cont'd):	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	
