

**LEGISLATIVE COUNCIL
ITEM FOR FINANCE COMMITTEE**

**Supplementary information on
new contract residential care home for the elderly
at the site of Choi Yuen Road, Sheung Shui**

At the meeting of the Finance Committee (FC) on 3 July 2015, the item FCR(2015-16)19 on the provision of a new Contract Residential Care Home for the Elderly (RCHE) at the ancillary facilities block in the public rental housing (PRH) development of the Housing Authority (HA) at the site of Choi Yuen Road, Sheung Shui was discussed. FC requested the Government to provide the following information after the meeting:

- (a) the development plan of the proposed Contract RCHE;
- (b) the number of neighbourhood elderly centres (NECs) and the number of places of day care centres/units for the elderly (DEs/DCUs) that would be provided at the 11 sites earmarked for the construction of new RCHEs;
- (c) a comparison of the cost of “foundation and substructure, piling” and the cost of “building envelope and finishes” of RCHE projects of similar size and scale as the one proposed in the Choi Yuen Road PRH development;
- (d) a comparison of the cost of “foundation and substructure, piling” and the cost of “building envelope and finishes” of the proposed RCHE in the Choi Yuen Road PRH development with those of other public housing building works at the same site; and
- (e) the conditions and circumstances under which the Government decides to use the Lotteries Fund (LF) vis-à-vis other public funding sources for the construction of RCHEs and other social welfare facilities.

2. The information requested in paragraph 1(a) was provided to Members in July 2015 (LC Paper No. FC214/14-15(01)). This note sets out the information requested in paragraph 1(b) to (e) above.

NECs and DEs/DCUs to be provided at the 11 sites earmarked for construction of new RCHEs

3. The number of NECs and the number of places of DEs/DCUs that would be provided at the 11 sites earmarked for the construction of new RCHEs are set out at **Annex A**.

Comparison of costs with other RCHE projects of similar size and scale

4. The comparison of the estimated costs of “foundation and substructure, piling” and “building envelope and finishes” of the proposed RCHE in the Choi Yuen Road PRH development and two other RCHEs which are of similar size and scale in recent PRH developments are set out in the table below. The proposed Contract RCHEs in these three PRH developments will all be situated in a stand-alone ancillary or welfare facilities block¹.

| Item | Choi Yuen Road | Shek Mun Estate (Phase II) | Anderson Road |
|--|-----------------------|------------------------------------|------------------------------------|
| Estimated cost of foundation and substructure, piling (\$ million) | 19.334 | 18.611 | 2.499 |
| Estimated cost of building envelope and finishes (\$ million) | 21.083 | 42.417 | 29.994 |
| Capacity of RCHE (including both subsidised and non-subsidised places) | 100 places | 150 places (with 30 places of DCU) | 100 places (with 20 places of DCU) |
| Target year of works completion | 2020 | 2018 | 2017 |
| Date of funding approval by FC | July 2015 | April 2015 | January 2015 |

5. The site of the ancillary facilities block in the Choi Yuen Road project is fraught with certain constraints. Specifically, the site is narrow in shape with a non-building area as a result of a drainage reserve area thereat. In addition, the rock layer of the site is deeper than that of the Shek Mun Estate project. In the light of the complex site environment and underground conditions, during the foundation works, it will be necessary to adopt more excavation and lateral support and set up temporary steel platforms to support

¹ The Housing Department (HD), as the executive arm of HA and the works agent of PRH development, will be entrusted with the design and construction of RCHE. According to HD, the construction cost of a stand-alone ancillary or welfare facility block is to be apportioned among various facilities in the block concerned based on the respective floor area they occupy.

the construction works, resulting in a higher “foundation and substructure, piling” cost than that in the Shek Mun Estate project. For the ancillary facilities block in the Anderson Road PRH development, since the rock layer of the site is relatively shallow, no piling works are required and thus the cost of “foundation and substructure, piling” is much lower.

6. The “building envelope and finishes” cost is estimated according to the construction floor area of RCHE and DCU (if any). The difference in cost among the three developments is mainly due to the different sizes and scales of the respective RCHEs and DCUs.

Comparison of costs with other public housing building works in the Choi Yuen Road project

7. The following table provides a comparison of the building costs of the proposed Contract RCHE in the ancillary facilities block and those of the domestic blocks in the Choi Yuen Road PRH development –

| Item | Domestic blocks under Phase 1 works of the Choi Yuen Road project | Contract RCHE in the ancillary facilities block under Phase 2 works of the Choi Yuen Road project |
|--|--|--|
| Estimated cost of foundation and substructure, piling (\$ million) | 311.359 | 19.334 |
| Estimated cost of building envelope and finishes (\$ million) | 852.864 | 21.083 |
| Estimated total construction floor area | 71 452 square metres | 2 262 square metres |

The use of LF vis-à-vis other public funding sources for construction of RCHEs and other social welfare facilities

8. Information on the scope of LF and how it relates to other capital works funding for social welfare facilities including elderly facilities is set out at **Annex B**.

**Labour and Welfare Bureau
Financial Services and the Treasury Bureau
Social Welfare Department
October 2015**

Annex A

**Number of neighbourhood elderly centres (NECs) and
number of places of day care centres/units for the elderly (DEs/DCUs)
to be provided at the 11 Sites earmarked for the
construction of new residential care homes for the elderly**

| | Location and District | Estimated number of residential care places (including both subsidised and non-subsidised places)² | Estimated number of NECs | Estimated number of places of DEs/DCUs |
|----|--|--|---------------------------------|---|
| 1 | Tung Chung Area 56, Tung Chung | 100 | 0 | 0 |
| 2 | Un Chau Street/Hing Wah Street/ Fuk Wing Street, Sham Shui Po | 100 | 0 | 0 |
| 3 | West Rail Long Ping Station (North), Long Ping, Yuen Long | 125 | 0 | DE: 60 DCU: 20 |
| 4 | Ex-Kwong Choi Market, Tuen Mun | 100 | 0 | DE: 60 |
| 5 | Ex-Kwai Chung Police Married Quarters, Kwai Chung | 100 | 0 | DCU: 20 |
| 6 | Anderson Road, Kwun Tong | 100 | 1 | DCU: 20 |
| 7 | Government Joint User Complex at Lei King Wan, Sai Wan Ho, Eastern | 100 | 0 | 0 |
| 8 | Choi Yuen Road, Sheung Shui | 100 | 1 | DE: 40 |
| 9 | Shek Mun Estate Phase II, Sha Tin | 150 | 0 | DCU: 30 |
| 10 | Fo Tan, Sha Tin Areas 16 & 58D | 100 | 0 | DE: 60 |
| 11 | Queen's Hill, Fanling | 100 | 1 | DE: 60 |

² 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 projects. One designated residential respite care place will be included in the subsidised places of each project.

The use of the Lotteries Fund vis-à-vis other public funding sources for the construction of RCHEs and other social welfare facilities

This note sets out the scope of the Lotteries Fund (LF) and how it relates to other capital works funding for social welfare facilities, including elderly facilities.

Scope

2. LF was set up on 30 June 1965 for the purpose of financing social welfare services. Section 6(4) of the Government Lotteries Ordinance (Cap. 334) provides that the Financial Secretary (FS) may appropriate from LF monies for the purpose of financing the support and development of such social welfare services in Hong Kong as the Chief Executive, after consultation with the Social Welfare Advisory Committee (SWAC), may approve. SWAC is appointed by the Chief Executive to advise the Government on all matters of social welfare policy and keep social welfare services under continuous review. The membership and terms of reference of SWAC is at **Enclosure 1**.

3. FS has delegated the authority to approve grants for social welfare services of \$4 million or below to the Director of Social Welfare (DSW) acting on the advice of the Lotteries Fund Advisory Committee (LFAC). LFAC is appointed by the Secretary for Labour and Welfare with membership drawn widely from the social welfare, education and business sectors to advise DSW as Chairman on applications from welfare organisations for allocations from LF, among others. The membership and terms of reference of LFAC is at **Enclosure 2**.

4. As an administrative practice, FS has opted to invite FC to consider LF proposals involving additional recurrent cost exceeding a certain threshold (currently at \$10 million per annum).

Relationship with other designated Funds under the Public Finance Ordinance

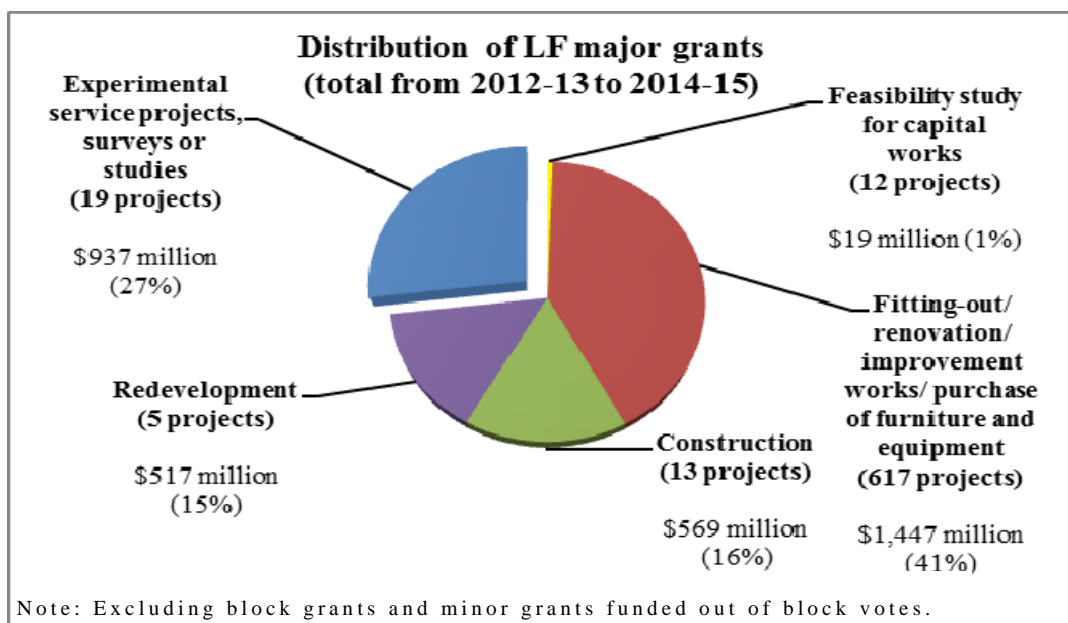
5. LF is one of the funds established by the Legislative Council resolution under section 29 of the Public Finance Ordinance (Cap. 2) (PFO).

6. Proceeds from the Mark Six Lottery (89% in 2014-15) are the main source of income of LF. Other regular sources of income include investment income and auctions of vehicle registration marks. When

necessary, the Government may transfer resources from the General Revenue Account to LF.

7. Grants approved under LF are intended to meet **non-recurrent** commitments for constructions, fitting-out, renovations, purchase of furniture and equipment for premises occupied by non-governmental organisations (NGOs) providing welfare services. With the expansion of welfare facilities over the years, LF is also used to finance routine **non-recurrent** expenses of NGOs in running welfare services subvented by the Social Welfare Department (SWD), such as repairs and maintenance works, as well as replenishment of furniture and equipment. LF also provides funding to finance **time-limited experimental projects** and enhance the support for social welfare services.

8. As illustrated in the pie chart below, around 70% of LF grants offered from 2012-13 to 2014-15 are used to finance the capital cost of works projects of social welfare services and 30% for experimental projects or studies –



9. There is no duplication between Government's capital funding for welfare facilities under LF and that under the Capital Works Reserve Fund (CWRP), which is also a fund established under PFO. Whereas LF finances the major part of capital cost of works projects of social welfare services, the construction cost of minor works of welfare facilities in **public housing development** under the Housing Authority is met by block allocation Subhead 8001SX under CWRP (to be approved by DSW under delegated authority from FC).

10. Taken together, the total capital funding for welfare facilities under LF and CWRP Subhead 8001SX is tabulated below -

| Types of capital projects | Funding source | Main works agents | Total allocation from 2012-13 to 2014-15 (including block grants and minor grants) |
|--|---|--|--|
| <ul style="list-style-type: none"> Capital expenditure of residential care homes for the elderly (RCHEs), and Capital expenditure of other welfare facilities (excluding the provision of those in public housing development not exceeding \$30 million each) | LF | Architectural Services Department Housing Department Social Welfare Department NGOs | \$3,090 million (85%) (1 954 projects) |
| <ul style="list-style-type: none"> Provisioning of welfare facilities (excluding RCHEs) in public housing development (\$30 million or less for each project) | CWRP Subhead 8001SX “Provisioning of welfare facilities” | Housing Department | \$543 million (15%) (40 projects) |
| Total: | | | \$3,633 million (100%) (1 994 projects) |

Service areas

11. The major service areas receiving LF allocations are elderly services (55%), rehabilitation (20%) and social welfare support (15%) in the past three financial years. An overview of LF allocations is set out below –

| | 2012-13 | 2013-14 | 2014-15 | Average |
|---|-----------------|-----------------|-----------------|-----------------|
| (a) Total number of projects approved | 596 | 648 | 729 | 658 |
| (b) Total allocations approved | \$1,793 million | \$1,155 million | \$1,079 million | \$1,342 million |
| (c) Total expenditure during the year | \$881 million | \$812 million | \$876 million | \$856 million |
| (d) No. of projects in (a) referred to FC | 2 | 2 | 4 | 3 |
| (e) Allocations approved in (d) | \$117 million | \$111 million | \$242 million | \$157 million |

12. The balance of LF as at 31 March 2015 was \$22 billion. This is estimated to rise to \$23 billion as at 31 March 2016.

13. The use of LF to finance the capital cost of works of social welfare services is in line with the funding purposes laid down when LF was established. The dedicated LF has provided steady funding source for construction of social welfare premises such as facilities for the elderly and rehabilitation services.

14. Five LF allocations have so far been referred to FC in 2015-16. In view of the changing welfare needs of our society, the Government will keep the operations of LF under regular review, and take necessary steps to streamline the approval procedures with a view to expediting the delivery of welfare projects in the interest of community.

Enclosure 1 to Annex B

Social Welfare Advisory Committee

Terms of Reference

- To keep social welfare services under continuous review.
- To advise the Government, through the Secretary for Labour and Welfare, on all matters of social welfare policy.

Membership

| | <u>Name</u> | <u>Sector</u> |
|---------------------|-------------------------------|--------------------|
| Chairperson: | Mr LO Wing-sang, Vincent | Professional |
| Member: | Ms CHAN Mei-lan, Anna May | Professional |
| | Dr CHENG Lai-ling, Crystal | Welfare |
| | Dr CHUNG Chi-ping, Roy | Business |
| | Mr FONG Man-hung, David | Business |
| | Mr HO Hoi-ming, Laurence | Academic/Education |
| | Mr IP Wai-ming | Labour |
| | Ms Christina Maisenne LEE | Business |
| | Mr LEE Hong-kong, Hansen | Welfare |
| | Mr LEE Man-bun, Edmond | Business |
| | Mr LI Lu-jen, Laurence | Professional |
| | Dr LUI Wai-ling, Annissa | Welfare |
| | Mr MAN Hung-ye, Joseph | Welfare |

| | | |
|-----------------------------|---------------------------------|--------------------|
| Member (Cont'd): | Mr NG Win-kong, Daryl | Business |
| | Prof NGAI Sek-yum, Steven | Academic/Education |
| | Mr SUEN Leung-kwong, Jovy | Welfare |
| | Ms TAO Chee-ying, Theresa | Academic/Education |
| | Dr TSANG Kit-man, Sandra | Academic/Education |
| | Mr WONG Yick-kam, Michael | Business |
| | Dr YAM Yin-chun, Loretta | Professional |
| | Mr YANG Chuen-liang, Charles | Professional |
| | Ms YAU Sau-wai, Sania | Welfare |

In Permanent Attendance: Secretary for Labour and Welfare or representative
Director of Social Welfare or representative

Secretary: Assistant Secretary for Labour and Welfare (Welfare) 1C
Labour and Welfare Bureau

Enclosure 2 to Annex B

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 |
| | Ms LAW Suk-kwan, Lilian | Executive Director Boys' and Girls' Clubs Association of Hong Kong |
| | Ms LEE Pik-ye, Peggy | Wan Chai District Councillor |
| | Dr LEUNG Sai-man, Sigmund | President The Hong Kong Dental Association |
| | Mr MA Kam-wah, Timothy | Committee Member Senior Citizen Home Safety Association |

**Member
(Cont'd):**

Professor MENG Mei-ling,
Helen

Chairperson
Department of Systems
Engineering and
Engineering
Management
The Chinese University
of Hong Kong

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
