

THE GOVERNMENT MINUTE

in response to the

**REPORT OF
THE PUBLIC ACCOUNTS COMMITTEE
No. 63A and No. 64**

of June and July 2015

28 October 2015

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 63A
DATED JUNE 2015**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 63A)**

Administration of the air traffic control and related services

The Government accepts the views and recommendations made by the Audit Commission (Audit) and the Public Accounts Committee (PAC) of the Legislative Council (LegCo) regarding the administration of the air traffic control (ATC) and related services. The relevant bureaux and departments have accordingly taken follow-up actions as appropriate. The progress made is reported below.

Procurement and implementation of the new air traffic control system project

2. Civil Aviation Department (CAD) has all along conducted procurement exercise and comprehensive safety assessment on the new Air Traffic Management System (ATMS) in accordance with international aviation safety management standards and established Government procedures. All the acceptance test events of the new ATMS have been conducted in accordance with the requirements specified in the contract (including the Site Acceptance Tests, Flight Check Acceptance Tests, Reliability Acceptance Tests and System Integration Tests), in order to ensure that the system operation complies with the contract conditions and CAD's safety requirements. Up to now, CAD was generally satisfied with the test results. For some follow-up items of the system to be addressed, CAD, together with the contractor, have come up with a timetable to address them gradually. CAD will continue to closely monitor the contractor to ensure that the matters are handled in compliance with CAD's requirements. Meanwhile, CAD has commenced training for the ATC operational staff and performing an overall safety assessment on the training of ATC operational staff, operational procedures, transition activities of new ATC systems, etc. to ensure compliance with the stringent aviation safety requirements set by the International Civil Aviation Organization (ICAO). In view of the current progress, the new ATC system would be ready for operation in the first half of 2016. CAD will ensure that the ATC system and operational staff are both ready before commissioning the new system.

3. Moreover, the ICAO has set out stringent safety requirements for the replacement/upgrading of various aviation systems. To ensure that the new ATC system complies with the relevant requirements, CAD has engaged an independent consultant from overseas since 2012 for conducting safety assessment for the new ATC system to ensure that the contractor keeps up with the international quality standards and the ICAO's safety requirements in the process of system development. Furthermore, the Secretary for Transport and Housing has decided to appoint another overseas consultant for the bureau to advise the Secretary directly and independently. The consultant will assess whether the operations of the new ATC system and the operational staff are both prepared, to ensure that both the system and the operational staff are completely ready before the new system could be commissioned. The recruitment procedure has commenced.

4. On the other hand, CAD has updated the Departmental Project Procedures Handbook, making reference to the Audit and PAC recommendations, including application for funding approval, formulation of tender documents, tender assessment, project appraisal, contract variation, engagement of consultant, etc. for improving the procurement management of major ATC system projects in future. CAD has reminded project officers to comply with the guidance specified in the Handbook.

Management of the precision runway monitor project

5. In order to ensure prudent and cost-effective use of public funds, CAD has set up mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit on records keeping, funding application, and project appraisal. In future, sufficient information regarding the pros and cons of the proposed project, including any intrinsic potential risks, shall be provided in the funding applications to LegCo to facilitate the making of informed decisions on whether or not to support the project. In addition, CAD has issued an internal circular to remind project officers about the changes to the Departmental Project Procedures Handbook, in particular the requirement to keep records of major and significant procurement decisions for public accountability.

Administration of air traffic control service related charges

6. CAD has re-examined the level of the en-route navigation charge (ENC) rate. With the approval already given by the Transport and Housing Bureau and the Financial Services and the Treasury Bureau on the revised rate, CAD had consulted the industry. The revised rate has been implemented on 1 October 2015. CAD will continue to review the ENC rate in accordance with the Government's established policies and procedures. Having taken into account the recommendations of the Audit and the PAC, CAD shall conduct a review after implementing the ENC level recommended in each fees and charges review to ensure that the charge level is conducive to achieving full-cost recovery and adhering to the Government's "user pays" principle.

7. CAD has taken follow-up actions to prevent the loss of revenue, including demanding banker's guarantees from operators with unsatisfactory ENC payment records, reminding the airline operators of their contractual obligation to pay ENC and taking legal actions against defaulting airline operators as appropriate.

Administration of the mandatory occurrence reporting scheme

8. CAD has strengthened the management of the mandatory occurrence report (MOR) database and implemented measures to closely monitor the reporting of MOR, assignment of risk level to each MOR, implementation of follow-up actions and case closure, and timely updating of MOR. CAD will ensure that the MOR scheme can effectively enhance flight safety.

Way forward

9. CAD has followed up all the recommendations raised in the Audit Report and implemented improvement measures. The Government has taken appropriate follow-up actions regarding the observations and recommendations of the PAC. The Government fully agrees that the ATC system should operate safely, reliably, stably and in full compliance with the relevant ICAO requirements. This is also the topmost priority of CAD. The Department will continue to implement and enhance the maintenance measures for the existing ATC system to keep it in smooth and reliable operation and at the best international standard until the new ATC system is in operation in 2016.

10. As the Hong Kong International Airport is expanding and air traffic keeps growing rapidly, the demand for CAD's regulatory work and services will increase sharply. To ensure that the administrative management, resource planning, liaison and coordination work involved can be conducted effectively, the Government will consider allocating additional resources to strengthen the senior management of CAD.

Progress made in implementing recommendations of Audit and PAC

11. Follow-up actions have been taken in the past few months in response to the recommendations of Audit and PAC. A summary of progress made is at Enclosure 1.

Encl. 1

**THE GOVERNMENT MINUTE IN RESPONSE TO THE
PUBLIC ACCOUNTS COMMITTEE REPORT NO. 64
DATED JULY 2015**

**REPORT ON THE RESULTS OF VALUE FOR
MONEY AUDITS (Report No. 64)**

Chapter 1 – Buildings Department’s actions on unauthorised building works

12. The Government welcomes the comments made by the PAC and the Audit on the Buildings Department (BD)’s actions against unauthorised building works (UBWs), and generally agrees with their recommendations. We have taken proactive follow-up actions to implement the recommendations as far as practicable.

Government Policy on Tackling UBWs

13. We attach great importance to building safety. From the building safety point of view, all UBWs should be cleared due to their imminent or potential risk to the public. To this end, the Government has been taking a multi-pronged approach over the years to tackle UBWs, comprising legislation, enforcement, assistance to building owners, and publicity and public education. It is our long-term goal to develop a culture in the community that puts emphasis on building safety, through measures such as raising public awareness of the potential severe consequences caused by UBWs and deepening public understanding of the statutory provisions related to the building plan approval process and the simplified procedures for minor works control, such that the public will comply with the Buildings Ordinance on their own volition when carrying out any building works.

14. Enforcement actions taken by BD against UBWs play a key part in our overall effort to combat UBWs. In view of the sheer quantity of existing UBWs, BD must take a “risk-based” approach to prioritise its enforcement actions. Specifically, BD will categorise UBWs as “actionable” and “non-actionable” UBWs. Priority is accorded to “actionable” UBWs that comprise UBWs constituting obvious or imminent danger to life or property and newly built UBWs, against which BD will take enforcement action. As for “non-actionable” UBWs, BD may issue warning notices and register non-compliant notices at the Land Registry (LR); or issue advisory letters and refrain from taking enforcement actions for the time being. The UBWs in the two categories are reviewed from time to time, taking into account the changing circumstances and community concerns. Our aim is to progressively tighten the control regime by expanding the category of “actionable” UBWs.

15. We note PAC's concern over whether BD has sufficient resources to carry out the Government policy against UBWs. PAC recommended that the Development Bureau should provide BD with sufficient resources or to review the policy on UBW by setting practicable targets for BD; and to give careful consideration to the manpower and financial implications of its policies for the departments involved, and allocate sufficient funding to the relevant departments with a view to implementing the policies effectively and efficiently in the future. The Government will consider allocating appropriate resources for the department where justified. In fact, BD has been allocated additional resources in the past five years to cope with various operational needs. At the same time, BD also continues to optimise its efficiency by streamlining its operational procedures and readjusting its work priorities as appropriate. Through implementing the PAC and Audit's recommendations, we hope to improve further BD's efforts against UBWs and their effectiveness.

16. We are of the view that we must be cautious in making any major change to the existing UBW policy, including altering the scope of "actionable" UBWs, lest causing confusion to the public or even conveying a wrong message to the community that the Government had no determination to combat UBWs. At this stage, we have no plan to make major changes to the existing UBW policy but will keep in view BD's work progress and the deployment of resources. BD will also endeavour to enhance its efficiency and reprioritise its work as necessary, such as by adjusting the number of target buildings under Large Scale Operations (LSOs) or focusing its resources in conducting LSOs against buildings with higher risk owing to the existence of UBWs.

Implementation of UBW policies

Number of UBWs removed

17. PAC noted a drop in the number of UBWs removed despite BD having been given extra resources in recent years, and was thus concerned about the effectiveness of BD's enforcement policies against UBWs. We wish to point out that the additional resources allocated to BD in recent years was mainly for, besides taking enforcement actions against UBWs, a number of building safety enhancement initiatives, such as implementation of the mandatory building and window inspection schemes; introduction of the Minor Works Control System (MWCS); manning the joint office on water seepage; expediting processing of new building plans; etc. With our promoting awareness for building safety and the occurrence of major building safety incidents, the public has deepened their understanding of UBWs. This has led to a significant surge in the number of case reports to BD, and hence an unprecedented increase of its workload.

One must note that the mere quantity of UBWs removed cannot reflect the amount and effectiveness of BD's work. With the completion of the ten-year programme targeting at UBWs on external walls of buildings by the end of 2010, the number of UBWs removed since 2011 had dropped as we had expected since the remaining UBWs were less easily identifiable and accessible, and their removal operations sometimes involved dispossession.

Tackling "actionable" UBWs

18. On tackling "actionable" UBWs, PAC recommended that BD should step up enforcement actions with a view to enhancing deterrent effect; ascertain the total number of UBWs and identify the manpower and expenditure involved in the enforcement actions; set priority, practicable removal targets as well as action plan with timeframe; and publish on BD's website and in its Controlling Officer's Report (COR) the number of "actionable" and "non-actionable" UBWs removed each year.

19. BD is committed to taking enforcement actions against "actionable" UBWs. In particular, BD has deployed more resources to clear cases of non-compliant removal orders, including by instigating prosecution, to achieve the deterrent effect. But as we pointed out to PAC earlier, the scope of "actionable" UBWs depends on the prevailing enforcement policy. Moreover, UBWs which were "non-actionable" might later on become dangerous and "actionable". On the other hand, building owners might remove UBWs voluntarily before BD's enforcement action. Given these variables and that the status of UBWs keeps on changing, BD is unable to ascertain the number of UBWs belonging to the "actionable" category.

20. To avoid causing confusion to building owners for having to work with different divisions/sections of BD, BD has adopted a "building co-ordinators (BC)" approach since 2011 whereby the same team of officers is designated to handle all general building safety problems, public reports and enforcement against building dilapidation and different types of UBWs for the same building. This approach has improved efficiency in BD's day-to-day operation as the same team could gather and deal with all the information of a building under its purview and would have a better grasp of the overall condition of the building. Building owners would find it more convenient as they only have to liaise with one single contact point in BD on all the building safety issues/complaints concerning their buildings. Furthermore, in response to major building safety incidents, BD has to proactively redeploy its staff to take appropriate follow-up actions. Under the BC approach and given the various ad hoc operations, it would not be possible for BD to provide a breakdown or an estimate of resources deployed solely for the enforcement actions on UBWs.

21. As mentioned above, our policy objective is to develop a culture in the community that cares about building safety. Unless and until all building owners honour their due responsibility to abide by the law, remove UBWs out of their own volition and refrain from carrying out UBWs, Hong Kong would not be cleared of all UBWs. Before such objective is met, BD will carry on with its enforcement actions but it will be difficult to set a timetable for clearing all UBWs. BD will reprioritise its work in the light of prevailing circumstances in order to spare resources to follow up the non-compliant removal orders. It will continue to set out annual targets and indicators for its enforcement actions in its CORs. In particular, in response to PAC's recommendations, BD is revamping its Building Condition Information System (BCIS) to build additional functionality into the system for compiling the number of "actionable" and "non-actionable" UBWs removed each year. Upon completion of the revamping, BD would publish the relevant figures on its website and in its CORs.

Illegal Rooftop Structures on Single-Staircase Buildings

22. PAC recommended that BD expedite the clearance of illegal rooftop structures on the 33 single-staircase buildings to reduce the serious fire risk to the occupants of these buildings. BD attaches great importance to these cases and has already issued removal orders but the illegal structures concerned have yet to be cleared. The Progress Monitoring Committee (PMC), chaired by the Director of Buildings, will closely monitor the progress of each case.

Updating Internal Guidelines

23. PAC recommended that BD update its guidelines in view of the changing circumstances to help its staff in their discharge of duties, and to ensure their compliance of the guidelines. In this connection, BD has been reviewing its internal operational guidelines from time to time as necessary, so that its staff would possess and have a good grasp of sufficient, clear and uniform guiding principles as a basis for action. BD also conducts staff briefings to elaborate on the rationale behind the review or revision of the guidelines as appropriate. In light of PAC and Audit's various recommendations, BD has identified certain guidelines for review, which is scheduled for completion by the end of 2015.

Promotion of the Household Minor Works Validation Scheme (HMWVS) and the Validation Scheme for Unauthorised Signboards (VSUS)

24. PAC recommended that BD step up its publicity measures to improve the response rate of HMWVS and VSUS. BD has been conducting publicity through various channels, including booklets and pamphlets, BD website, Announcements in the Public Interest, briefings and mobile applications, etc. It

should be noted that owners are presented with options to tackle their minor UBWs, namely to remove and re-erect the minor works in accordance with the simplified procedures under the MWCS, or to validate them under HMWVS or VSUS. Taking VSUS as an example, with its introduction, the number of minor works submissions associated with signboards received by BD increased significantly from around 90 per month to an average of 380 per month. In 2014, more than 5 000 minor works submissions involving signboards and nearly 11 000 associated with household minor works were received by the BD. This shows that owners may prefer the option of removal and re-erection to the validation option.

Handling of public reports on UBWs

25. PAC was concerned about some cases, in which BD had received reports and confirmed the existence of “actionable” UBWs after inspection but had not issued removal orders after considerable time. BD staff strive to make every effort to carry out their statutory duties most expediently and cost-effectively. However, each UBWs case has its own unique circumstances and background that will affect the assessment on the appropriate actions to be taken including whether and when to issue a removal order, taking into account first and foremost public safety. Other factors may include BD’s prevailing enforcement policy and operational guidelines, ease of access to the UBWs for inspection and the level of details obtainable therefrom, any change in the condition of the UBWs, any scheduled operation against the building concerned, undertakings by the building owners upon receipt of advisory/warning letters, etc. Therefore, the period between initial inspection and the issue of removal order varies from case to case. Besides, since BD has redeployed resources to clear the huge backlog of long-outstanding removal orders, a longer timeframe would need to be allowed for implementing less urgent steps in the handling of public reports. BD will continue to expedite the follow-up of outstanding cases.

Actions through Large Scale Operations

Completion time of LSOs

26. PAC was concerned about the delay in BD’s earlier LSOs against different UBWs. BD admits delays in the completion of LSOs due to various reasons, including uncooperative attitude of the owners/occupants, personnel changes in BD and consultants’ firms, and discrepancies in the estimation of manpower requirements. BD has already taken a series of measures in recent years to strengthen the performance monitoring of consultants carrying out LSOs, including enhancement of contract terms, updating of internal guidelines, timely issuance of warning letters and setting up of “Warning Letter Register”, as well as revamping the BCIS to monitor operation progress. Besides, the manpower situation in BD has improved and it has gained experience in implementing LSOs. Having regard to the above, BD has pragmatically reviewed the progress of the LSOs and revised their target completion dates.

Publishing figures related to LSOs on sub-divided flats (SDFs)

27. PAC recommended that BD publish on its website the actual number and percentage of SDFs found vis-à-vis the total number of flats covered under LSOs on SDFs. As we explained to PAC earlier, SDFs do not necessarily involve UBWs or, as a matter of public concern, rental to multiple tenants. The target of the relevant LSOs is the UBWs commonly associated with SDFs. BD will carefully consider how to publish relevant statistics on LSOs targeting at SDFs.

Follow-up actions on removal orders

28. PAC was concerned that some removal orders had not been registered at LR, or recorded with the dates of their registration. In this connection, BD has established the PMC, chaired by the Director of Buildings and attended by relevant directorate officers, to systematically tighten the monitoring of the registration situation and to revamp its BCIS to support the monitoring of removal order registration. BD is also exploring with LR the feasibility of obtaining the latter's computer data on the registration of removal orders for automatic uploading into BCIS.

29. On PAC's concern about the progress of following up non-compliant removal orders, BD acknowledges the huge backlog of long-outstanding removal orders in recent years. BD formed dedicated teams in 2014 to follow up such removal orders, and reinforced the teams and improved their workflows in 2015 to enhance the efficiency.

System for supporting enforcement actions

30. In its report, PAC identified some inadequacies of BD's BCIS, and recommended that BD take measures to ensure that important information on UBWs would be updated in BCIS in a timely manner. BD will incorporate PAC and Audit's comments in the system revamping currently under way to enhance the system functionality.

Way forward

31. PAC recommended that BD consider exploring other effective means to clear the large number of long-outstanding removal orders, such as adopting a fixed penalty system for UBWs or granting amnesty to UBWs constituting no obvious or imminent danger to life or property. We are of the view that we must be cautious in making any major change to the existing UBW policy, lest causing confusion to the public or even conveying a wrong message to the community that the Government has no determination to combat UBWs. We have no plan at this stage to introduce any major change to the existing UBWs policy. BD will continue

to take a multi-pronged approach to tackle the problem of UBWs. Apart from existing measures including instituting prosecution, imposing surcharge on default works, operating validation schemes and financial assistance schemes, and providing through social service teams, BD will explore other effective means to encourage owners to remove their UBWs. As regards the suggestion of introducing a fixed penalty system, given that the location, size, types, etc. of different UBWs vary, introducing a fixed penalty system for UBWs requires careful consideration. Relevant factors of consideration will include, but not be limited to the following -

- (a) fixed penalty is generally adopted for tackling minor offences (e.g. littering, illegal smoking). Moreover, issuing a fixed penalty notice must precede any prosecution instigated against the offender. This may limit the enforcement options which BD currently has against UBWs, particularly for cases posing imminent public safety risk; and
- (b) the economic value to the owner for retaining certain UBWs, plus the cost of demolishing them, will depend on the location, size, types, etc. of the UBWs. It will be difficult to set a fixed penalty level with adequate deterrent effect against all UBWs.

A fixed penalty system has been introduced for the Mandatory Window Inspection Scheme since June 2012. With more experience gained, we will review its effectiveness and consider whether it should be extended to other enforcement areas, including UBWs.

32. As exploring other means to deal with non-compliant removal orders is an ongoing effort, we will report the relevant progress to the LegCo Panel on Development at an opportune juncture.

Progress of implementing Audit's recommendations

33. While we have no plan at this stage to introduce any major change to the existing UBWs policy, we will monitor BD's work progress and allocate appropriate resources where justified. BD will also endeavour to improve its efficiency and reprioritise its work as appropriate, such as by adjusting the number of target buildings under LSOs or focusing its resources in conducting LSOs against buildings with higher risk owing to the existence of UBWs.

34. In response to PAC and Audit's comments, BD has implemented a series of improvement measures. Moreover, BD also established a Task Force headed by the Deputy Director in July this year to conduct an overall review on its actions against UBWs. Taking into account PAC and Audit's recommendations, BD's manpower situation and workload, the Task Force will propose specific

measures to enhance each stage of actions such as dealing with non-compliant removal orders, devising strategies and targets for combating “actionable” UBWs, registering removal orders at LR, instigating prosecution against and carrying out default works for those in breach of orders, encouraging owners to remove UBWs, etc.

Encl. 2 35. A summary of the progress of implementing Audit’s recommendations is set out at Enclosure 2.

Chapter 2 – Operation of the Government Flying Service

36. The Security Bureau (SB) and the Government Flying Service (GFS) have been actively following up on the recommendations made by the PAC of the LegCo and the Audit. The latest progress is reported below.

Provision of Flying Services and Management of Aircrew Members

37. SB and GFS are fully aware of the pressing need to improve GFS’s manpower and management in the face of the significant increase in service demand and shortage of manpower. In response to the observations and recommendations of PAC and Audit, GFS has expedited the recruitment for various departmental grades (particularly aircrew members) to fill vacancies as soon as possible, so that the strength of the respective grades can return to the establishment level. In addition, GFS is planning to recruit additional non-civil service contract aircrew members to ensure sufficient aircrew members to provide reliable emergency services for each shift as a stop-gap measure.

38. Separately, SB has commissioned the Efficiency Unit to conduct a management study on GFS for exploring room for improvement in the areas of manpower deployment, workflow, automation, administrative support, service mode and so forth. The study has commenced and is expected to be completed in the first half of 2016.

Maintenance of aircraft

39. In response to the views given by PAC and Audit, GFS has improved the communication between the Engineering Section and Operations Section of GFS in order to minimise the waiting time for air tests upon completion of major aircraft maintenance. The Engineering Section will keep reviewing all aircraft maintenance programmes, and repair and inspection programmes on a regular basis in order to increase the availability of serviceable aircraft, while ensuring that aircraft maintenance meets the professional standards. To cope with the workload arising from increasing service demand, SB and GFS are currently reviewing the manpower of the Engineering Section, and will consider measures to improve the situation.

Procurement of aircraft and spare parts

40. On procurement, the Helicopter Replacement Project has been progressing well. The tender results were announced in the Gazette dated 28 August 2015. As for the fixed-wing aircraft replacement project, according to the latest information by the manufacturer, the two new fixed-wing aircraft will be delivered to Hong Kong by the end of 2015 and early 2016 respectively.

Progress on implementation of Audit's recommendations

Encl. 3 41. For the implementation of the various recommendations by Audit and PAC, please refer to Enclosure 3.

Chapter 3 – Public cooked food markets managed by the Food and Environmental Hygiene Department

42. The Government accepts the recommendations made by the Audit and the PAC of the LegCo regarding the management of public cooked food markets. The Food and Environmental Hygiene Department (FEHD) has accordingly taken follow-up actions on them as appropriate. The progress made is reported below.

Vacancy Rates of Markets

43. The Audit and the PAC urged Director of Food and Environmental Health to consider implementing measures to expedite the consolidation of cooked food hawker bazaars (CFHBs) with high vacancy rates. The PAC also urged the Secretary for Food and Health and Director of Food and Environmental Health to proactively formulate an integrated policy to take forward the future development of public cooked food markets, together with public markets and hawkers to achieve synergy; and to thoroughly consult the relevant stakeholders before any new measures are implemented.

44. CFHBs were designed to serve as a transitional arrangement and hence were not built for long-term use. We have since 1972 stopped issuing new hawker licences under normal circumstances. Barring exceptional circumstances, we would not issue licences to newcomers to fill the stalls left vacant by hawker licensees who have passed away or surrendered their licences. Hence, a progressive increase in the vacancy rate is inevitable over time. Furthermore, taking into account the fact that most of the hawker licensees operating in CFHBs were coming from the grassroots, the Government had been adopting a relatively accommodating approach and consciously refrained from forcing the operators to

move out in order to avoid causing significant social acrimony. Past experiences on the introduction of measures affecting relevant CFHB Hawker Licensees, such as the closure of CFHB, showed that close liaison with the affected parties and relevant district councils would be essential to their smooth implementation.

45. Having said that, we agree that on the development of public cooked food markets, it is necessary to ensure the optimal use of scarce land resources. The improvement of operating environment of public cooked food markets, hawkers and public markets has been a subject of discussion at the LegCo Food Safety and Environmental Hygiene Panel as well as its Sub-Committees. We would have to study how to make more effective use of scarce resources, including those public cooked food markets with high vacancy rates. In this connection, FEHD has formulated improvement or exit plans for some of the CFHBs, and would continue its work for the rest of them and other cooked food markets (CFMs), taking into account their business viability, community needs, resource availability and competing priorities. FEHD is taking active steps to close some of the CFHBs, and have started to discuss the exit plans with the affected cooked food hawkers of two of them, namely Tai Lin Pai Road CFHB and Yu Chau West Street CFHB. FEHD will also discuss the exit arrangements with the affected hawkers of another CFHB within 2015.

46. For those cooked food venues located at temporary sites, namely Woosung Street Temporary CFHB, Yu Chau West Street CFHB, Lai Yip Street CFHB, Haiphong Road Temporary CFHB, Reclamation Street CFHB and Stanley Market Open Space Hawker Bazaar, FEHD will conduct regular reviews on their operation and re-development potential, and consider if they should be vacated for other uses. Similar considerations will be given to two other CFMs and one cooked food centre (CFC) which are also located at temporary sites. As stated in the preceding paragraph, FEHD has started to discuss the exit plans with the cooked food hawkers of Yu Chau West Street CFHB. FEHD would endeavour to deliver the plans formulated for individual CFHBs, CFCs and CFMs though being keenly aware that some proposals may trigger from some segments of the community strong sentiments which also need to be addressed to the extent possible and justified.

47. Taking into account the views of the Audit and PAC on the future development of public cooked food markets, FEHD will take a holistic approach in considering and taking forward the future development of public cooked food markets, with due consideration given to the views of the relevant stakeholders.

Provision of Facilities in Markets

48. On the Audit's and PAC's recommendations that FEHD should expedite the implementation of necessary fire safety measures and the study on

upgrading the electricity supply for public cooked food markets, FEHD has worked with relevant departments to follow up the Audit's recommendations to improve fire safety in CFMs and CFHBs. It is worth mentioning that out of the 39 CFCs managed by FEHD, 31 are equipped with all the six stipulated fire safety measures¹. Seven CFCs, where the automatic cut-off device for mechanical ventilating system is not necessary since there is no central air-conditioning/ventilating system, are already equipped with the other five fire safety measures. The remaining CFC, i.e. Sham Tseng Temporary Market CFC, is provided with four fire safety measures². To date, all 25 CFMs and 11 CFHBs are provided with portable fire extinguishers. Action has been set in train to install in the coming months emergency lighting and manual fire alarm in cooked food venues where such devices are lacking at present. For installation of the remaining three fire safety measures (viz. fire hydrant and hose reel system, automatic sprinkler system and automatic cut-off device for mechanical ventilating system), owing to the need to resolve the technical issues involved and consult relevant departments, more time will be needed. It will be necessary to identify suitable space in the cooked food venues for construction of water tanks and the associated plant rooms for their installation. The location and operation of the water tanks or plant rooms should avoid affecting existing installations in the venues. In particular, detailed structural assessment is required to ensure that the cooked food venues can support the loading imposed by the additional structures. In addition, the fire safety design/installation proposal as well as the water supply for the fire safety system will require separate approval by the Fire Services Department and Water Supplies Department respectively. FEHD will work with relevant departments to ascertain the technical feasibility of installing these fire safety measures in CFMs and CFHBs where such devices are lacking at present.

49. Fire safety installations aside, FEHD has arranged fire safety talks for its staff and cooked food stall operators, issued fire safety tips and guidelines on electrical safety and use of electrical appliances to operators, and taken fire hazard abatement actions. FEHD has also issued warnings to stall tenants of CFMs and CFCs on irregularities which may lead to termination of tenancy agreement

¹ The six measures are:

- (a) automatic sprinkler system;
- (b) automatic cut-off device for mechanical ventilating systems;
- (c) emergency lighting;
- (d) fire hydrant and hose reel system;
- (e) manual fire alarm; and
- (f) portable fire extinguisher.

² The two outstanding fire safety measures of the Sham Tseng Temporary Market CFC are the automatic cut-off device for mechanical ventilating system and the automatic sprinkler system. Given that there is no central air-conditioning/ventilating system in this CFC, an automatic cut-off device is not necessary. As regards the automatic sprinkler system, Architectural Services Department (ArchSD)'s advice is that because the temporary market is located under a flyover, the construction of a sprinkler pump room, water tank and trench for sprinkler pipe would not be feasible without major refurbishment. ArchSD would conduct a feasibility study on an alternative proposal for a sprinkler system in view of the site constraints and latest statutory requirements.

eventually. On electricity supply for public cooked food markets, FEHD has approached the Architectural Services Department, Electrical and Mechanical Services Department and related power companies to explore the feasibility of upgrading electricity supply system for those public cooked food markets with sub-standard systems.

50. The Government is committed to improving the operating environment of public cooked food markets. Having regard to the demand of tenants who would like to install air-conditioning system while not losing sight of the interest of those sitting tenants who do not support the installation, the Government has decided to lower the threshold of the support rate from 85% to 80%, with effect from 1 July 2015. Provided that no less than 80% of the stall operators of a CFM or CFC endorse the installation and agree to bear the recurrent costs, FEHD will conduct a detailed technical feasibility study for the installation of air conditioning system.

Management of Market Stalls

51. As regards the Audit's and PAC's suggestion in relation to the management of market stalls, FEHD has been conducting necessary inspections and taking appropriate follow-up actions on the cases and irregularities at public cooked food markets identified in the Audit Report, including the following -

- (a) FEHD has been closely monitoring the situation of malpractice of occupation of the communal seating area for exclusive use. Daily inspections are conducted to stalls in CFCs/CFMs. If tenants are found in breach of the relevant condition, consideration would be given to terminating their tenancy agreements if three warning letters have been accumulated within a period of six months under the warning letter system.
- (b) The Department of Justice (DoJ) advised in 1999 that the sale of intoxicating drinks by cooked food stalls of Urban Council's markets (now FEHD's markets) constituted no offence under section 25A of the Dutiable Commodities (Liquor) Regulations (Cap. 109B) if the consumption of the liquor did not take place in the stalls where the intoxicating drinks were sold. DoJ has recently confirmed in writing that the advice still stands. FEHD will closely monitor the sale of liquor without a licence by cooked food stalls in FEHD markets and refer dubious cases (such as consumption of the liquor inside the stall area) to the Police for investigation.
- (c) For unauthorised occupation/unauthorised use of stall, FEHD will take enforcement action under the Food Business Regulation (Cap. 132X) or issue warning letter for breaches of tenancy

agreement as appropriate to curb irregularities such as operating food factory business. FEHD has since February 2015 conducted investigation into nine suspected cases of operating food factory business in cooked food stalls. A total of nine verbal warnings and 17 warning letters were issued to the tenants concerned as at end of August 2015. The department will step up inspections and closely monitor the situation. Should non-compliance persist, FEHD will consider terminating their tenancy agreements under the existing sanction mechanism.

Management of stall rentals and charges

52. FEHD notes the Audit's and PAC's recommendations on the establishment of a rental adjustment mechanism, the recovery of rates and the recovery of air-conditioning charges. Although the Government's proposals in the last couple of years on the market rental adjustment mechanism and the recovery of air-conditioning charges did not have the support of the LegCo, the Government will continue its effort in identifying a suitable rental adjustment mechanism and setting up arrangements to recover the rates and air-conditioning charges. As discussed at the meeting on 29 June 2015 of the Subcommittee on Issues Relating to Public Markets set up under the LegCo Panel on Food Safety and Environment Hygiene, the Government aims to revert to the LegCo Panel in 2016 with a proposal on the market rental adjustment mechanism and payment of rates and air-conditioning charges.

Progress Made in Implementing the Audit's and PAC's Recommendations

53. Follow-up actions have been taken in response to the Audit's and PAC's recommendations and improvement measures have been implemented as appropriate. A summary of progress in implementing the Audit's and PAC's recommendations is at Enclosure 4. As these measures will be implemented on an on-going basis and implementation of some of them will be taken forward after deliberations at the LegCo Panel, we recommend deleting the relevant parts from the next progress report.

Encl. 4

Chapter 4 – Management of water supply and demand

Overall

54. The Government fully endorses the importance of the management of water demand and supply, and accepts the recommendations made by the Audit. The Water Supplies Department (WSD) is following up with the Audit recommendations.

Supply of reclaimed water in the Northeast New Territories region

55. WSD has been taking actions along two fronts with a view to expediting the supply of reclaimed water in the Northeast New Territories region. On the technical front, WSD has already established technical standards for the use of reclaimed water for flushing and other non-potable uses. To speed up the infrastructure delivery, WSD has also commenced its design with a view to expediting the construction works in stages. On the implementation front, WSD has commissioned a consultancy to study the financial and legal framework to prepare for the necessary legislative amendments to enable supply of reclaimed water.

Developing seawater desalination

56. WSD will continue to closely monitor the growth of our future fresh water demand and will in tandem liaise closely with Guangdong Province to monitor the supply of Dongjiang (DJ) water to Hong Kong.

57. Our fresh water resources are still facing various challenges, including increasing water demand arising from population and economic growth, fluctuating local yield, climate change, as well as keen competition for DJ water resources due to the rapid economic development in the Pearl River Delta Region. The total quantity of water abstracted from DJ by the Guangdong cities is increasing in recent years and has nearly reached the amount that can be extracted from the river for consumption under a drought with return period of 1 in 20 years. In a more severe drought with return period of 1 in 100 years, the water resources available in DJ as well as the yield collected from the local water gathering grounds will be affected and may not be able to meet the water demand of Hong Kong after 2020. To safeguard our water security, we need to take timely preparatory action to develop seawater desalination which is not susceptible to climate change. In this respect, WSD has completed the planning and feasibility study for the proposed desalination plant in Tseung Kwan O and is selecting a consultant to carry out design for the first stage of the proposed desalination plant.

Water consumption increases after retrofitting water-saving devices at government facilities

58. WSD has been conducting reviews including the water consumption and operations of the 119 government and school premises where there were increases in water consumption after retrofitting of water saving devices. As at 14 October 2015, WSD has completed the review for about 70% of the premises. In general, the retrofitted water saving devices help restrict the flow and thus help save water. It is revealed that the main reason for the increased consumption is due to

additional water usage arising from increased patronage or activities carried out after the retrofitting (e.g.: additional water usage for the construction and maintenance of green roofs, enhanced operational requirements such as extra cleansing, etc.). WSD aims at substantially completing the review for the remaining premises by early 2016.

Fresh water production costs and publication

59. WSD will inform the public of the net and full fresh water unit production costs which include a target return on average net fixed assets through its future annual reports.

Per capita domestic fresh water consumption

60. WSD has enhanced their strategies in driving water conservation in Hong Kong through a multi-pronged and more proactive approach. As far as domestic fresh water consumption is concerned, WSD has been strengthening their collaboration with various stakeholders including schools, green groups/non-government organizations and building management offices, and embarked on a number of new measures with a view to promoting and fostering water conservation culture and behaviours and thus lowering the daily per capita consumption. On the education and promotion side, major measures include (a) the implementation of an Integrated Education Programme on Water Conservation for primary schools in 2015 and (b) the establishment of a new permanent Water Resources Education Centre (which is currently under design) to replace the existing temporary one to strengthen the water conservation culture amongst the general public.

61. On the hardware side, WSD is taking steps to (a) formulate practice notes requiring the mandatory use of products registered under the Water Efficiency Labelling Scheme in new buildings and existing premises undergoing major renovation, and (b) expand the installation of flow controllers in public rental housing estates.

Progress made in implementing the Audit's recommendations

62. A summary of progress in implementing the Audit's recommendations is set out in Enclosure 5.

Chapter 5 – Hong Kong Sports Institute Limited

Overall

63. The Government generally accepts the recommendations made by the Audit and the PAC of the LegCo with regard to the Hong Kong Sports Institute Limited (HKSIL). The Government and the HKSIL have taken follow-up actions as reported below -

Elite athlete training and support

Training records

64. The HKSIL accepts the recommendation of the Audit to improve the system for keeping records of attendance, and has devised a new record form including all training-related coach-athlete interaction after consultation with coaches and athletes. The new form will be adopted with effect from October 2015. As the recommended measure has been implemented, we recommend deleting this part from the next progress report.

Difficulty in recruiting coaches

65. Over the past five years, the HKSIL has not encountered difficulty in attracting high-performance coaches at Coach or Head Coach level within a reasonable time frame. The coaching salary structure is generally compatible with the market. Current approaches include: an annual salary scale review system; a performance based remuneration structure; recruiting coaches in partnership with “national sports associations” (NSAs); and using the HKSIL’s and NSAs’ international networks. The HKSIL will monitor the situation, keep track of international trends and make improvements as necessary. As follow-up actions have been taken, we recommend deleting this part from the next progress report.

Governance and government monitoring

Meeting attendance rates

66. The HKSIL will advise directors of likely dates for meetings as early as possible to facilitate attendance, and will take into account attendance rates of individual directors when recommending future appointments. As follow-up actions have been taken, we recommend deleting this part from the next progress report.

Non-compliance with guidelines under the Corporate Governance Manual

67. The HKSIL has drafted a manual on the governance structure of the HKSIL, including guidelines to address issues such as attendance rates, disclosure of conflict of interest and a code of conduct, based on the advice from the Independent Commission Against Corruption. The draft manual will be presented to the Board for approval within the 2015/16 financial year.

Internal controls on financial and administrative matters

68. The HKSIL will implement new measures within the 2015/16 financial year with due consideration given to ensuring independence of the internal audit functions and articulation of the internal audit functions into the existing HKSIL governance structure.

Administrative issues

Low utilisation rates for HKSIL facilities

69. The Government has explained that the HKSIL was redeveloped to accommodate an anticipated significant growth in the number of elite athletes to be trained at the Institute in the coming years. The increasing number of elite athletes trained at the Institute will increase the utilisation rates of the facilities. Upon completion of the redevelopment of the Institute in end 2015, the HKSIL will review the utilisation rates in the light of the requirements of athletes, and develop targets for utilisation rates based on the outcome of this review. When there are residual timeslots, other users may use the facilities for a fee.

70. The HKSIL has reviewed the provision of shuttle bus services, and with effect from August 2015 has cut all shuttle bus routes except for one heavily-used route providing transport during lunch hours. As follow-up actions have been taken, we recommend deleting this part from the next progress report.

Energy-saving measures

71. The HKSIL will conduct an energy audit for the sports complex in February 2016 and will also consider conducting a carbon audit.

Redevelopment project

72. The Government and the HKSIL are consulting relevant departments with a view to devising the way forward on the construction of boat launching facilities.

Lease arrangement

73. The Government is reviewing the leasing arrangement for the Fo Tan premises to the HKSIL and aims to come to a view before the expiry of the current tenancy agreement in March 2017.

Chapter 6 – Employees’ compensation for injuries and fatalities

74. The Government and the Employees Compensation Assistance Fund Board (ECAFB) accepted the recommendations made by the Audit and have been taking actions to follow up on the Audit recommendations as appropriate. The progress is set out in the ensuing paragraphs.

Time required for processing Employees’ Compensation Claims by the Labour Department

75. The Employees' Compensation Division (ECD) of the Labour Department (LD) is reviewing the medical clearance procedures in order to expedite the processing of the outstanding employees’ compensation claims, and exploring with the Hospital Authority feasible measures with a view to shortening the waiting time for assessment by the Employees’ Compensation (Ordinary Assessment) Boards.

76. In addition, ECD has improved the current monitoring mechanism so as to better utilize the appointment quotas.

Administration of the Employees Compensation Assistance Fund (ECAF)

Time required for processing ECAF applications

77. ECAFB has commenced enhancement of its computer system since September 2015 to build up a more comprehensive database on ECAF applications to facilitate its Secretariat in monitoring case development and taking timely actions to expedite the processing of cases. The Secretariat will, starting from October 2015, report regularly the progress of the cases to ECAFB, so that ECAFB could instruct the Secretariat to carry out follow-up actions more expeditiously where appropriate with a view to completing the processing of the cases concerned as soon as possible.

Measures to help streamline the operations

78. ECAFB has agreed to employ one in-house lawyer to give timely legal advice on the processing of cases and to improve case management; and will follow up on the recruitment of this lawyer proactively. In addition, ECAFB has written to its three retained law firms, reminding them to consider and propose out-of-court settlement or mediation as appropriate.

Procurement practice for selecting retained lawyers

79. Upon the employment of the in-house lawyer as referred to in paragraph 78 above, ECAFB will conduct an overall review and assessment on various issues (e.g. the workflow, the arrangement of assigning cases to the retained lawyers, the processing and follow-up of cases, and the requirement for legal services) to facilitate the formulation of the procurement practice of legal services in future.

Management of surplus funds

80. ECAFB and LD will continue to keep in view the financial position of ECAF and be prudent in managing ECAF's resources. Timely review will be conducted and feasible measures explored to address the practical needs as and when necessary.

Publicity work

81. More information about ECAF has been uploaded to LD's website with effect from August 2015. In addition, LD and ECAFB reminded all its ECD Offices as well as the Companies Registry and the Business Registration Office in February and July 2015 respectively to continue assisting in the distribution of the Guide to the Employees Compensation Assistance Ordinance and Procedures for Applying for Payment from ECAF, and to make timely replenishment for collection by members of the public. Periodic issuance of similar reminders will also be arranged.

Ensuring employees are covered by employees' compensation insurance

Inspection strategies and monitoring of inspections

82. The Labour Inspection Division (LID) of LD has reviewed the existing strategy of labour inspections and the mechanism of supervisory inspections, and drawn up appropriate measures to strengthen the prevailing offence-prone approach inspection and enforcement strategy. These measures include devising new action plan templates to improve recording and monitoring

the justifications for selecting specific trades and workplaces for each routine inspection and district-based campaign; stepping up follow-up inspections to workplaces with previous offence records and systematically identifying new workplaces for inspections; and devising more specific operation guidelines for labour inspectors to follow up closely on cases involving non-display of notice of insurance. To enhance the understanding of foreign domestic helpers that they are covered by employees' compensation insurance even though inspections to domestic premises cannot be conducted unless with a warrant issued by a magistrate, LD will specifically remind foreign domestic helpers during briefings of the compulsory insurance requirement imposed on employers. In addition, LID has refined the existing mechanism of supervisory inspections by revising the existing activity record templates and the course of action required for the endorsement of the activity record to facilitate better monitoring of supervisory inspections conducted by Senior Labour Inspectors.

Integrity of the workplace database

83. To provide a more comprehensive and updated database for mapping out inspections, LID has refined the operation guidelines and devised mechanism to enhance the integrity of the workplace database.

Performance information

84. LID has reviewed its performance indicators. In preparing the COR and providing performance information to the LegCo, LID will include a remark, where appropriate, to reflect more clearly the number of inspections to workplaces that were found locked, removed or vacant.

Progress made in implementing the Audit recommendations

85. Up to mid-October 2015, follow-up actions have been duly completed or improvement measures will be taken on an on-going basis in respect of 12 of the 15 recommendations set out in the Report No. 64 of the Director of Audit. LD and ECAFB will continue to report progress on the remaining three items. Details of the implementation progress are set out at Enclosure 6.

Encl. 6

Chapter 7 – Education Bureau Kowloon Tong Education Services Centre

86. The Government accepts all the recommendations made by the Director of Audit regarding the Kowloon Tong Education Services Centre (KTESC) in his Report No. 64. The Education Bureau (EDB) has taken appropriate follow-up actions to take forward the Audit's recommendations. At the strategic level, EDB has formed a Task Force, assisted by a Project Team, to take forward a post-implementation review of KTESC. The Task Force will work out a strategy to

enhance the effective use of KTESC, having regard to the Audit's findings and the prevailing, potential and upcoming service and operational needs in consideration of the current and forthcoming educational policies. At the operational level, improvement measures have been taken in the following areas: ensuring proper approval for accommodation changes, improving the methodology for gauging and monitoring the usage of the various facilities in KTESC, taking effective actions to improve utilisation of both the educational and communal facilities, setting appropriate performance targets, stepping up promotion of the services in KTESC, and ensuring accuracy of the statistics related to the borrowing of the resources in KTESC.

87. As at mid-October 2015, among the 16 Audit recommendations, action has been duly completed/taken for nine of them, and the rest are being actively pursued. Details of the progress made in taking forward the Audit's recommendations are set out at Enclosure 7.

Encl. 7

Chapter 8 – Rehabilitation services provided by the Correctional Services Department

88. The Correctional Services Department (CSD) welcomes the report made by the Audit and the recommendations contained therein. CSD has taken follow-up actions to address the recommendations as appropriate and the majority of them have already been implemented. Major measures taken are reported below.

Counselling and psychological services

89. When the Risks and Needs Assessment and Management Protocol for Offenders (the Protocol) was implemented in 2006, the target was to provide persons in custody (PICs) with matching programme(s) of “at least one of the seven need domains”³. It is on this basis that CSD's work on the Protocol has been developed and the corresponding manpower resources have been acquired. Paragraph 2.7 of the Audit Report pointed out that 99% of the eligible PICs had at least one of their needs served, which exceeded the target of 80% of the relevant PICs. For the 1% who did not receive the matching programmes, reasons were (a) refusal by PICs, (b) prolonged stay in hospital due to medical conditions, and/or (c) separate confinement due to disciplinary problems, etc. Other measures, including “Motivation Enhancement Group”⁴, individual counselling and referrals, have been introduced to cater for the rehabilitative needs of this group.

³ Including family/marital domain, employment domain, community functioning domain, associates domain, personal/emotional domain, criminal attitude domain and drug abuse domain.

⁴ “Motivation Enhancement Group” aims to encourage eligible provide persons in custody (PICs) with low responsivity to join the matching programmes. Topics of the Group cover helping those PICs open up themselves to try to understand their problems, and introducing the potential achievements of participating in the matching programmes.

90. In light of the observations and recommendations of the Audit, CSD reviewed the provision of the matching programmes under the Protocol in July 2015. CSD had taken into account relevant factors such as overseas practices and academic theories, the decreasing trend of the recidivism rates after the implementation of the Protocol (i.e. from 36.9% in 2006 to 29.0% in 2012⁵) and availability of resources. Having regard to the above considerations, CSD has decided to retain the current target for the time being. That said, CSD will make every effort to provide more matching programmes of identified needs whenever practicable. CSD will also continue to conduct regular reviews on the implementation of the Protocol and introduce improvements where appropriate.

Vocational training and industries

91. In light of the observations and recommendations of the Audit, CSD has conducted a holistic and strategic review on the trade mix as well as product mix of the Industry Units in June 2015. Having obtained the annual and ad-hoc requirements from clients in the public sector on the Correctional Services Industries' goods and services, CSD has introduced enhancement measures for better aligning with market demands and coping with clients' order forecasts taking into account the number of PICs available to work and the operational needs, as well as production efficiency. Recent examples are the conversion of a shoe-making workshop to a high-end waterproof apparel production workshop in Lo Wu Correctional Institution and the merging of metal workshops and the establishment of an elderly workshop in Tai Lam Correctional Institution in 2015.

Post-release supervision and community support

92. CSD endeavours to consider the feasibility of providing a wider variety of counselling services by different personnel to PICs or supervisees of the Drug Addiction Treatment Centres programme. The counselling for supervisees' family members will be intensified with a view to promoting a better understanding of supervision requirements. To facilitate early detection of relapse, CSD has liaised with the Government Laboratory with a view to expediting the urine specimen tests.

Progress made in implementing Audit's recommendations

93. A summary of the progress of implementing Audit's recommendations is at the Enclosure 8.

Encl. 8

⁵ Recidivism rate is defined as the percentage of re-admission (due to commission of a new offence) within two years after discharge of local convicts released from CSD custody. The latest figure available is for the year of 2012.

Administration of the air traffic control and related services
Updated Progress of Implementing Audit's and PAC's Recommendations
(as at 14 October 2015)

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 2: Management of the new air traffic control system project		
<p>Para 2.23(a) of the Audit Report</p> <p style="text-align: center;">and</p> <p>Page 73 of the PAC Report (point (b), (c) and (d))</p>	<p>Audit has recommended that the Director-General of Civil Aviation (DGCA) should –</p> <p>(a) in conjunction with the Air Traffic Management System (ATMS) contractor, expedite action in rectifying the outstanding deficiencies/observations in the ATMS and closely monitor the remaining contract work to minimise further project delay; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure that all the deficiencies/observations identified during the Factory Acceptance Tests and Sites Acceptance Tests must be completely and satisfactorily resolved prior to putting the new ATMS into operation;</p> <p>(c) request the Contractor to take all possible effective measures to expedite the implementation of the new ATMS contract; and</p> <p>(d) closely monitor the performance of the Contractor and take pro-active effective measures to ensure that the Contractor settles the outstanding issues in a timely and satisfactory manner;</p>	<p>Civil Aviation Department (CAD) has urged the ATMS contractor to expedite action in rectifying the outstanding observations in the ATMS and to closely monitor the remaining work through enhanced communication and supervision to ensure minimum possibility of project delay. The enhanced measures include establishment of a steering committee on the new ATMS project chaired by Deputy Director-General of Civil Aviation to oversee the implementation of the project and provide steer and advice; submission of regular progress reports, staff resources plans, and rectification plans by the contractor; weekly teleconference between CAD and the contractor's senior management to closely monitor and supervise the work progress of the contractor.</p> <p>After implementing the enhancement measures above, CAD is satisfied with the progress of the ATMS contract. All the acceptance test events of new ATMS have been conducted in accordance with the requirements specified in the contract (including the Site Acceptance Tests, Flight Check Acceptance Tests, Reliability Acceptance Tests and System Integration Tests), in order to ensure that the system operation complies with the contract conditions and CAD's safety requirements. Up to now, CAD was generally satisfied with the test results. For some follow-up</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
		<p>items of the system to be addressed, CAD, together with the contractor, have come up with a timetable to address them gradually. CAD will continue to closely monitor the contractor to ensure that the matters are handled in compliance with CAD's requirements.</p> <p>CAD has commenced training for the Air Traffic Control (ATC) operational staff and performing an overall safety assessment on the training of ATC operational staff, operational procedures, transition activities of new ATC systems, etc. to ensure compliance with the International Civil Aviation Organization's (ICAO's) stringent aviation safety requirements. The new ATC system will be ready for operation in the first half of 2016.</p>
<p>Para 2.23(b) and (c) of the Audit Report</p> <p>and</p> <p>Page 73 of the PAC Report (point (e))</p>	<p>Audit has recommended that DGCA should –</p> <p>(b) step up maintenance efforts to address surveillance data display problems (frozen/hang-up) in the existing ATC system; and</p> <p>(c) continue the efforts to deal with the issues of operating the existing ATC system until the new ATC system is available; and</p> <p>PAC urges CAD to –</p> <p>(e) closely monitor the existing ATC system and take pro-active effective measures to ensure the existing ATC system is timely maintained in good operational conditions</p>	<p>CAD has stepped up efforts to enhance maintenance measures to address surveillance data display (SDD) problems in the existing ATC system. In the last year, the availability of the existing ATMS had continuously exceeded the requirements of international standards. Through a one-off enhancement measure for the existing ATMS conducted in 2014, including upgrading the relevant SDD workstations and optimising radar signal inputs etc. to reduce the system loading, the number of SDD display problems has seen a prominent downward trend and continuously falls well within the margin of the safety performance indicator.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	until the new ATC system is commissioned;	
Page 74 of the PAC Report (point (f))	PAC urges CAD to – (f) consider formulating a contingency plan as soon as possible to deal with the termination of the ATMS contract in case that the Contractor has failed to provide a safe, reliable and stable system by the first half of 2016 or any other indicative date to be set by CAD/Transport and Housing Bureau (THB);	CAD has formulated a contingency plan to ensure the existing system can continuously provide a safe, reliable and stable ATC service. In view of the above, after implementation of a series of measures, CAD is satisfied with the progress of new ATMS contract. The new ATC system will be ready for operation in the first half of 2016.
Page 74 of the PAC Report (point (g))	PAC urges CAD to – (g) consider engaging external experts to assist in the procurement of complex systems in the future;	CAD has engaged an independent consultant from overseas since 2012 for providing safety assessment for the new ATC system to ensure that the contractor keeps up with the international quality standards and the ICAO's safety requirements in the process of system development. CAD will suitably adopt the consultant's advice to complete the safety assessment of the new ATC system. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.
Page 74 of the PAC Report (point (h))	PAC urges CAD to – (h) ensure that for future tenders, all foreseeable requirements are included in the tender specifications in the first place and the conditions of the contracts are formulated appropriately and clearly in order to achieve the best	CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to remind project officers to include all foreseeable requirements in the tender specifications in the first place as far as practicable, and the conditions of the contracts are to be formulated appropriately and clearly in order to achieve the best-value-for-money

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	value-for-money purchase for the Government;	<p>purchase for the Government in future tenders.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 74 of the PAC Report (point (i))	<p>PAC urges CAD to –</p> <p>(i) ensure that for future tenders, the terms and conditions of the tenders must be interpreted in a fair manner, and any terms with interpretation which may appear to depart from a literal and plain meaning should be made known to all potential tenderers during the tender invitation as far as practicable;</p>	<p>Having sought advice from Government Logistics Department (GLD), CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook, to remind project officers to ensure that the terms and conditions of the tenders must be interpreted in a fair manner, and any terms with interpretation which may appear to depart from a literal and plain meaning should be made known to all potential tenderers during the tender invitation as far as practicable in future procurement.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Page 74 of the PAC Report (point (j))	<p>PAC urges CAD to –</p> <p>(j) consider taking more effective measures as specified in the conditions of tenders (such as visit to reference sites in the case of procurement of the new ATMS) to assess the performance of the tenderers for future major procurement projects;</p>	<p>Having sought advice from GLD, CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to consider taking more effective measures as specified in the conditions of tenders (such as visit to reference sites in the case of procurement of the new ATMS) to assess the performance of the tenderers for future major procurement projects.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Page 74 of the PAC Report (point (k))</p>	<p>PAC urges CAD to –</p> <p>(k) update Legislative Council (LegCo) and/or obtain Finance Committee (FC)'s approval, where applicable, in the future for any subsequent substantial variations in its approved funding proposals, such as contract variations or delays in the implementation of major projects;</p>	<p>Having sought advice from GLD, CAD has incorporated the relevant recommendation in the Departmental Project Procedures Handbook. CAD will update LegCo and/or obtain FC's approval, where applicable, in future for any subsequent substantial variations in its approved funding proposals, in addition to strict compliance with the relevant requirements and procedures as specified in the Stores and Procurement Regulations and Agreement on Government Procurement of the World Trade Organization, as well as seeking timely advice from GLD and Department of Justice (DoJ) to ensure fairness and impartiality.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Page 74 of the PAC Report (point (l))</p>	<p>PAC urges CAD to –</p> <p>(l) develop a mechanism to determine whether and when an enhancement to ATMS should be made, in particular for enhancements arising from new requirements from the ICAO;</p>	<p>CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook to consider factors such as international standards/requirements, aviation safety, operational needs and cost-effectiveness, etc. before determining whether and when an enhancement to ATMS should be made.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.23(d) of the Audit Report</p>	<p>Audit has recommended that DGCA should –</p> <p>(d) include all user requirements.</p>	<p>CAD has incorporated the recommendations in the Departmental Project Procedures Handbook, and informed project officers through</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>with time implication in a contract so that the contractor can factor in such requirements in his work programme, and for those requirements arising after the award of contract, make greater efforts to include them in the contract work at the earliest possible opportunity.</p>	<p>internal circular for strict compliance with all the guidelines specified in the Handbook for the procurement of major ATC system in future.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para 2.24 of the Audit Report</p>	<p>Audit has recommended that the Secretary for Financial Services and the Treasury should consider imposing an expenditure ceiling on the unused project estimate of the ATC system.</p>	<p>The Secretary for Financial Services and the Treasury has started working out an expenditure ceiling on the unused project estimate of the ATC system.</p>
<p>Pages 74 and 75 of the PAC Report (Points (a), (b), (c) and (d))</p>	<p>PAC urges THB to –</p> <p>(a) consider engaging external and independent experts immediately to assess the safety and performance of the new ATMS as well as the likelihood of completing Phase 1 of the new ATMS contract by the ATMS Contractor in the first half of 2016, and then formulate a plan on the way forward for the ATC system replacement project accordingly based on the expert findings;</p> <p>(b) closely monitor the performance of CAD to ensure that there will be no further delay in the implementation of the ATC system replacement project;</p>	<p>The Secretary for Transport and Housing has decided to appoint an overseas consultant to advise the Secretary directly and independently. The consultant will assess whether the operations of the new ATC system and the operational staff are both prepared, to ensure that both the system and the operational staff are completely ready before the new system could be commissioned. The recruitment procedure has commenced.</p> <p>To ensure that the administrative management, resource planning, liaison and coordination work of CAD can be conducted effectively, the Government will consider allocating additional resources to strengthen the senior management of CAD.</p> <p>The THB receives regular project update from CAD and provides policy advice to the Department. The</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(c) step up its supervisory role to ensure the effective implementation of major projects by CAD in the future; and</p> <p>(d) update LegCo and/or obtain FC's approval, where applicable, in the future for any subsequent substantial variations in its approved funding proposals, such as contract variations or delays in the implementation of major projects.</p>	<p>Secretary for Transport and Housing has asked the DGCA to expedite actions to handle the remaining follow-up work with the ATMS contractor and arrange training and transition activities for the ATC operational staff, while ensuring the safe and stable operation of the system, such that the new ATC system can transit smoothly and is ready for operation in the first half of 2016.</p> <p>THB has issued a notice to departments under its purview requiring them to remind subject officers regularly to provide the most updated information in preparing LegCo papers.</p>
<p>Page 75 of the PAC Report</p>	<p>PAC requests CAD and THB to update the LegCo Panel on Economic Development on the progress of the ATC project, in particular during the critical period in the coming months leading to the first half of 2016 when the new ATC system is expected to come into operation.</p>	<p>THB and CAD will provide timely updates to the LegCo Panel on Economic Development on the progress of new ATC system project. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 3: Management of the precision runway monitor project		
<p>Para 3.16(a) of the Audit Report and Page 77 of the PAC Report (point (a))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) strengthening project appraisal to ensure that all uncertainties/risks impacting on project viability are fully evaluated in a cost-benefit analysis before making procurement decisions; and</p> <p>PAC urges CAD to –</p> <p>(a) develop a mechanism to vet and approve the procurement of major equipment in the</p>	<p>In order to ensure prudent and cost-effective use of public funds, CAD has implemented mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission (Audit) on project appraisal.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Para 3.16(b) of the Audit Report</p>	<p>future to ensure that the equipment purchased are cost effective and public money are used in a prudent manner;</p> <p>Audit has recommended that DGCA should –</p> <p>(b) strengthening the records management of major procurement decisions for public accountability;</p>	<p>CAD has devised mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission on record keeping. CAD has also issued internal circulars to remind project officers of the changes to the Departmental Project Procedures Handbook, in particular the requirement to keep records of major and significant procurement decisions for public accountability.</p>
<p>Para 3.16(c) of the Audit Report and Page 77 of the PAC Report (point (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(c) providing adequate information in the funding application for a capital project to enable the LegCo Public Works Subcommittee/FC to make an informed decision; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure in the future that both the pros and cons of a proposed project, including the potential risks inherent in the project and all relevant contingent factors, are provided in the funding application to enable LegCo Members to make an informed decision on whether to support the project.</p>	<p>CAD has devised mechanisms and updated the Departmental Project Procedures Handbook to incorporate the recommendations of the Audit Commission on funding application. In future, sufficient information regarding the pros and cons of the proposed project, including any intrinsic potential risks and all relevant contingent factors, shall be provided in the funding applications to LegCo to facilitate LegCo Members in their making of informed decisions on whether or not to support the project.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 4: Administration of air traffic control service related charges		
<p>Para 4.17(a) of the Audit Report and Page 78 of the PAC Report (point (c))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) conduct a review after implementing the en-route navigation charge (ENC) level recommended in each fees and charges review to ensure that the charge level is conducive to achieving full-cost recovery; and</p> <p>PAC urges CAD to –</p> <p>(c) adhere to the Government's "user pays" principle in determining the ATC service charges and ENCs in the future;</p>	<p>In future, CAD will continue to review the ENC rate in accordance with the Government's established policies and procedures. Having taken into account the recommendations of the Audit and the PAC, CAD shall conduct a review after implementing the ENC level recommended in each fees and charges review to ensure that the charge level is conducive to achieving full-cost recovery and adhering to the Government's "user pays" principle.</p>
<p>Para 4.17(b) of the Audit Report</p>	<p>Audit has recommended that DGCA should –</p> <p>(b) re-examine the proposed ENC rate for 2014-15 with due regard to the full-cost recovery principle;</p>	<p>CAD has re-examined the level of ENC rate. With the approval already given by THB and Financial Services and the Treasury Bureau, CAD has consulted the industry. The revised ENC rate has been implemented on 1 October 2015.</p>
<p>Para 4.17(c) of the Audit Report and Pages 77 - 78 of the PAC Report (point (a) and (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(c) take effective measures to prevent the loss of revenue in default ENC cases, including :</p> <p>(i) demanding a security deposit or banker's guarantee from specific airline operators using the CAD's navigation services on a case-by-case basis having regard to their payment records;</p>	<p>CAD has taken follow-up actions to prevent the loss of revenue, including demanding banker's guarantees from operators with unsatisfactory ENC payment records, reminding the airline operators of their contractual obligation to pay ENC and taking legal actions against defaulting airline operators as appropriate.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
	<p>(ii) reminding the airline operators of their contractual obligation to pay ENC's when they first submit flight plans to the CAD for using the Hong Kong airspace and in all demand notes sent to them; and</p> <p>(iii) taking legal actions against defaulting airline operators as appropriate; and</p> <p>PAC urges CAD to –</p> <p>(a) take effective follow-up actions to recover the overdue ENC's as soon as possible; and</p> <p>(b) expedite the progress in exploring the feasibility of demanding a security deposit or banker's guarantee from all operators on a case-by-case basis having regard to the operator's payment records.</p>	<p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Part 5: Administration of the mandatory occurrence reporting scheme</p>		
<p>Para 5.22 (a) of the Audit Report and Page 79 of the PAC Report (point (a) and (c))</p>	<p>Audit has recommended that DGCA should –</p> <p>(a) strengthen the management of the mandatory occurrence reporting (MOR) database to ensure that it can support the monitoring of follow-up actions on reported MOR cases; and</p>	<p>CAD has strengthened the management of the MOR database and implemented effective measures to closely monitor the reporting of MOR within the required timeframe, assignment of risk level to each MOR, implementation of follow-up actions and case closure, and timely updating of MOR. CAD will ensure that the MOR scheme could effectively enhance flight safety.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
<p>Para 5.22 (b) of the Audit Report</p>	<p>PAC urges CAD to –</p> <p>(a) take measures to ensure the accuracy of the MOR database at all times; and</p> <p>(c) take effective measures to improve the collation of information for the MOR database, and the subsequent analysis and follow-up actions by making reference to the experience gained on the MOR Scheme since the relevant guidelines were issued in 1999, with a view to improving air traffic safety;</p> <p>Audit has recommended that DGCA should –</p> <p>(b) closely monitor the timeliness of reporting MOR cases and take targeted action in warranted cases such as cases of frequent and long delay in reporting;</p>	<p>CAD will closely monitor the timeliness of reporting MOR cases. Flight Operation Notice has been issued to the industry reminding them the four-day reporting legal requirement in July 2014.</p>
<p>Para 5.22 (c) of the Audit Report</p>	<p>Audit has recommended that DGCA should –</p> <p>(c) consider revising the MOR reporting form to facilitate reporting organisations/personnel to indicate the dates when the reportable occurrences come to their knowledge (if different from the dates of the occurrences);</p>	<p>The reporting forms have been revised and published on the CAD website.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Para 5.22 (d) of the Audit Report	<p>Audit has recommended that DGCA should –</p> <p>(d) remind case officers to strictly follow the laid-down procedures in assigning the risk levels for MOR cases and consider enhancing the MOR database to capture the risk information of the ATC related cases to facilitate management review;</p>	<p>The MOR cases will be assessed and assigned a risk level upon receipt and entered into the MOR database. The internal instruction has been issued in October 2014, reminding case officers of the need to strictly follow the laid-down procedures. Consideration has been given to upgrading the MOR database to capture the risk information of the ATC related cases to facilitate management review.</p>
Para 5.22 (e) of the Audit Report	<p>Audit has recommended that DGCA should –</p> <p>(e) continue to monitor cases of obstruction of aircraft by airport vehicles through the MOR system and instigate regulatory action if the situation persists;</p>	<p>All the past cases relating to “airport vehicles not giving way to aircraft” were minor in nature and under control. CAD will continue to monitor cases of obstruction of aircraft by airport vehicles through the MOR system and instigate regulatory action if the situation persists.</p>
<p>Para 5.22 (f) of the Audit Report and Page 79 of the PAC Report (point (b))</p>	<p>Audit has recommended that DGCA should –</p> <p>(f) closely monitor the long outstanding MOR cases to ensure that timely follow-up actions have been taken and properly recorded; and</p> <p>PAC urges CAD to –</p> <p>(b) ensure that follow-up actions on long outstanding cases are taken in a timely manner.</p>	<p>CAD has strengthened the monitoring of the follow-up and closure of MOR cases. Cases requiring a longer period of investigation would require approval by the management and must be recorded in the MOR database.</p> <p>As these recommendations will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to Date
Part 6: Way forward		
Para 6.7 of the Audit Report	Audit has recommended that DGCA should conduct post-completion reviews of major procurement projects undertaken by the CAD (including the new ATC system project), taking into account the audit observations and recommendations in this Audit Report.	After completion of major procurement projects including new ATC system project, CAD will conduct a post-implementation review. CAD has incorporated the relevant recommendations in the Departmental Project Procedures Handbook, and informed project officers through internal circular to strictly comply with all the guidelines specified in the handbook. As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.

**Buildings Department's actions against unauthorised building works
Updated progress of Implementing Audit Commission's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Implementation of Government Policies on Unauthorised Building Works		
2.23	<p>The Director of Buildings (D of Buildings) should –</p> <p>(a) conduct a review of Buildings Department (BD) guidelines on the definition of new unauthorised building works (UBWs) with a view to providing clearer guidance to BD staff in carrying out UBW enforcement actions; .</p> <p>(b) strengthen action to publicise the Validation Scheme for Unauthorised Signboards; and</p> <p>(c) take actions to clear all illegal rooftop structures erected on single-staircase buildings as soon as possible.</p>	<p>(a) BD has been reviewing its internal operational guidelines from time to time as necessary, so that its staff would possess and have a good grasp of sufficient, clear and uniform guiding principles as a basis for action. BD also conducts staff briefings to elaborate the rationales behind the review or revision of the guidelines as appropriate. In light of Public Accounts Committee (PAC) and Audit's various recommendations, BD has identified certain guidelines for review, which is scheduled for completion by the end of 2015.</p> <p>(b) BD conducts publicity through various channels, including booklets and pamphlets, BD website, Announcements in the Public Interest, briefings and mobile applications, etc.</p> <p>(c) BD attaches great importance to the cases and has already issued removal orders on such cases. The illegal structures concerned have yet to be cleared because some are pending the outcome of court appeal and prosecution work; some have been planned for closure operations; there are also some cases which involve owners/occupants with special needs or who are emotionally unstable and BD has to follow up</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>with other departments. The Progress Monitoring Committee (PMC), chaired by D of Buildings, is closely monitoring the progress of each case.</p> <p>As items (b) and (c) will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
2.33	<p>In administering the Minor Works Control System, D of Buildings should –</p> <p>(a) strengthen action on related prescribed building professionals and prescribed registered contractors upon identification of non-compliance with requirements of the Buildings Ordinance in carrying out minor works; and</p> <p>(b) strengthen action to publicise the Household Minor Works Validation Scheme.</p>	<p>(a) Since 2014, BD has stepped up its enforcement efforts against non-compliant registered professionals or contractors. Up to June 2015, BD has issued about 290 advisory letters and initiated about 40 prosecutions. In addition, BD will consider initiating disciplinary proceedings against the non-compliant registered professionals or contractors and referring the cases to the relevant professional bodies for follow-up actions as appropriate.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(b) BD conducts publicity through various channels, including booklets and pamphlets, BD website, Announcements in the Public Interest, briefings and mobile applications, etc.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3: Handling of public reports		
3.22	<p>D of Buildings should –</p> <p>(a) strengthen actions with a view to ensuring that removal orders are issued within BD time targets, particularly UBWs associated with structural or higher fire-safety concern and UBWs under construction;</p> <p>(b) inform the Lands Department (LandsD) of the UBW found in Case 1 for it to take enforcement action;</p> <p>(c) formulate an action plan with timeframe for issuing removal orders on rooftop-podium-lane UBWs;</p>	<p>(a) Of the 4 522 public reports mentioned in para. 3.5 of the Audit Report, 742 were dealt with by BD from October 2014 to end June 2015. BD will expedite the follow-up of those pending cases.</p> <p>(b) BD has notified the LandsD of the UBW found in Case 1.</p> <p>As this recommendation has been implemented, we recommend deleting this part from the next progress report.</p> <p>(c) Our policy objective is to develop a culture in the community that cares about building safety. Unless and until all building owners honour their due responsibility to abide by the law, remove UBWs out of their own volition and do not carry out UBWs, Hong Kong would not be cleared of all UBWs. Before such objective is met, BD will carry on with its enforcement actions but it would be difficult to set a timetable for clearing all UBWs. BD will continue to set out annual targets and indicators for its enforcement actions in its Controlling Officer's Reports (CORs).</p> <p>As the actions will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) take measures to ensure that all non-compliant warning notices are promptly referred to the Land Registry (LR) for registration; and</p> <p>(e) take prompt follow-up action on warning notices referred back from the LR.</p>	<p>(d) and (e) PMC chaired personally by D of Buildings will systemically tighten the monitoring of the registration situation. The Building Condition Information System (BCIS) will be revamped to support the monitoring of warning notice registration. BD is also exploring with LR the feasibility of obtaining the latter's computer data on the registration of warning notices for automatic uploading into BCIS.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 4: Actions through large-scale operations		
4.16	<p>D of Buildings should –</p> <p>(a) strengthen actions with a view to ensuring that large-scale operations (LSOs) 1 to 5 are completed as soon as possible;</p> <p>(b) strengthen actions with a view to ensuring that LSOs are completed by the target completion dates;</p> <p>(c) strengthen actions on monitoring consultants' performance, and issue warning letters and adverse performance reports to consultants on warranted cases, such as consultancies having significant programme slippages;</p>	<p>(a) The manpower situation in BD has improved and it has gained experience in implementing LSOs. Having regard to the above, BD has pragmatically reviewed the progress of the LSOs and revised their target completion dates.</p> <p>(b) and (c) BD took a series of measures in recent years to strengthen the performance monitoring of consultants carrying out LSOs, including enhancement of contract terms, updating of internal guidelines, timely issuance of warning letters and setting up of "Warning Letter Register" to facilitate the issuance of adverse performance report when needed, as well as revamping the BCIS to monitor operation progress.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) take measures to prevent making the final payment to consultants before satisfactory completion of all work and the issuance of a completion letter;</p> <p>(e) review the effectiveness of its selection criteria which state that a target building having even one or two “actionable” UBWs may be selected for conducting an LSO; and</p> <p>(f) produce management reports on the number of removal orders issued and “actionable” UBWs identified in each target building under an LSO.</p>	<p>(d) BD has promulgated a new accounting requirement of stating the date of the relevant completion letter in every request to BD’s Accounts Section for final payment to consultants, with a view to ensuring that a consultant will only receive the final payment after satisfactory completion of all work and the issuance of completion letter.</p> <p>As items (a) to (d) have been implemented, we recommend deleting this part from the next progress report.</p> <p>(e) BD will devise a specific set of criteria for selecting target buildings for each LSO, taking into account the objective of that LSO, target hazards to be dealt with, manpower situation and the departmental policies on building safety. Among others, the relevant internal guidelines will be updated to caution officers responsible for setting the selection criteria to avoid buildings having only a small number of “actionable” UBWs from being selected under the criteria.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(f) BD is enhancing the BCIS to capture the dates of various LSO milestones, the number of removal orders issued and “actionable” UBWs identified in each target building; and to produce management reports for monitoring the progress of LSOs.</p>

Para. No.	Audit's Recommendations	Progress to date
4.31	D of Buildings should strengthen actions with a view to ensuring that LSOs 7 to 11 are completed as soon as possible.	BD took a series of measures in recent years to strengthen the monitoring of performance of consultants carrying out LSOs. Besides, the manpower situation in BD has improved and it has gained experience in implementing LSOs. Having regard to the above, BD has pragmatically reviewed the progress of the LSOs and revised their target completion dates.
Part 5: Follow-up actions on removal orders		
5.20	<p>D of Building should –</p> <p>(a) conduct a review of the outstanding removal orders to identify those that have not been registered at the LR and take remedial actions as soon as possible;</p> <p>(b) take measures to ensure that the dates of referral and registration of removal orders at the LR are promptly input into the BCIS in future;</p> <p>(d) take measures to refer removal orders to the LR for registration timeously;</p> <p>(c) take actions regarding the four removal orders (that had not been registered at the LR) identified by Audit as soon as possible.</p>	<p>(a), (b) and (d)</p> <p>PMC chaired personally by D of Buildings will systemically tighten the monitoring of the registration situation. BCIS will be revamped to support the monitoring of removal order registration. BD is exploring with LR the feasibility of obtaining the latter's computer data on the registration of removal orders for automatic uploading into BCIS. Moreover, BD will review the referral procedures of registering removal orders at LR with a view to proposing specific enhancement measures.</p> <p>(c) Of the four removal orders (that have not been registered at LR) identified by Audit, three have been sent to LR for registration. The remaining one involves UBWs forming an integral structure with UBWs of six other orders. Whether to issue a new removal order will depend on the outcome of the ongoing appeals relating to those six orders and PMC is closely monitoring the progress of the case.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) strengthen actions with a view to meeting BD time targets on clearing outstanding removal orders issued in each of the previous years; and</p> <p>(f) take actions to periodically conduct safety inspections of external UBWs associated with structural concern, and take prompt action on UBWs posing public safety risks.</p>	<p>(e) BD formed dedicated teams in 2014 to follow up such removal orders, and reinforced the teams and improved their workflows in 2015 to enhance efficiency. BD will monitor the actual situation and review the arrangements where necessary.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>(f) The number of outstanding removal orders related to UBWs associated with structural or higher fire safety concerns had reduced to 6 423 as at June 2015, comprising 1 648 orders with structural concern, 4 696 orders associated with fire-safety concern, and 79 relating to both. Compliance inspections are being carried out as soon as practicable to further assess the safety conditions of cases associated with structural concern. Prosecution and/or default works will be arranged as appropriate. BD has tightened the monitoring of outstanding removal orders related to UBWs associated with structural or higher fire safety concern through PMC.</p> <p>As the actions will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's Recommendations	Progress to date
5.31	<p>D of Buildings should –</p> <p>(a) strengthen prosecution actions on new UBWs in order to give a clear message to the public that the Government would not tolerate perpetuation of the UBW problem;</p> <p>(b) conduct a review of outstanding removal orders with a view to identifying cases warranting the issue of summonses according to BD criteria for prosecution; and</p> <p>(c) take measures to ensure that BD estimates on issuing summonses on non-compliant UBW owners are met.</p>	<p>(a) to (c)</p> <p>BD is committed to taking enforcement actions against UBWs, including instigating prosecution in non-compliant cases to maintain the deterrent effect. BD will review the relevant prosecution work with a view to proposing specific enhancement measures.</p>
5.38	<p>D of Buildings should –</p> <p>(a) conduct a review of the outstanding removal orders with a view to identifying cases warranting the carrying out of default works;</p> <p>(b) devise an action plan with timeframe for carrying out default works for warranted cases; and</p> <p>(c) in order to enhance public safety, strengthen actions to carry out default works for removing UBWs associated with structural or higher fire-safety concern.</p>	<p>(a) to (c)</p> <p>BD will continue to adopt a multi-pronged approach to deal with the outstanding removal orders. Default works are only carried out under very exceptional circumstances for cases involving non-compliant removal orders. BD will review the criteria of selecting cases warranting the carrying out of default works.</p>
5.46	<p>D of Buildings should take measures to ensure –</p> <p>(a) the issue of demand notes to owners of UBWs within 6 months after completion of default works; and</p>	<p>(a) and (b)</p> <p>The Cost Recovery Monitoring Committee, chaired by D of Buildings, convenes half-yearly meetings to</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) the registration of s.33 certificates at the LR within 4 months after issue of related demand notes.	<p>closely monitor the progress of all critical cost recovery stages. Similar cost recovery monitoring meetings are held quarterly at the sectional level to ensure that follow-up actions will be taken if necessary. BD will incorporate the cost recovery data of the relevant cases into the system through the current BCIS revamp project to facilitate monitoring.</p> <p>As the measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 6: System for supporting enforcement actions		
6.17	<p>D of Buildings should –</p> <p>(a) in implementing the BCIS revamping project, take measures to provide functions in the system for monitoring the progress of actions taken on:</p> <p>(i) LSOs; and</p> <p>(ii) outstanding removal orders;</p> <p>(b) take measures to ensure that accurate information on the number of annual removal orders issued is published in the BD's CORs;</p> <p>(c) consider implementing a function under the BCIS that would integrate essential information of removal orders issued; and</p> <p>(d) take measures to ensure that accurate information on the number of outstanding removal orders at year end is published on BD website.</p>	<p>(a) to (d)</p> <p>BD has added in BCIS a “batch-record uploading” function to enhance the accuracy of data published in BD's COR (including the number of removal orders issued each year); and reminded its staff to input data on removal orders promptly into the system, so that figures relating to removal orders can be accurately published on its website.</p> <p>In addition, BD is revamping BCIS to enable the capturing of dates of various LSO milestones, the number of removal orders issued and “actionable” UBWs identified in each target building, as well as the production of management reports for monitoring the progress of LSOs. In respect of actions taken on outstanding removal orders, BD will explore the feasibility of providing functions in BCIS for progress monitoring.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 7: Way forward		
7.12	D of Buildings should in addition to taking prosecution actions against UBW owners, explore other effective means to induce the owners to remove their UBWs after issuing removal orders to them.	<p>BD will continue to take a multi-pronged approach to tackle the problem of UBWs. Apart from existing measures including prosecution, imposing surcharge on default works, operating validation schemes and financial assistance schemes, and providing support from social service teams, BD will explore other effective means to encourage owners to remove their UBWs. The relevant work is an ongoing effort. We will report the relevant progress to the LegCo Panel on Development at an opportune juncture.</p> <p>As the recommendation will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Operation of Government Flying Service

Para. No.	Audit's/PAC's Recommendations	Progress to date
Overall comments		
Page 97 of PAC Report	<p>PAC urged:</p> <p>(a) the Security Bureau (SB) to consider reviewing the positioning of the Government Flying Service (GFS) as compared to other disciplined services departments in terms of organization, manpower and remuneration structures, deployment of resources and the mode of operation so that GFS could have the required capacity in carrying out essential life-saving and rescue missions in an efficient and effective manner;</p> <p>(b) GFS to conduct a review on its service scope so that it could devote its limited resources to providing the most needed primary emergency services, such as those related to life-saving and rescue. For service demands that were less critical in nature, GFS could consider outsourcing them to other service providers, if possible; and</p> <p>PAC has recommended that GFS should urgently devise short and medium term measures to address the problems identified in the Audit Report although GFS would commission a consultancy study on how well and sustainable its manpower and structure could support its mission, objectives and mode of operation in the long term.</p>	<p>SB has commissioned the Efficiency Unit (EU) to conduct a management study on GFS for exploring room for improvement in the areas of manpower deployment, workflow, automation, administrative support, service mode and so forth. The study has commenced and is expected to be completed in the first half of 2016.</p> <p>Pending completion of the EU's study, SB and GFS are now reviewing the Department's manpower situation and shall consider measures to ensure sufficient manpower to cope with the increasing service demand.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: Provision of flying service		
Page 99 of PAC Report	<p>PAC has urged GFS to:</p> <p>(a) review the 23 performance targets in its COR, in particular the targets that were consistently not met in the past five years; and</p> <p>(b) consider making suitable adjustments to its performance targets so as to accurately and realistically reflect different variable factors that might affect the completion of its flying missions.</p>	<p>SB and GFS are now reviewing the Department's manpower and shall consider measures to ensure sufficient manpower is available to cope with the increasing service demand. Separately, EU has embarked on a study on how to improve GFS's resource allocation and management. The study outcome will form a basis for GFS's review on its various performance targets, which will also take into account various factors like changes in air traffic environment and service demand levels.</p>
Page 100 of PAC Report	<p>PAC has recommended that GFS should consider outsourcing non-critical flying duties to outside service providers where it was feasible and cost effective to do so.</p>	<p>The service mode of GFS shall be reviewed in the consultancy study by EU.</p>
Para. 2.13 of Audit Report	<p>Audit has recommended that the Controller, GFS should:</p> <p>(a) enhance the computer system with a view to automating certain procedures in recording and verifying call-out data so as to improve the accuracy and operational efficiency in reporting performance information; and</p> <p>(b) improve the reporting of the performance of multiple call-out cases in the CORs.</p>	<p>GFS has requested the contractor of the current system to upgrade the GFS Integrated Application System to include a number of new automation criteria so as to help compile statistics on the actual call-out data.</p> <p>EU, in its consultancy study, will also explore the possibility of enhancing GFS's operational efficiency through automation and re-engineering.</p> <p>GFS will suitably revise the CORs of the coming year in response to the recommendations of the Audit.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
<p>Para. 2.18 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <ul style="list-style-type: none"> (a) take into account declined cases in reporting the response rates for service requests in the CORs; and (b) review the relevant guideline on performance reporting to include this requirement accordingly. 	<p>GFS will suitably revise the CORs of the coming year in response to the recommendations of the Audit.</p>
<p>Page 100 of PAC Report</p>	<p>PAC has recommended that GFS should proactively disclose the cost of familiarization flight service offered to bureaux/departments (B/Ds) and raise their cost-consciousness when using the service.</p>	<p>GFS issued a memo on 12 May 2015 to remind all government B/Ds to be vigilant in requesting GFS' flying services and to inform B/Ds of the operating costs of GFS' aircraft. Such a reminder will be issued to B/Ds on a yearly basis.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 2.28 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <ul style="list-style-type: none"> (a) enhance the transparency and accountability in the provision of familiarisation flight service, by: <ul style="list-style-type: none"> (i) maintaining proper records of all passengers carried on such flights; and 	<p>Clear explanation has been given to the staff concerned that provision in the Department's operational procedures shall be strictly adhered to by maintaining clear records of the name and title/capacity of all passengers carried on familiarisation flights.</p> <p>As the follow-up action has been completed, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(ii) considering proactive disclosure of annual statistics on the provision of familiarisation flight service with a breakdown of the usage and related costs by user B/Ds;</p> <p>(b) strengthen the monthly management review of the performance of the GFS flying services by placing more emphasis on the exceptional cases such as those relating to long time taken/failure in providing top priority emergency services; and</p> <p>(c) take measures to ensure that the laid-down tasking priorities are followed in responding to competing demands for the GFS flying services.</p>	<p>GFS plans to make available the relevant information in a proper manner.</p> <p>GFS will continue to produce daily occurrence review reports and weekly event summary reports, and highlight the out-of-pledge cases for review and monitoring by the senior management.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GFS has already issued internal guidelines to remind staff on the need to observe laid-down tasking priorities. Meanwhile, as far as practicable, GFS will assign sufficient number of staff as "Supervisor" at the Flight Operations Unit to step up supervision.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 2.29 of Audit Report</p>	<p>Audit has recommended that the Chief Executive, Hospital Authority (HA) should clearly monitor the implementation of and compliance with the updated casualty evacuation guidelines by its medical staff to see if further enhancement is necessary.</p>	<p>HA convened an internal meeting on 27 April 2015 and has started the CASEVAC audit since May this year. The audit will cover all CASEVAC cases from May to October 2015. The audit results are expected to be available in the first quarter of 2016. HA will see any further enhancement to the guidelines should be made when the results are available.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 3: Management of aircrew members		
<p>Page 101 of PAC Report and Para. 3.13 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <ul style="list-style-type: none"> (a) make greater effort to maintain sufficient crew for each shift of flying duties to provide a reliable primary emergency response; (b) explore ways to improve the call-in arrangement in order to meet the service demand for long-range fixed-wing aircraft search and rescue service during night time; and (c) continue to closely monitor the extent of attainment of the Commander Discretion Report targets and take effective measures to enhance the safe and healthy working conditions for the crew members. 	<p>GFS will review from time to time the manning levels and deployment of aircrew members in order to meet the increasing service demand as far as practicable, while making every effort to safeguard flight and aircrew safety. Furthermore, SB and GFS are now reviewing the Department's manpower and shall consider measures to ensure that sufficient manpower is available to cope with the increasing service demand.</p>
Part 4: Maintenance of aircraft		
<p>Para. 4.18 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <ul style="list-style-type: none"> (a) continue to review the maintenance planning and endeavour to synchronise as far as possible major repairs and inspections with a view to increasing the availability of serviceable aircraft; 	<p>With a view to increasing the availability of serviceable aircraft, GFS will continue its efforts to merge/synchronize major repairs with the major inspection as far as practicable, without compromising the safety, quality and airworthiness of the fleet. Separately, SB and GFS are now reviewing the Department's manpower and shall consider measures to ensure sufficient manpower is available to cope with the increasing service demand.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(b) continue the efforts to improve the maintenance procedures through reviewing aircraft defect cases;</p> <p>(c) extend the scope of the review of aircraft defect cases to cover all emergency service cases with on-scene time exceeding the pledge;</p> <p>(d) ascertain the reasons for the increase in waiting time for air tests and take effective measures to address the issue; and</p>	<p>GFS's Engineering Section will make continuous efforts to improve aircraft maintenance procedures. In addition, upon the introduction of the new helicopter fleet in 2018, the existing aviation management software will be upgraded in tandem. It is anticipated that more manpower can be released for stepping up maintenance work.</p> <p>GFS has already extended the scope of its case review to all out-of-pledge cases.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GFS has already extended the scope of its case review to all out-of-pledge cases.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The increase in waiting time for air tests is mainly related to weather condition and air traffic environment. Other attributable factors include increase in service demand and shortage of manpower. SB and GFS are now reviewing the Department's manpower and shall consider measures to ensure sufficient manpower is available to cope with the increasing service demand.</p> <p>GFS will review from time to time the arrangements of air tests and take necessary measures to minimise the waiting time without compromising the emergency response needs.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(e) remind relevant staff to promptly place orders for spare parts essential for servicing the operational aircraft in accordance with the laid-down requirement.</p>	<p>GFS will organise annual “refresher” training/briefing to remind the staff concerned of the Government’s Stores and Procurement Regulations and GFS’s internal procedures on purchasing spare parts. The first training/briefing session was held on 2 June 2015.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 5: Procurement of aircraft and spare parts		
<p>Para. 5.15 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <p>(a) tighten internal control to ensure that the Standing Accounting Instructions requirements on payment control are always complied with;</p> <p>(b) establish procedures for relevant staff responsible for procurement of aircraft and equipment on ways to protect the Government’s interest in contracting with an overseas company and in the event of a bankrupt contractor; and</p>	<p>GFS has reviewed the Departmental Accounting Manual to tighten internal control. Furthermore, staff members have been reminded of the new procedures in the Departmental Accounting Manual and requirements in the Standing Accounting Instructions on payment control. GFS will continue its work in this regard.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>The Government Logistics Department (GLD) has added in the "Frequently Asked Questions (FAQ) for Procurement Matters" the good practices in handling contract to be awarded to an overseas contractor and contract default. GFS has reminded the staff concerned to follow the good practices when procuring the relevant goods/services to protect Government’s interest. GFS will also continue to</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(c) review the downtime of the two training aircraft with a view to identifying effective ways to improve their serviceability for supporting the training of fixed-wing pilots.</p>	<p>regularly remind their staff of such good practices.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GFS is making efforts to extend the current pool of suppliers to improve the availability of spare parts for the two training aircraft so as to better support related training activities and to improve their serviceability. The downtime of the two training aircraft will also be reviewed regularly.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 5.16 of Audit Report</p>	<p>Audit has recommended that the Director of Accounting Services and the Director of Government Logistics should consider issuing guidelines promulgating the good practices in handling advance payments particularly in respect of overseas contractors.</p>	<p>The GLD, in consultation with the Treasury, has promulgated the good practices in handling advance payments, contract to be awarded to an overseas contractor and contract default, which have been uploaded onto the Central Cyber Government Office Portal.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 5.27 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should:</p> <p>(a) closely monitor the outstanding contract work for the supply of the two new fixed-wing aircraft to ensure that greatest efforts are being made to expedite delivery of the aircraft;</p>	<p>GFS has been closely monitoring the work progress of the aircraft manufacturer. According to the manufacturer's latest estimation, the two new CL 605 fixed-wing aircraft will be delivered by end 2015 and the first quarter of 2016 respectively.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(b) step up maintenance efforts for the existing J-41s and their mission equipment to ensure a reliable fixed-wing flying service;</p> <p>(c) closely monitor and manage the procurement project of the new helicopters, especially the modification work for installing essential mission equipment, in the light of the experience of the delays in the delivery of the two new fixed-wing aircraft; and</p> <p>(d) for public accountability, keep the FC and relevant LegCo Panels informed of the progress in implementing major procurement projects which have experienced significant delays.</p>	<p>GFS has already taken measures, such as stepping up the procurement of spare parts, to ensure that the existing J-41 fixed-wing aircraft could continue to provide services.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GFS has been closely monitoring the procurement of the new helicopters. The procurement project of the new helicopters has been progressing well.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>SB and GFS gave a briefing on GFS's long-range search and rescue service as well as the progress of the two new fixed-wing aircraft project to LegCo Panel on Security on 7 July 2015. The Government will continue to inform LegCo timely of the progress of the aircraft procurement programme.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 5.33 of Audit Report</p>	<p>Audit has recommended that the Controller, GFS should review the adequacy of the contingency plan for the new single-model helicopter fleet in the event of manufacturing defects or reported failure and make refinement where appropriate.</p>	<p>GFS will continue to closely monitor the progress of the helicopter fleet replacement programme. Upon commissioning of the new fleet, GFS will maintain close contact with the helicopter manufacturer for the normal operation of the fleet. Contingency plans for the helicopter fleet will also be scrutinized from time to time.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.
Para. 5.39 of Audit Report	<p>Audit has recommended that the Controller, GFS should:</p> <p>(a) place orders by phases for spare parts with limited warranty period or shelf life; and</p> <p>(b) review the stock level of spare parts for the training aircraft Diamond with a view to identifying room for improvement in stock management.</p>	<p>GFS will place orders by phases for aircraft spare parts in future. Consideration will be given to the shelf life or limited warranty period of spare parts for airworthiness of the aircraft and smooth operation of the Department.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p> <p>GFS will continue to regularly review the stock level of the spare parts for the training aircraft Diamond, and will also explore whether any suitable stock management tool can be identified to assist in enhancing stock control through computerisation.</p> <p>As the follow-up action has been taken and will be carried out on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 6: Way Forward		
Para. 6.8 of Audit Report	Audit has recommended that the Controller, GFS should, in conducting the consultancy study of the GFS's manpower and structure, take on board the audit findings and recommendations in this Audit Report.	GFS has invited EU to conduct a consultancy study on GFS for exploring room for improvement in the areas of manpower deployment, workflow, automation, administrative support, service mode and so forth. The findings and recommendations in the Audit Report will be taken on board during the study.

**Public cooked food markets managed
by the Food and Environmental Hygiene Department
Progress in Implementing Audit's and PAC's Recommendations**

Para. No.	Audit's/PAC's Recommendations	Progress to date
Part 2: Vacancy rates of markets		
Para. 2.16 of Audit Report	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) critically examine the high vacancy problem of Cooked Food Hawker Bazaars (CFHBs) and assess how the current hawker policy may aggravate the problem over time;</p> <p>(b) based on the results in (a) above, take effective measures to tackle the high vacancy problem of CFHBs, such as:</p> <p style="margin-left: 20px;">(i) rationalising the provision of stalls in CFHBs by consolidating CFHBs and releasing sites which are no longer required; and</p> <p style="margin-left: 20px;">(ii) formulating exit plans for individual CFHBs, particularly those located at temporary sites;</p> <p>(c) conduct periodic reviews to monitor the vacancy rate and assess the viability of each public cooked food market, with a view to taking timely actions on non-viable markets; and</p> <p>(d) ensure that exit plans formulated for public cooked food markets are properly implemented.</p>	<p>It was a clear policy intention that CFHBs were intended to be transient. We have since 1972 stopped issuing new hawker licences under normal circumstances. Barring exceptional circumstances, we would not issue licences to newcomers to fill the stalls left vacant by some hawker licensees who have passed away or surrendered their licences. Hence, a progressive increase in the vacancy rate is inevitable over time, leading to the ultimate decommissioning of a CFHB. Furthermore, taking into account the fact that most of the hawker licensees operating in CFHBs are coming from the grassroots, the Government has been adopting a relatively accommodating approach and consciously refrained from forced eviction to avoid causing significant social acrimony. Past experience on the introduction of measures affecting relevant CFHB hawker licensees, such as the closure of CFHB, showed that close liaison with the affected parties and relevant district councils is essential to their smooth implementation. Having said that, we agree that on the development of public cooked food markets, it is necessary to ensure the use of scarce land resources in an optimum way.</p> <p>Food and Environmental Hygiene Department (FEHD) has formulated improvement or exit plans for some of the CFHBs and would continue its work for the rest of them and other</p>
Para.44 of PAC	PAC urges Secretary for Food and Health and Director of Food and	the CFHBs and would continue its work for the rest of them and other

Para. No.	Audit's/PAC's Recommendations	Progress to date
Report	<p>Environmental Hygiene to –</p> <p>(a) proactively formulate an integrated policy in taking forward the future development of public cooked food markets together with public markets and hawkers to achieve synergy. The policy should be formulated from a "development" perspective with a view to enhancing their viability, promoting them as tourist attractions and the provision of employment opportunities and affordable food as well as entrepreneurial opportunities in local areas; and</p> <p>(b) thoroughly consult the relevant stakeholders before any new measures are implemented. In particular, it is necessary to adopt a people-oriented approach in handling issues relating to public cooked food markets, such as the consolidation of markets with high vacancy rates after considering the history and particular circumstantial factors of each of these markets.</p>	<p>cooked food markets (CFMs), with regard to their business viability, community needs, resource availability and competing priorities. FEHD is taking active steps to close some of the CFHBs, and has started to discuss the exit plans with cooked food hawkers of two of the CFHBs, namely the Tai Lin Pai Road CFHB and Yu Chau West Street CFHB. The discussion on Tai Lin Pai Road CFHB is underway. As for Yu Chau West Street CFHB, Planning Department (PlanD) consulted the Sham Shui Po District Council (SSPDC) on the proposed rezoning of the site from “government, institution or community use” to “commercial use” in June 2015 and SSPDC members did not raise objection to its closure. FEHD is now following up with Development Bureau (DEVB), PlanD and LandsD on arrangement and timetable of releasing this site together with the adjacent refuse collection point site. FEHD will also discuss the exit arrangements with the affected hawkers of another CFHB within 2015.</p> <p>For those cooked food venues located at temporary sites, namely Woosung Street Temporary CFHB, Yu Chau West Street CFHB, Lai Yip Street CFHB, Haiphong Road Temporary CFHB, Reclamation Street CFHB and Stanley Market Open Space Hawker Bazaar, FEHD will conduct regular review on their operation and re-development potential and consider if they should be vacated for other uses. Similar considerations will be given to two other CFMs and one cooked food centre (CFC) which are also located at temporary sites. FEHD has started to discuss the exit plans with the cooked</p>
Para.44 of PAC Report	<p>The PAC urges Director of Food and Environmental Hygiene to –</p> <p>(a) expedite the consolidation of CFHBs with high vacancy rates and formulate future development plans for public cooked food markets which are currently located at temporary sites; and</p> <p>(b) consider modernizing and upgrading the facilities and operating environment of CFHBs and CFMs, where applicable,</p>	<p>For those cooked food venues located at temporary sites, namely Woosung Street Temporary CFHB, Yu Chau West Street CFHB, Lai Yip Street CFHB, Haiphong Road Temporary CFHB, Reclamation Street CFHB and Stanley Market Open Space Hawker Bazaar, FEHD will conduct regular review on their operation and re-development potential and consider if they should be vacated for other uses. Similar considerations will be given to two other CFMs and one cooked food centre (CFC) which are also located at temporary sites. FEHD has started to discuss the exit plans with the cooked</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>having regard to the expected operating period of these markets in order to lower their vacancy rates and enhance their attractiveness to the stall operators and the public.</p>	<p>food hawkers of Yu Chau West Street CFHB. FEHD would endeavour to deliver the plans formulated for individual CFHBs, CFCs and CFMs though being keenly aware that some proposals may trigger from some segments of the community strong sentiments which will also need to be addressed to the extent possible and justified.</p>
<p>Para.44 of PAC Report</p>	<p>The PAC urges Secretary for Food and Health to consider launching an enhanced ex-gratia payment scheme to encourage cooked food hawker licensees to surrender their licences voluntarily so as to expedite the consolidation of CFHBs with high vacancy rates and redevelop vacated CFHB sites for more gainful uses.</p>	<p>Taking into account the views of Audit and PAC, FEHD will take a holistic approach in considering and taking forward the future development of public cooked food markets, with due consideration given to the views of the relevant stakeholders.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Part 3: Provision of facilities in markets</p>		
<p>Para. 3.11 of Audit Report and para. 44 of PAC report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) expedite the implementation of fire safety measures at public cooked food markets and update the implementation plan, taking account of the need for:</p>	<p>Out of the 39 CFCs managed by FEHD, 31 are equipped with all the six stipulated fire safety measures¹. Seven CFCs, where the automatic cut-off device for mechanical ventilating system is not necessary since there is no central air-conditioning/ventilating system, are already equipped with the other five fire safety measures. The remaining CFC, i.e. Sham Tseng</p>

¹ The six measures are:

- (a) automatic sprinkler system;
- (b) automatic cut-off device for mechanical ventilating systems;
- (c) emergency lighting;
- (d) fire hydrant and hose reel system;
- (e) manual fire alarm; and
- (f) portable fire extinguisher.

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(i) including in the plan those public cooked food markets (CFHBs and CFMs) which were not previously covered; and</p> <p>(ii) giving priority to public cooked food markets which are subject to a higher level of fire risk;</p> <p>(b) regularly monitor the progress of implementation of fire safety measures to ensure that they are carried out as planned; and</p> <p>(c) in consultation with the Director of Fire Services, explore effective measures (e.g. conducting ad hoc inspections to selected public cooked food markets) to help better ascertain and address the fire risk at individual public cooked food markets.</p>	<p>Temporary Market CFC, is provided with four fire safety measures².</p> <p>To date, all 25 CFMS and 11 CFHBs are provided with portable fire extinguishers. Action has been set in train to install in the coming months emergency lighting and manual fire alarm in cooked food venues where such devices are lacking at present. For installation of the remaining three fire safety measures (viz. fire hydrant and hose reel system, automatic sprinkler system and automatic cut-off device for mechanical ventilating system), owing to the need to resolve the technical issues involved and consult relevant departments, more time will be needed. It will be necessary to identify suitable space in the cooked food venues for construction of water tanks and the associated plant rooms for their installation. The location and operation of the water tanks or plant rooms should avoid affecting existing installations in the venues. In particular, detailed structural assessment is required to ensure that the cooked food venues can support the loading imposed by the additional structures. In addition, the fire safety design/installation proposal as well as the water supply for the fire safety system will require separate approval by Fire Services Department (FSD) and Water Supplies Department (WSD) respectively. FEHD will work with relevant departments to ascertain the feasibility of installing these fire safety measures in CFMs and CFHBs where</p>

² Given that there is no central air-conditioning/ventilating system in the cooked food centre of Sham Tseng Temporary Market, an automatic cut-off device is not necessary. As regards the automatic sprinkler system, Architectural Services Department (ArchSD)'s advice is that because the temporary market is located under a flyover, the construction of a sprinkler pump room, water tank and trench for sprinkler pipe would not be feasible without major refurbishment. ArchSD would conduct a feasibility study on an alternative proposal for a sprinkler system in view of the site constraints and latest statutory requirements.

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>such devices are lacking at present.</p> <p>Fire safety installations aside, FEHD has arranged fire safety talks for its staff and cooked food stall operators, issued fire safety tips and guidelines on electrical safety and use of electrical appliances to operators, taken fire hazard abatement actions, as well as issued warnings on irregularities which may lead to termination of tenancy agreement eventually.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 3.22 of Audit Report and para. 44 of PAC report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) review the adequacy of electricity supply for stalls operating in CFMs and CFCs against FEHD's standard;</p> <p>(b) look into the reasons for sub-standard electricity supply in individual CFMs and CFCs, and assess the feasibility of upgrading the supply having regard to such factors as:</p> <p>(i) technical feasibility and costs of the upgrading works;</p> <p>(ii) future redevelopment plan and possible close-down potential of the CFMs/CFCs;</p> <p>(iii) existing usage and electricity consumption of the CFMs/CFCs; and</p>	<p>Electrical and Mechanical Services Department (EMSD) will continue to provide engineering support to FEHD in promoting and ensuring electrical and gas safety in public cooked food venues and take appropriate enforcement actions according to the relevant statutory requirements.</p> <p>FEHD has approached Architectural Services Department (ArchSD), EMSD and related power companies to explore the feasibility of upgrading electricity supply system for those public cooked food markets with sub-standard systems.</p> <p>Working in collaboration with FSD and EMSD, FEHD has issued fire safety tips and guidelines on electrical safety and use of electrical appliances to operators of CFCs, CFMs and CFHBs (hereinafter called public cooked food markets (PCFM)). FEHD would ensure that relevant guidelines are properly implemented and updated as necessary. For those stalls in</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>(iv) risk exposure (e.g. fire risk and power outages from overloading);</p> <p>(c) take prompt actions to enhance the electricity supply for CFMs and CFCs where upgrading works are considered feasible; and</p> <p>(d) for CFMs and CFCs which are not suitable for upgrading works, take measures to:</p> <p>(i) provide guidelines on the use of electric appliances in the CFMs/CFCs, particularly those high-consumption electric appliances (e.g. air-conditioners); and</p> <p>(ii) ensure that the guidelines are properly implemented and updated as necessary.</p>	<p>CFC/CFM installed with standalone air-conditioners without approval, FEHD has issued warnings in accordance with the established procedure. Between March and July 2015, a total of 41 verbal warnings and 61 warning letters have been issued. FEHD will continue to follow up closely on the irregularities, and stall tenants found ignoring these warnings will have their tenancy agreements terminated.</p> <p>Having regard to the demand of tenants who would like to install air-conditioning system while not losing sight of the interest of the sitting tenants who do not support the installation, the Government has decided to lower the threshold of the support rate from 85% to 80%, with effect from 1 July 2015. Provided that no less than 80% of the stall operators of a cooked food market endorse the installation and agree to bear the recurrent costs, FEHD will conduct a detailed technical feasibility study for the installation of air-conditioning system.</p>
<p>Para. 3.29 of Audit Report and para. 44 of PAC report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) keep in view the development in the upgrading of electricity supply for individual CFMs and CFCs, with a view to taking forward proposals for retrofitting air-conditioning systems in a timely manner;</p> <p>(b) ascertain the extent of installation of standalone air-conditioners at CFMs and CFCs without FEHD's approval; and</p> <p>(c) in consultation with the Director of Electrical and Mechanical Services, promptly step up control to curb unauthorised installation of</p>	<p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>air-conditioners as required, such as:</p> <ul style="list-style-type: none"> (i) taking measures to remove any unauthorised air-conditioners installed which could pose a threat to safety (e.g. fire safety from overloading); (ii) reminding stall operators of the requirements on installing air-conditioners; and (iii) taking actions to ensure that FEHD's requirements on installing air-conditioners are followed. 	
Part 4: Management of market stalls		
<p>Para. 4.8 of Audit Report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <ul style="list-style-type: none"> (a) review the adequacy of facilities provided to stalls in CFMs and CFCs operating at a much larger scale than traditional cooked food stalls, especially from a public health and safety perspective; (b) based on the review results in (a) above, explore improvement measures for stalls operating at a large scale, with a view to better safeguarding public health and safety; (c) ensure that stalls in CFMs and CFCs comply with the tenancy agreements and do not occupy communal seating; (d) critically examine the issue of 	<p>Under the current departmental policy, FEHD would consider terminating the tenancy agreement of stall tenants in CFCs/CFMs if four offences under any provisions of the Public Health and Municipal Services Ordinance (Cap. 132) or its subsidiary legislation resulting in convictions have been registered against a stall within a period of 12 months. If the offence committed is considered serious in nature, FEHD may consider terminating the tenancy agreement upon one single conviction. Separately, FEHD would consider terminating the tenancy agreement if a stall tenant has accumulated three warning letters resulting from breaches of tenancy clauses/conditions within a period of six months under a warning letter system.</p> <p>FEHD has been closely monitoring the situation of malpractice of occupation of communal seating areas for</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>selling liquor by stalls in CFMs and CFCs without a liquor licence and ascertain whether there are similar cases in CFHBs;</p> <p>(e) take necessary follow-up actions on the issue of selling liquor by stalls; and</p> <p>(f) follow up the cases involving stalls suspected to be running as food factories identified by Audit in paragraph 4.7 and ascertain whether there are other similar cases.</p>	<p>exclusive use. Daily inspections are conducted to stalls in CFCs/CFMs. If tenants are found in breach of the relevant condition, consideration would be given to terminating their tenancy agreements if three warning letters have been accumulated within a period of six months under the warning letter system.</p> <p>DoJ advised in 1999 that the sale of intoxicating drinks by cooked food stalls of Urban Council's markets (now FEHD's markets) constituted no offence under section 25A of the Dutiable Commodities (Liquor) Regulations (Cap. 109B) if the consumption of the liquor did not take place in the stalls where the intoxicating drinks were sold. DoJ recently has confirmed in writing that the advice still stands. FEHD will closely monitor the sale of liquor without a licence by cooked food stalls in FEHD markets and refer dubious cases (such as consumption of the liquor inside the stall area) to the Police for investigation.</p> <p>For unauthorised occupation/unauthorised use of stall, FEHD will take enforcement action under the Food Business Regulation (Cap. 132X) or issue warning letters for breaches of tenancy agreement as appropriate to curb irregularities such as operating food factory business. FEHD has since February 2015 conducted investigation into nine suspected cases of operating food factory business in cooked food stalls. A total of nine verbal warnings and 17 warning letters were issued to the tenants concerned as at end of August 2015. FEHD will step up</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
		<p>inspections and closely monitor the situation. Should non-compliance persist, FEHD will consider terminating their tenancy agreements under the existing sanction mechanism.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 4.16 of Audit Report and para.44 of PAC Report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) tighten the control on the appointment of deputies by licensed hawkers in CFHBs; and</p> <p>(b) ensure that licensed hawkers in CFHBs comply with the Hawker Regulation and operate within their fixed pitches.</p>	<p>FEHD has stepped up inspections and taken enforcement actions/issued warning letters if irregularities such as obstruction are detected.</p> <p>FEHD has reminded district staff to act strictly in accordance with the prevailing guidelines which, among other things, require that the licensee should personally operate the business after expiration of the approved period on appointment of deputy. Any extension or repeated applications for appointment of deputy will not be considered unless supported on medical grounds or by special justifications.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>Para. 4.25 of Audit Report and para.44 of PAC Report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) take measures to ensure that irregularities at public cooked food markets identified during inspections are properly followed up and rectified;</p> <p>(b) remind staff of the need to adequately record details of the</p>	<p>FEHD has been conducting inspections and taking enforcement actions/issuing warning letters if irregularities are detected. FEHD has reminded frontline staff to conduct adequate and timely inspections and record details of inspections properly. Supervisors should also conduct site visits and check on the inspection records at appropriate intervals according to departmental guidelines and the Operational Manual. The frequency of</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>inspections conducted (e.g. date, time and observations) for management review;</p> <p>(c) identify the reasons for individual inspection staff not effectively conducting their work and take measures to enhance their performance (e.g. enhancing supervision and training);</p> <p>(d) review the frequency of inspections of CFHBs, taking account of the irregularities found; and</p> <p>(e) remind staff of the need to conduct adequate and timely inspections (e.g. during peak hours) in accordance with FEHD's requirements.</p>	<p>inspections of CFHBs is now under review.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
Part 5: Management of stall rentals and charges		
<p>Para. 5.12 of Audit Report and para.44 of PAC Report</p>	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) given that the rentals of most of the public market stalls are far below the open market rental (OMR) and deficits are incurred in the management of public markets, expedite action to establish a suitable rental adjustment mechanism for public markets; and</p> <p>(b) review the practice of allowing stall operators to successively renew their tenancies instead of putting the stalls to open auction upon the expiry of the tenancy agreements, particularly for stall operators who had acquired their stalls through open auction</p>	<p>Although the Government's previous proposals on the market rental adjustment mechanism and the recovery of air-conditioning charges did not have the support of LegCo, the Government will continue its effort in working out a suitable rental adjustment mechanism and setting up arrangements to recover the rates and air-conditioning charges. As discussed at the meeting of the Subcommittee on Issues Relating to Public Markets under the LegCo Panel on Food Safety and Environmental Hygiene on 29 June 2015, the Government aims to revert to the LegCo Panel in 2016 with a proposal on the proposed market rental adjustment mechanism and payment of rates and air-conditioning charges.</p> <p>As the recommendation will be taken</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
Para. 5.18 of Audit Report and para. 44 of PAC Report	Audit has recommended that the Director of Food and Environmental Hygiene should explore the feasibility of charging rentals of public market stalls on an inclusive-of-rates basis, in order to recover the rates paid by FEHD on behalf of stall tenants.	forward in the LegCo Panel, we recommend deleting this part from the next progress report.
Para. 5.29 of Audit Report and para.44 of PAC Report	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) expedite action to work out an appropriate arrangement to recover air-conditioning costs from public market tenants;</p> <p>(b) in the interim, consider updating the air-conditioning charge-out rates for applying to public market tenancies; and</p> <p>(c) keep in view those tenancies which are still under the subsumed-charging arrangement, and replace it with the separate-charging arrangement when the opportunity arises.</p>	
Part 6: Way forward		
Para. 6.9 of Audit Report	<p>Audit has recommended that the Director of Food and Environmental Hygiene should –</p> <p>(a) take on board the observations and recommendations in this Audit Report in further improving the management of public cooked food markets;</p> <p>(b) expedite actions, with a view to</p>	<p>As set out in the foregoing parts, FEHD has taken/is taking actions to address the recommendations of Audit and PAC.</p> <p>FEHD will –</p> <p>(a) continue to step up its efforts in enhancing the overall management of PCFMs, with due regard to the historical background and the interests of stakeholders;</p> <p>(b) expedite actions, with a view to</p>

Para. No.	Audit's/PAC's Recommendations	Progress to date
	<p>releasing the three CFHB sites mentioned in paragraph 6.5 for redevelopment as soon as possible; and</p> <p>(c) explore the redevelopment potential or alternative use of other public cooked food market sites, particularly those in prime areas, with high vacancy rates and viability problems, and having limitations in improving the facilities.</p>	<p>releasing some of its CFHB sites for redevelopment as soon as possible, while giving due consideration to the interests of hawkers who will be affected by the closure of the CFHBs; and</p> <p>(c) explore the redevelopment potential of other PCFM sites, particularly those that are located in prime areas, bear high vacancy rates and viability problems, and have limitations in improving the facilities.</p> <p>As the above measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>

**Management of water supply and demand
Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2 : Water Supply Management		
2.33	<p>Audit has recommended that the Director of Water Supplies should:</p> <p><i>Use of reclaimed water</i></p> <p>(a) expedite actions to implement the project for supplying reclaimed water for flushing in Northeast New Territories (NENT);</p> <p>(b) in collaboration with the Director of Architectural Services and the Director of Drainage Services, based on the results of the post-implementation review of the trial schemes on using grey water for flushing and rainwater for non-potable purposes at government/school buildings, formulate a strategy for rolling out the schemes to other government/school buildings and promoting implementation of the schemes in private buildings;</p>	<p>WSD has been taking actions along two fronts with a view to expediting the supply of reclaimed water in the NENT region. On the technical front, WSD has already established technical standards for the use of reclaimed water for flushing and other non-potable uses. To speed up the infrastructure delivery, WSD has also commenced its design with a view to expediting the construction works in stages. On the implementation front, WSD has commissioned a consultancy to study the financial and legal framework to prepare for the necessary legislative amendments to enable supply of reclaimed water.</p> <p>DEVB and Environment Bureau (ENB) have issued a revised joint DEVB technical circular No. 2/2015/ENB circular memorandum No. 3/2015 on green government buildings highlighting the policy on use of recycled water in government buildings in April 2015.</p> <p>Furthermore, WSD has engaged a consultant to conduct a comprehensive review on the total water management (TWM) strategy. As a part of the TWM review, the consultant has been liaising with ArchSD and Drainage Services</p>

Para. No.	Audit's Recommendations	Progress to date
	<p data-bbox="357 976 863 1010"><i>Protecting existing water resources</i></p> <p data-bbox="357 1055 911 1128">(c) expedite actions to improve the four priority catchwater systems;</p> <p data-bbox="357 1294 911 1525">(d) keep the Panel on Development informed of the implementation progress of the Inter-reservoirs Transfer Scheme (IRTS) and the project for improving the four priority catchwater systems; and</p> <p data-bbox="357 1574 842 1608"><i>Developing seawater desalination</i></p> <p data-bbox="357 1653 911 1805">(e) closely monitor the supply of fresh water from Guangdong (GD) Province and the proposed desalination plant.</p>	<p data-bbox="936 264 1495 450">Department (DSD) in obtaining relevant information for reviewing the trial schemes. A strategy will be formulated in 2016 taking into account results of the review.</p> <p data-bbox="936 501 1495 931">Regarding private buildings, in connection with the current review conducted by the Hong Kong Green Building Council (HKGBC) on the Building Environmental Assessment Method Plus standard, the HKGBC will incorporate WSD's proposal to put higher weightings on those assessment criteria related to the reuse of grey water and rainwater in private buildings.</p> <p data-bbox="936 1055 1495 1249">WSD is formulating actions to expedite improvement to the four catchwater systems, including investigating the feasibility of implementing the works in phases.</p> <p data-bbox="936 1294 1495 1447">WSD will follow up with the parties concerned in keeping the Panel on Development informed of the two projects at a suitable juncture.</p> <p data-bbox="936 1653 1495 1883">WSD will continue to closely monitor the growth of Hong Kong's future fresh water demand and will in tandem liaise closely with GD Province to monitor the supply of Dongjiang (DJ) water to Hong Kong.</p>

Para. No.	Audit's Recommendations	Progress to date
		<p>Our fresh water resources are still facing various challenges, including increasing water demand arising from population and economic growth, fluctuating local yield, climate change, as well as keen competition for DJ water resources due to the rapid economic development in the Pearl River Delta Region. The total quantity of water abstracted from DJ by the GD cities is increasing in recent years and has nearly reached the amount that can be extracted from the river for consumption under a drought with return period of 1 in 20 years. In a more severe drought with return period of 1 in 100 years, the water resources available in DJ as well as the yield collected from the local water gathering grounds will be affected and may not be able to meet the water demand of Hong Kong after 2020. To safeguard our water security, we need to take timely preparatory action to develop seawater desalination which is not susceptible to climate change.</p> <p>WSD has completed the planning and feasibility study for the proposed desalination plant in Tseung Kwan O. Selection of a consultant is in progress for carrying out design and associated site investigation works for the first stage of the proposed desalination plant which is targeted for commissioning in 2020.</p>
2.34	<p>Audit has also recommended that the Director of Drainage Services should, in collaboration with the Secretary for Development and the Director of Water Supplies, expedite actions to implement the IRTS.</p>	<p>DSD is working with DEVB and WSD to make preparatory works with a view to expediting implementation of the IRTS project.</p>

Para. No.	Audit's Recommendations	Progress to date
Part 3 : Water Demand Management		
3.25	<p>Audit has recommended that the Director of Water Supplies should:</p> <p>(a) take measures to evaluate the effectiveness of WSD public education and promotion campaigns with a view to identifying areas for improvement;</p> <p>(b) set performance indicators on education programmes and promotion campaigns on water conservation and publish such indicators in the WSD's COR;</p> <p>(c) conduct a review to ascertain the reasons for water-consumption increases at 119 government buildings and schools after being retrofitted with water-saving devices and take remedial actions where necessary;</p>	<p>WSD has engaged a consultant to conduct a comprehensive review on the total water management strategy. The review includes a domestic water consumption survey which will be used to gauge the effectiveness of the public education and promotion campaigns. The survey is expected to be completed in early 2016.</p> <p>WSD has developed an Integrated Education Programme on Water Conservation (IEP) which aims at enhancing our young generation's awareness in protecting precious water resources and enriching their knowledge on the scarcity of water resources in Hong Kong and worldwide. The IEP has been launched in September 2015. WSD will also continue to conduct campaigns to promote water conservation. The number of schools participating in the IEP and the number of promotion campaigns carried out will be set as performance indicators on water conservation and published in the WSD's future COR.</p> <p>WSD has been conducting reviews including the water consumption and operations of the 119 government and school premises where there were increases in water consumption after retrofitting of water saving devices. As at 14 October 2015, WSD has completed the review for about 70% of the premises. In general, the retrofitted water saving devices help restrict the flow and thus help save water. It is</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) take measures with a view to ensuring the early completion of water-efficiency audit for the Correctional Services Department (CSD) and thereafter issue best-practice guidelines on water conservation to it; and</p> <p>(e) take measures with a view to completing works for supplying seawater for flushing to the remaining 378 buildings at Pok Fu Lam at an early time.</p>	<p>revealed that the main reason for the increased consumption is due to additional water usage arising from increased patronage or activities carried out after the retrofitting (e.g. additional water usage for the construction and maintenance of green roofs, enhanced operational requirements such as extra cleansing, etc.). WSD aims at substantially completing the review for the remaining premises by early 2016.</p> <p>WSD, with the support of CSD, has implemented measures to expedite completion of the audit, including speeding up delivery of flowmeters and taking simultaneous flow measurements. WSD expects that the water efficiency audit will be completed by end 2015.</p> <p>WSD has redeployed in-house staff resources and is considering engagement of consultants to speed up the works for supplying seawater for flushing to the remaining 378 buildings at Pok Fu Lam.</p>
3.26	<p>Audit has also recommended that the Director of Leisure and Cultural Services should, in collaboration with the Director of Water Supplies:</p> <p>(a) conduct a review to ascertain the reasons for the water-consumption increases at the four Leisure and Cultural Services Department (LCSD) venues after implementing the related best-practice guidelines; and</p>	<p>In tandem with the site inspections by WSD and LCSD staff in the past few months, WSD has progressively provided LCSD with the relevant information of water meters and readings for verification by 16 July 2015. LCSD is conducting an investigation into the increase in water consumption at the four venues between 2011 and 2014. The investigation is expected to be completed by the fourth quarter of 2015.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) take actions to roll out the implementation of the guidelines to other LCSD venues, taking into account experience gained in implementing the best-practice guidelines on water conservation at 11 LCSD venues.	WSD issued the final version of the Best Practice Guidelines in August 2015. LCSD rolled out the implementation of the guidelines to other LCSD venues in September 2015.
Part 4 : Implementation of Government Policy on Water Charges		
4.31	<p>Audit has recommended that the Director of Water Supplies should:</p> <p>(a) publish information in WSD annual reports showing that:</p> <ul style="list-style-type: none"> (i) the net and full fresh-water unit production costs have included a target return on Average Net Fixed Assets; and (ii) the calculation of the net and full fresh-water unit production costs for charging purposes is based on the quantity of metered fresh water consumed; and <p>(b) in reviewing water tariffs in future, in collaboration with the Secretary for Development, take into account:</p> <ul style="list-style-type: none"> (i) the Government's policy on discouraging extravagant and wasteful use of water; (ii) the reduction in the average household size in public housing and the latest minimum quantity of water required for meeting the health and hygiene standard; and 	<p>WSD will publish the information recommended by the Audit through its future annual reports.</p> <p>The Government is reviewing the water charges and will take into consideration a number of factors, including financial performance of waterworks operations, affordability, prevailing economic situation and views of LegCo members, as well as the factors recommended by the Audit.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(iii) some LegCo Members' views that water charges levied on the commercial sector should be calculated on a commercial basis, and any future increases in domestic water charges should be fixed on the basis of not exceeding the operating cost.</p>	
Part 5 : Way Forward		
<p>5.8</p>	<p>Audit has recommended that the Director of Water Supplies should:</p> <p>(a) consider setting a target date for achieving 10 litres of water saving per capita per day; and</p>	<p>WSD is considering with reference to overseas experience, and local situation, and their review on the total water management strategy in setting a target date for achieving 10 litres of water saving per capita per day.</p> <p>In tandem, WSD has enhanced their strategies in driving water conservation in Hong Kong through a multi-pronged and more proactive approach. As far as domestic fresh water consumption is concerned, WSD has been strengthening their collaboration with various stakeholders including schools, green groups/non-government organizations and building management offices, and embarked on a number of new measures with a view to promoting and fostering water conservation culture and behaviours and thus lowering the daily per capita consumption. On the education and promotion side, major measures include (i) the implementation of an IEP for primary schools in 2015 and (ii) the establishment of a new permanent Water Resources Education Centre (which is under design) to replace the existing temporary one to</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) in collaboration with the Secretary for Development, formulate a water-tariff-revision plan for achieving the Government's policy objectives on water charges.</p>	<p>strengthen promotion and building up a culture of water conservation amongst the general public.</p> <p>On the hardware side, WSD is taking steps to (i) formulate practice notes requiring the mandatory use of products registered under the Water Efficiency Labelling Scheme in new buildings and existing premises undergoing major renovation, and (ii) expand the installation of flow controllers in public rental housing estates.</p> <p>The Government is reviewing the water charges and will take into consideration a number of factors, including financial performance of waterworks operations, affordability, prevailing economic situation and views of LegCo members, as well as the factors recommended by the Audit. See also progress of Item 4.31(b).</p>

**Latest progress in implementing Audit recommendations on
Employees' compensation for injuries and fatalities**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Processing of Employees' Compensation Claims by the Labour Department		
2.11(a)	The Commissioner for Labour should, taking into consideration the pertinent audit comments, expedite the processing of the outstanding employees' compensation claims.	<ul style="list-style-type: none"> ● The Employees' Compensation Division (ECD) of the Labour Department (LD) is now reviewing the medical clearance procedures in order to expedite the processing of the outstanding employees' compensation claims, and is exploring with the HA feasible measures with a view to shortening the waiting time for assessment by the Employees' Compensation (Ordinary Assessment) Boards (ECOABs).
2.11(b)	Commissioner for Labour should, taking into consideration the pertinent audit comments, continue to monitor the time taken for processing employees' compensation claims and, where warranted, take appropriate measures to address the issue (e.g. make better use of unused appointment quotas if there is a surge in the no-show rate).	<ul style="list-style-type: none"> ● ECD of LD has improved the existing monitoring mechanism. Since August 2015, LD has been making use of computer-generated reports to closely monitor the no-show rate of ECOABs by injured employees so as to minimize unused appointment time slots. Should an injured employee (IP) need to cancel his/her ECOAB appointment, the Occupational Medicine Unit will immediately release the quota in the computer system and make this available to another IP so as to reduce the number of no-show cases. In case an IP fails to attend ECOABs thrice without any valid reason, he/she will be deemed to have given up assessment and his/her case would be closed in order to avoid wastage of quotas. ● As the improvement measures will be implemented on an on-going basis, LD suggests deleting this part from the next progress report.

Para. No.	Audit's Recommendations	Progress to date
Part 3: Administration of the Employees Compensation Assistance Fund (ECAFB)		
3.24(a)	The Employees Compensation Assistance Fund Board (ECAFB) should take measures to shorten the time taken for processing ECAF applications.	<ul style="list-style-type: none"> ● ECAFB has commenced enhancement of its computer system since September 2015 to build up a more comprehensive database on ECAF applications to facilitate its Secretariat in monitoring case development and taking timely actions to expedite the processing of cases. The Secretariat will, starting from October 2015, report regularly to ECAFB the progress of the outstanding cases in which the applicants have established legal liability and quantum of claims against the employers who have also been declared bankrupt or wound up by the Court. This will facilitate ECAFB to instruct its Secretariat to carry out follow-up actions more expeditiously where appropriate with a view to completing the processing of the cases concerned as soon as possible. ● As appropriate actions have been taken to put in place improvement measures to address this recommendation on an on-going basis, we suggest deleting this part from the next progress report.
3.24(b)	ECAFB should consider the feasibility of hiring in-house legal staff.	<ul style="list-style-type: none"> ● ECAFB has agreed to employ one in-house lawyer to give timely legal advice on the processing of cases and to improve case management; and will follow up on the recruitment of this lawyer proactively. ● As appropriate action has been taken to address the

Para. No.	Audit's Recommendations	Progress to date
		<p>recommendation, we suggest deleting this part from the next progress report.</p>
3.24(c)	<p>ECAFB should, where appropriate, explore the possibility of settling cases out-of-court or by mediation.</p>	<ul style="list-style-type: none"> ● ECAFB has written to its three retained law firms, reminding them to consider and propose out-of-court settlement or mediation as appropriate. ● As appropriate action has been taken to address the recommendation, we suggest deleting this part from the next progress report.
3.24(d)	<p>ECAFB should devise a suitable mechanism for selecting lawyers as retained lawyers.</p>	<ul style="list-style-type: none"> ● Upon the employment of the in-house lawyer as referred to para. 3.24(b) above, ECAFB will conduct an overall review and assessment on various issues (e.g. the workflow, the arrangement of assigning cases to the retained lawyers, the processing and follow-up of the cases, and the requirement for legal services) to facilitate the formulation of the procurement practice of legal services in future.
3.24(e)	<p>ECAFB should monitor the issue of increasing amount of accumulated surplus funds of the ECAF, and when necessary, take appropriate measures to address the issue.</p>	<ul style="list-style-type: none"> ● ECAFB and LD will continue to keep in view the financial position of ECAF and be prudent in managing its resources. Timely reviews will be conducted and feasible measures explored to address the practical needs as and when necessary. ● As follow-up action will be taken on an on-going basis, we suggest deleting this part from the next progress report.

Para. No.	Audit's Recommendations	Progress to date
3.24(f)	ECAF should consider establishing a website of the ECAF to provide comprehensive information on the ECAF or enhancing the information relating to the ECAF in the LD's website.	<ul style="list-style-type: none"> ● More information has been uploaded to LD's website with effect from August 2015, including frequently asked questions, a flow chart on the general procedures for claiming employees' compensation and damages against the employers and making ECAF applications, and a leaflet on the surcharge imposed on employers for failure to take out employees' compensation insurance. ● As appropriate action has been taken in response to the recommendation, we suggest deleting this part from the next progress report.
3.24(g)	ECAF should take measures to ensure that copies of the Guide to the Employees Compensation Assistance Ordinance and Procedures for Applying for Payment from the ECAF (the Guide) for collection by the public (e.g. on the display racks of Branch Offices of the LD's ECD) are replenished in a timely manner.	<ul style="list-style-type: none"> ● LD and ECAF reminded all its ECD offices as well as the Companies Registry (CR) and Business Registration Office (BRO) in February and July 2015 respectively to continue assisting in the distribution of the Guide and to make timely replenishment for collection by members of the public. Periodic issuance of similar reminders to ECD, CR and BRO will be arranged. ● As appropriate action has been taken in response to the recommendation, we suggest deleting this part from the next progress report.
Part 4 : Ensuring employees are covered by employees' compensation insurance		
4.17	Commissioner for Labour should take measures to improve the existing inspection strategies taking into consideration the pertinent audit comments.	<p><u>Documentation of the basis of selecting workplaces for inspection (para. 4.7)</u></p> <ul style="list-style-type: none"> ● In August 2015, the Labour Inspection Division (LID) of LD

Para. No.	Audit's Recommendations	Progress to date
		<p>devised new action plan templates to improve recording and monitoring of the justifications for selecting specific trades and workplaces for each routine inspection and district-based campaign.</p> <ul style="list-style-type: none"> ● Enhancement to the computer system to build in the electronic action plan templates and monitoring system will be completed by the end of 2015. <p><u>Strategy on inspection frequency (para. 4.8)</u></p> <ul style="list-style-type: none"> ● In August 2015, LID of LD has drawn up appropriate measures on inspection frequency to strengthen the prevailing offence-prone approach inspection and enforcement strategy by stepping up follow-up inspections to workplaces with previous offence records and systematically identifying new workplaces for inspections. In addition, a mechanism has been put in place to review systematically and periodically the workplace database with a view to identifying workplaces that should be accorded priority for follow-up inspections. <p><u>Stepping up publicity to remind foreign domestic helpers of their rights and benefits and employers of their obligations under the Employees' Compensation Ordinance (para. 4.12)</u></p> <ul style="list-style-type: none"> ● To ensure the understanding of foreign domestic helpers that they are covered by employees' compensation insurance even

Para. No.	Audit's Recommendations	Progress to date
		<p>though inspections to domestic premises cannot be conducted unless with a warrant issued by a magistrate, LD will, on top of publicity measures already in place, specifically remind foreign domestic helpers during briefings of the compulsory insurance requirement imposed on employers and advise them to approach LD for enquiries and complaints when necessary, and will continue to explore other possible means to disseminate the message to employers.</p> <p><u>Enforcement actions on the proper display of notice of insurance (para. 4.16)</u></p> <ul style="list-style-type: none"> ● In August 2015, LID of LD reviewed the existing enforcement practice and devised more specific operation guidelines for labour inspectors to follow up closely on cases involving non-display of notice of insurance. ● As appropriate actions have been taken and improvement measures will be implemented on an on-going basis, LD suggests deleting this part from the next progress report.
4.23(a)	Commissioner for Labour should take measures to ensure that supervisory inspections are conducted in accordance with the Operation Manual.	<ul style="list-style-type: none"> ● In August 2015, LID of LD refined the existing mechanism of supervisory inspections by revising the existing activity record template and the course of action required for the endorsement of the activity record to facilitate better monitoring of supervisory inspections conducted by Senior Labour Inspectors (SLIs).

Para. No.	Audit's Recommendations	Progress to date
		<ul style="list-style-type: none"> ● As improvement measures will be implemented on an on-going basis, LD suggests deleting this part from the next progress report.
4.23(b)	<p>Commissioner for Labour should, if supervisory inspections are not conducted due to genuine difficulties, ensure that the justifications are documented and the approval from the Chief Labour Inspector (CLI) of LID is obtained.</p>	<ul style="list-style-type: none"> ● LID planned that by the end of 2015, enhancement work to the computer system will be completed, allowing SLIs to apply electronically for endorsement from respective CLIs in case they have genuine difficulties in conducting supervisory inspections within the time frame specified in the Operation Manual. ● As improvement measures will be implemented on an on-going basis, LD suggests deleting this part from the next progress report.
4.32	<p>Commissioner for Labour should take measures to enhance the integrity of the workplace database taking into account the pertinent audit comments.</p>	<p><u>Including more new workplaces (para. 4.28)</u></p> <ul style="list-style-type: none"> ● In August 2015, LID of LD refined the operation guidelines and devised mechanism to enhance labour inspectors' effectiveness in identifying new workplaces in the vicinity of existing workplaces assigned for routine inspections. <p><u>Making use of the workplace database maintained by the Occupational Safety Operations Division (OSOD) of LD (para. 4.31)</u></p> <ul style="list-style-type: none"> ● LID is conducting a trial run to transfer the new establishment records from OSOD of LD onto LID's workplace database for law enforcement purpose. LID will assess the effectiveness of this proposed measure after the completion of the trial run.

Para. No.	Audit's Recommendations	Progress to date
4.38(a)	Commissioner for Labour should review the performance indicators of the LID so that inspections where no enforcement work is carried out are excluded or separately reported in the COR.	<ul style="list-style-type: none"> ● In August 2015, LID of LD reviewed its performance indicators. Identification of removed, locked and vacant workplaces and the subsequent work on recording and information updating in the database are an important part of the overall task of the labour inspection though no enforcement check has been conducted by labour inspectors in these workplaces. It is necessary to continue such work so as to enhance the effectiveness of LD's inspection.
4.38(b)	Commissioner for Labour should take action to improve the performance information provided to the LegCo in future.	<ul style="list-style-type: none"> ● In preparing COR, LD will include a remark, where appropriate, to reflect more clearly the number of inspections to workplaces that were found locked, removed or vacant. ● Also, when providing performance information to the LegCo, LD will show the yearly total of the number of inspections to the workplaces with a remark, where appropriate, to reflect more clearly the number of inspections to the workplaces that were found locked, removed or vacant. ● As improvement measures will be implemented on an on-going basis, LD suggests deleting these two parts from the next progress report.

**Education Bureau Kowloon Tong Education Services Centre
(as at 14 October 2015)**

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
PART 2: Realisation of expected benefits of KTESC	
(a) The Secretary for Education should seek approval from the Property Vetting Committee (PVC) for changes to the accommodations at Kowloon Tong Education Services Centre (KTESC) after PVC's approval in January 2004 in accordance with Accommodation Regulation 312 and Annex IV (Part One) of the Accommodation Regulations.	Education Bureau (EDB) has been liaising with the Secretariat of PVC and preparing a submission to seek PVC's approval to the changes to the accommodations at KTESC.
(b) Secretary for Education should take measures to ensure that in future changes to accommodations are properly approved by PVC in accordance with Accommodation Regulation 312 and Annex IV (Part One) of the Accommodation Regulations.	EDB has reminded all divisions in the Bureau to strictly observe the Accommodation Regulations and to require them to seek the advice of the Administration Division on the need to seek PVC's approval prior to implementing any changes to the accommodation. As follow-up action has been completed, we recommend deleting this part from the next progress report.
(c) Secretary for Education should improve the accuracy of the methods for recording the number of visitors to Central Resources Centre (CRC) and Special Education Resource Centre (SERC), with a view to more accurately reflecting their utilisation.	EDB has critically reviewed the methods in recording the number of visitors. The following measures have been/will be implemented with a view to more accurately reflecting the utilisation - <u>CRC</u> (i) The present formula for the calculation of CRC visitors with deductions of 50 non-CRC users for weekdays and 18 for weekends has been adopted since 2012. CRC has reviewed the formula with a view to excluding multiple entries of staff to avoid over-counting. The latest review conducted in September 2015 showed that the average number of non-CRC users is around 42 for weekdays and 15 for Saturdays. CRC has been adopting the new formula to compute the number of visitors to CRC. CRC will conduct regular surveys to evaluate the need

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>for updating the calculation formula;</p> <p>(ii) CRC has put in place traffic control of visitors who pass through CRC on the way to the multi-purpose hall (WP01) for events. To minimise passers-by who enter CRC solely for the purpose of visiting the multi-purpose hall, directional signs have been placed in the lobby of the building to direct visitors to WP01 without passing through CRC. On the other hand, directional signs to CRC have been placed at the centre entrance and in WP01. Visitors who choose to go to WP01 via CRC in this case are counted as users, as they have the intended purpose to use the centre resources; and</p> <p>(iii) The present detection gate has been used since the establishment of CRC in 2006. The CRC will install a new detection system in early 2016 to replace the old detection system. The formula of deductions of 42 non-CRC users for weekdays and 15 for weekends mentioned in (i) above will continue to be adopted. After installing the new detection system, statistical data such as hourly figures on CRC visitors can be generated by the system automatically. Publicity measures can be carried out more effectively with hourly figures available for reference. Besides, the function for automatic generation of statistical data can also help to avoid human errors when compiling statistics and thus improves the overall accuracy and efficiency in monitoring visitor numbers.</p> <p><u>SERC</u> The present formula for calculation of visitors with deductions of nine non-SERC users per day has been adopted since October 2012. SERC has conducted a survey on the number of non-SERC users entering the centre each day in March 2015 with a view to further refining the calculation formula to avoid over counting. The result showed</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>that the average number of non-SERC users is 15 per day. Starting from April 2015, SERC has used the new calculation of deducting 15 non-SERC users from the automatic gate counter to compute the number of visitors to SERC. SERC will conduct regular surveys to evaluate the need for updating the calculation formula.</p> <p>As the improvement measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>(d) Secretary for Education should collect visitor information of the facilities at the Hong Kong Teachers' Centre (HKTC) and monitor the usage of the HKTC facilities.</p>	<p>Starting from 4 May 2015, the HKTC Secretariat has arranged to record the number of visitors to the HKTC and the frequency of their use of facilities from Mondays (from 9 am to 7 pm) to Saturdays (from 9 am to 6 pm). The staff manning the reception counter take stock of and log the number of visitors in the morning and afternoon sessions. The numbers will be added up daily and recorded in a specific form. The method of collection of data of visitors by the staff of the HKTC Secretariat was discussed and endorsed at the meeting of the Standing Committee (SC)³ of HKTC on 19 June 2015. EDB will monitor the usage of the HKTC facilities on the basis of the statistics collected and keep SC informed as necessary.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
<p>(e) Secretary for Education should take effective action to improve the utilisation of the educational facilities (i.e. CRC, SERC, HKTC and Young Achievers' Gallery (YAG)).</p>	<p><u>CRC</u> CRC has all along been implementing various measures to improve the utilisation of its resources and facilities. After a review, the following measures have been taken to strengthen CRC's resources, services and facilities so as to increase the utilisation of the centre -</p> <p>(i) To gauge teachers' needs of resources</p>

³ The Standing Committee (SC) comprises 15 members including the Chairperson of the Advisory Management Committee (AMC), the two AMC Vice-chairpersons, ten members elected among the AMC members and two members appointed by Permanent Secretary for Education.

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>support, CRC has solicited professional views from the Curriculum Development Council Committee on Learning Resources and Support Services and invited recommendations from various sections of Curriculum Development Institute on the resources and services enhancement;</p> <p>(ii) In response to users' needs, CRC has strengthened its resources by providing a new collection of textbooks and e-textbooks on the EDB Recommended Textbook List and Recommended e-Textbook List for teachers' reference. Also, CRC has enriched its collections by sharing learning and teaching resources with the public libraries. As for the electronic resources, remote access service will be provided for the Chinese educational databases upon renewal of subscription;</p> <p>(iii) With the aim to encourage borrowing, CRC has enriched its resources to cater for the needs of educational professionals, EDB staff, parents and students studying courses in education in tertiary institutions. To facilitate teachers and EDB colleagues to make use of CRC curriculum resources, block loan service has been launched for schools and EDB sections to borrow up to 30 books at one time for curriculum and professional development. Besides, the number of loan items from different collections of the centre has been increased to meet users' needs;</p> <p>(iv) To help users obtain updated information about the latest CRC services, the CRC website has been further enhanced to provide easy access to the resources and services. Also, with a view to providing an easy access to CRC catalogue and new channels for users to understand CRC resources and services, the feasibility of providing a mobile version of the CRC website will be explored; and</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>(v) The monthly CRC Usage Statistics Report has been revised to include more details of the usage of different services, in particular the borrowing service, so as to enable management to monitor the utilisation of the centre.</p> <p>CRC's internal and external collaboration with various EDB sections, non-government organisations, local institutions, public libraries and museums has also been strengthened as follows so as to boost the utilisation of the centre -</p> <p>(i) CRC has been collaborating with function organisers of the multi-purpose hall (WP01) located adjacent to CRC by supporting their functions with book fairs and exhibitions on related themes. Visitors to WP01 for functions are encouraged to visit CRC during the break or after the events for relevant resources;</p> <p>(ii) In collaboration with other EDB sections, CRC has staged various thematic resources displays and organised thematic exhibitions to arouse awareness and interests of different stakeholders in the resources of the centre and encourage borrowing of the items;</p> <p>(iii) In collaboration with SERC located in the same building, CRC has been organising one-stop tour for teachers and visitors to access different education services available at KTESC. It not only achieves synergy by realising the advantages of collaboration, but also helps boost the usage of CRC resources and services;</p> <p>(iv) In joint collaboration with the Regional Education Office, schools in need of learning and teaching resources support are identified and invited to visit CRC for curriculum resources to facilitate school development; and</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>(v) Externally, CRC has worked closely with public libraries and local museums in sharing of resources to enrich the resource materials of the centre. It has also established close connections with tertiary institutions and universities in promoting CRC resources and services to the students studying education programmes and allowing them to borrow the resources for their studies.</p> <p><u>SERC</u> EDB has approached 16 relevant parent associations and four non-governmental organisations (NGOs) through meetings and mails from January to July 2015 to encourage them to visit SERC and use the resources therein, including reference materials for supporting children with special educational needs (SEN) and computer software for special examination arrangements. EDB will keep promoting the service of SERC through various platforms such as seminars for teachers, briefing for parents, etc. Besides, EDB is developing an email registration system for members to receive updated information on SERC. The first phase of the registration system was launched in August 2015 while the second phase which requires the development of a web-based system is expected to be launched in 2016. EDB will also analyse the popularity of the resources on an on-going basis so as to seek further improvement as appropriate and further improve the design and usability of the SERC website to facilitate easy retrieval of online resources by users.</p> <p><u>HKTC</u> EDB had discussed with the Advisory Management Committee⁴ of HKTC on 24 April 2015 and the SC on 19 June and 15 July 2015 about, among other things, ways to improve the utilisation of HKTC. The feasibility of various measures will be further explored in the</p>

⁴ The Advisory Management Committee has a total of 72 members including 35 elected members from education organisations, 35 elected members from teachers and two members appointed by Permanent Secretary for Education.

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>forthcoming SC meetings.</p> <p><u>YAG</u> In order to improve the utilisation of YAG, EDB is making enhancement to spare some space of YAG for a multi-function hall without affecting its existing function. In addition, the current physical displays of YAG have been digitised into a web-based e-gallery and the full-function website has been launched in May 2015. The multi-function hall will be used for medium scale exhibitions and functions such as prize giving ceremonies, student work exhibitions as well as for teacher professional development programmes of EDB Divisions and Sections. YAG and the multi-function exhibition hall will be open for use in November 2015 on completion of the premises enhancement. Publicity measures, such as circular memorandum to schools as well as announcement on EDB's webpage will be adopted to promote YAG to schools and the public.</p>
<p>(f) Secretary for Education should take effective action to improve the utilisation of communal facilities, including:</p> <p>(i) strengthening control over the booking of the facilities; and</p> <p>(ii) considering opening up more sessions/venues for booking by B/Ds and NGOs.</p>	<p>EDB has implemented the following tightened-up measures for booking of communal facilities pending completion of revamp of the on-line booking system -</p> <p>(i) Shortening the advance booking period of the communal facilities;</p> <p>(ii) Requiring earlier confirmation for use of the booked facilities; and</p> <p>(iii) Issuing reports on cases of "booked sessions unused" and "late/no release of unused sessions" to senior management to step up monitoring efforts when necessary.</p> <p>EDB has also commenced the revamping of the existing on-line booking system to be completed in three phases. Phase I of the System Revamp introducing a penalty system for "booked sessions unused" and "late/no release of unused sessions" and the function of automatic cancellation of bookings without confirmation by the due date was</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>rolled out on 29 August 2015. A user will be barred from making booking for 30 days if he makes late cancellation for three times or fails to take up a booked session within a rolling period of 30 days. Upon roll-out of Phase II of the System Revamp tentatively scheduled for November 2015, e-booking confirmation form will be introduced. When Phase III is rolled out tentatively in March 2016, a search function to enable users to manage their bookings will be provided and statistical reports for analysis will be available to facilitate the management to better monitor usage of the communal function rooms.</p> <p>As an on-going process, EDB will continue to explore opportunities for other B/Ds to make use of the communal facilities of KTESC and is in the process of lining up the arrangements with suitable potential users. EDB will review the utilisation of the communal facilities after full roll-out of the enhanced on-line booking system and consider the need for further opening up of the facilities.</p>
<p>(g) Secretary for Education should regularly conduct surveys to ascertain potential users' awareness of KTESC and existing users' views on services provided by KTESC.</p>	<p><u>CRC</u> User surveys and opinion forms have been collected by CRC to obtain feedback from users on a need basis. In May and June 2015, CRC issued questionnaires to collect feedback from teachers of kindergartens and primary schools respectively during their visits to CRC. Views collected would serve to improve the services provision and facilitate the procurement of library resources related to their needs. To collect users' feedback more efficiently, a Bulletin Board was set up in July 2015 in the centre. A virtual Bulletin Board would also be set up on the CRC website for users to express their views and suggestions so as to improve CRC's services and collections. The virtual Bulletin Board is planned to be rolled out within October 2015.</p> <p><u>SERC</u> EDB has designed a user survey form to collect users' views on the services provided. Starting from March 2015, the survey form is distributed to</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>all visitors for their completion after their visit. A promotional souvenir of SERC as a token of appreciation is given to the visitors upon their returning of the completed survey form.</p> <p><u>HKTC</u> To ascertain the latest service needs of teachers and their awareness of HKTC, HKTC will conduct a survey to obtain users' comments on the operation of HKTC, the facilities and services provided by HKTC, the modes and types of the activities of HKTC, etc. A questionnaire for the survey has been drafted. Upon the endorsement by the SC of HKTC, the questionnaire will be distributed to schools for collection of teachers' feedback in the 2015/16 school year.</p> <p><u>YAG</u> Opinion survey forms are used to collect feedback from visitors and participants of YAG Student Talk Series. Similar practice will continue when YAG is re-opened to receive visitors or to host any functions upon completion of premise enhancement. EDB will continue to keep in view and refine the mode of survey as appropriate to ensure that users' feedback is collected effectively.</p>
<p>(h) Secretary for Education should set performance targets for the utilisation of various facilities of KTESC.</p>	<p><u>HKTC</u> EDB will work in collaboration with the SC to set performance targets as appropriate taking into account SC's comments on the feasibility of various measures to improve the utilisation of HKTC and teachers' feedback in the 2015/16 school year on the operation, facilities, services and modes and types of activities of HKTC.</p> <p><u>YAG</u> YAG will adopt visitor numbers as performance indicators upon its re-opening after premises enhancement. EDB will observe the utilisation of YAG and the multi-function hall for 6 months to understand the general utilisation patterns when YAG is re-opened. This will facilitate the setting of realistic performance targets for the enhanced YAG in the future.</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p><u>CRC and SERC</u> Target numbers of visitors have been set for CRC and SERC for some time, and are included in the returns for the annual surveys conducted by the Government Property Agency on the utilisation of various education/resource centres operated by B/Ds.</p>
<p>(i) Secretary for Education should consider setting performance targets on services (e.g. borrowing service) of CRC and SERC.</p>	<p><u>CRC</u> Since 2011, CRC has set a target on the visitor number each year as a yardstick to reflect the utilisation of its services. With a view to reflecting a full picture of the usage of resources, CRC has set two additional performance targets on the (i) loan service and (ii) online service. Different strategies and promotional measures will be taken, whenever appropriate, to enhance the utilisation of the centre. The relevant performance indicators include -</p> <ul style="list-style-type: none"> (i) Achieving a target of 72 000 CRC visitor number in 2015; (ii) An increase of borrowing transactions on V-lib, with 5 500 items as the target in 2015 (compared to the actual transaction of some 4 700 loan items in 2014); and (iii) An increase of usage of electronic resources, with a target of 40 000 clicks for accessing EBSCO host electronic database in 2015 (compared to the actual transaction of some 37 200 clicks in 2014). <p>Apart from the quantitative targets on the visitor numbers and usage of resources (of both printed and electronic resources), CRC also attaches importance to the following qualitative targets and is committed to achieving them through continuous improvement of services and facilities -</p> <ul style="list-style-type: none"> (i) Developing and providing quality learning and teaching resources to support school's curriculum development, enhance effectiveness of learning and teaching, and foster teachers' professional development;

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>(ii) Raising awareness and interests of stakeholders in the resources of CRC through different channels and publicity measures;</p> <p>(iii) Raising the utilisation of CRC through enhancement of the centre's resources, services and facilities; and</p> <p>(iv) Collaborating with different EDB sections and external bodies in strengthening the resources and services of CRC.</p> <p><u>SERC</u> Performance targets in the number of visitors, utilisation of borrowing service and the resources of SERC website have been set as follows -</p> <p>(i) Achieving a target of 30 300 SERC visitor number in 2015;</p> <p>(ii) An increase of borrowing transactions to 6 100 loan items in 2015 (compared to the actual transaction of some 5 540 loan items in 2014); and</p> <p>(iii) An increase of the access counts of the SERC website to 36 750 in 2015 (compared to the actual access counts of some 33 400 in 2014).</p> <p>Monthly usage statistics are kept for assessing the trend and utilisation of the services.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
PART 3: Operational issues of KTESC	
<p>(j) Secretary for Education should take effective action to further promote the services of CRC and SERC.</p>	<p><u>CRC</u> As publicity has direct impact on the utilisation, CRC has stepped up efforts to promote its services through a number of publicity measures as follows -</p> <p>(i) Promoting CRC resources and inviting schools to arrange visits to CRC on their Staff Development Day through the Regional Education Office;</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>(ii) Organising induction course about the resources of CRC for new and seconded teachers, and conducting professional development programmes for in-service teachers on how to make effective use of CRC resources for improvement of teaching and learning;</p> <p>(iii) Promoting CRC to KTESC visitors by putting up eye-catching window posters highlighting the collections and services of CRC;</p> <p>(iv) Sending the “EDB CRC Alerting Service” to EDB staff, government, aided and Direct Subsidy Scheme schools on a monthly basis to promote CRC new resources and services. In view of the popularity of the service, it has been extended to kindergartens which will bring in more visitors to CRC;</p> <p>(v) Promoting CRC collections and activities to parents by posting news update on the Home-school Cooperation Section website to attract parent visitors;</p> <p>(vi) Making use of the media to promote CRC, such as publishing publicity articles in “Smart Parents” Magazine to inform parents of the centre’s new textbook collections;</p> <p>(vii) Continuing to stage CRC exhibition in local universities and institutions to promote the centre’s services to student teachers;</p> <p>(viii) Uploading CRC virtual tour on the EDB YouTube Channel to promote the centre to teachers and the public;</p> <p>(ix) Producing an updated CRC poster highlighting its new services and sending it to kindergartens, primary and secondary schools; and</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>(x) Installing a TV set on the premises to publicise CRC resources and services to centre visitors to raise the borrowing rate.</p> <p><u>SERC</u> As set out in (e) above, EDB has approached 16 relevant parent associations and four NGOs through meetings and mails from January to July 2015 to encourage them to visit SERC and use the resources therein, including reference materials for supporting children with SEN and computer software for special examination arrangements. EDB will keep promoting the service of SERC through various platforms such as seminars for teachers, briefing for parents, etc. Besides, EDB is developing an email registration system for members to receive updated information on SERC. EDB will also analyse the popularity of the resources on an on-going basis so as to seek further improvement as appropriate and further improve the design and usability of the SERC website to facilitate easy retrieval of online resources by users.</p> <p>As the improvement measures will be implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
<p>(k) Secretary for Education should investigate the discrepancies between the borrowing activities as observed by Audit and the borrowing records in the computer system of SERC.</p>	<p>The discrepancies mentioned in the Audit Report were: (1) Audit found that no members had borrowed any item from SERC during the five-day Audit survey while EDB informed the Audit that there were borrowing records on each day of Audit's five-day on-site survey; (2) the number of borrowing as indicated by the due dates on the books and those shown in the SERC's computer system did not match. EDB has conducted investigation into these discrepancies with the following results -</p> <p>(i) For (1), based on the manual records due to breakdown of the server during the five-day Audit survey, EDB called the borrowers and confirmed the borrowing. The manual borrowing process might not be observed by</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
	<p>the Audit team and hence there was such a discrepancy; and</p> <p>(ii) For (2), it was caused by improper recording of the borrowing in the books.</p> <p>EDB has already reminded the staff concerned to follow closely the procedures in handling borrowing records and random checking has been conducted.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
<p>(l) Secretary for Education should ensure that the borrowing statistics of CRC and SERC accurately reflect their actual borrowing activities.</p>	<p><u>CRC</u> There was not a specific account in the V-lib system (the library system of CRC) created previously for testing, and library staff might use their member ID to test the library system when necessary. Although testing of the library system was not carried out every month and was only performed due to system change such as system enhancements and launching of new loan policy, the borrowing statistics had included those for testing records.</p> <p>To ensure that the borrowing statistics of CRC accurately reflect the actual borrowing activities, CRC has created a testing account in the V-lib system in April 2015. When the staff needs to perform testing of the system, the testing account is used for the purpose, so that the borrowing transactions for testing are separated from the normal borrowing statistics.</p> <p><u>SERC</u> For the discrepancy (2) in (k) above, EDB has reminded the staff concerned to follow closely the procedures in handling borrowing records and random checking has been conducted.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>

Audit's Recommendations (Para. 4.6 of Audit Report)	Progress to date
<p>(m) Secretary for Education should take prompt action to resume the online library catalogue service for the SERC resources.</p>	<p>The case quoted in the Audit Report was due to the breakdown of the server which was beyond repair and needed to be replaced. The service has already resumed in March 2015.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
<p>(n) Secretary for Education should promote visitors' awareness of the panoramic film at YAG (such as posting signages to inform visitors of the show times).</p>	<p>In order to promote visitors' awareness of the panoramic film at YAG, film-show schedule has been posted at the entrance of YAG and uploaded to the EDB's webpage in addition to the information display units in KTESC.</p> <p>As follow-up action has been completed, we recommend deleting this part from the next progress report.</p>
<p>PART 4: Way Forward</p>	
<p>(o) Secretary for Education should work out a strategy for the effective use of KTESC and closely monitor the implementation of the strategy.</p>	<p>EDB has formed a Task Force, assisted by a Project Team, to take forward a PIR of KTESC. The Task Force will work out a strategy to enhance the effective use of KTESC, having regard to the Audit's findings and the prevailing, potential and upcoming service and operational needs in consideration of the current and forthcoming educational policies. It is estimated that the PIR will be completed by late 2016.</p>
<p>(p) Secretary for Education should conduct a post-implementation review (PIR) of KTESC project, taking into account the audit findings in the Audit Report.</p>	

**Rehabilitation services provided by the Correctional Services Department
Updated Progress of Implementing Audit's Recommendations**

Para. No.	Audit's Recommendations	Progress to date
Part 2: Counselling and psychological services		
2.19	<p>Audit has recommended that the Commissioner of Correctional Services should:</p> <p>(a) review the provision of the matching programmes under the Risks and Needs Assessment and Management Protocol for Offenders (the Protocol), taking into account the audit findings in paragraphs 2.8 to 2.10 (of the Audit Report);</p>	<p>(a) When the Protocol was implemented, the target of providing persons in custody (PICs) with matching programme(s) of “at least one of the seven need domains”⁵ was adopted, i.e. PICs with needs are to be provided with at least one Risks and Needs matching programme group. This is consistent with overseas practices and academic theories.</p> <p>It is on this basis that CSD's work on the Protocol has been developed and the corresponding manpower resources have been acquired.</p> <p>In light of the observations and recommendations of the Audit, CSD reviewed the provision of the matching programmes under the Protocol in July 2015. CSD had taken into account relevant factors such as overseas practices and academic theories, the decreasing trend of the recidivism rates after the implementation of the Protocol (i.e. from 36.9% in 2006 to 29.0% in 2012⁶) and availability of resources. Other measures,</p>

⁵ Including family/marital domain, employment domain, community functioning domain, associates domain, personal/emotional domain, criminal attitude domain and drug abuse domain.

⁶ Recidivism rate is defined as the percentage of re-admission (due to commission of a new offence) within two years after discharge of local convicts released from Correctional Services Department custody. The latest figure available is for the year of 2012.

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) explore ways to evaluate the effectiveness of the Protocol regularly for all participants of the matching programmes;</p> <p>(c) carry out analyses of the survey results of the matching programmes provided for both adult and young PICs;</p> <p>(d) require CSD officers to submit statistics regularly on rehabilitative needs identified and served under the matching programmes for different types of PICs for management review; and</p>	<p>including “Motivation Enhancement Group”⁷, individual counselling and referrals, have been introduced to cater for the rehabilitative needs of the 1% eligible PICs who did not receive the matching programmes. Having regard to the above considerations, CSD has decided to retain the current target for the time being. That said, CSD will make every effort to provide more matching programmes of identified needs whenever practicable. CSD will also continue to conduct regular reviews on the implementation of the Protocol.</p> <p>(b) The pre- and post-matching-programme evaluation tests for all participants have been included as a regular way to evaluate the effectiveness of all matching programmes. To improve the skills of relevant staff in conducting the evaluation, training will be provided by academic institutes on the evaluation mechanism.</p> <p>(c) Survey analyses are carried out for all matching programmes and submitted to all Section Heads as well as the Heads of Division on a monthly basis for reference.</p> <p>(d) Officers have been required to enter relevant data on rehabilitative needs identified and served under the matching programmes for different types of PICs into the Rehabilitative Programmes</p>

⁷ “Motivation Enhancement Group” aims to encourage eligible providing persons in custody (PICs) with low responsibility to join the matching programmes. Topics of the Group cover helping those PICs open up themselves to try to understand their problems, and introducing the potential achievements of participating in the matching programmes.

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) issue guidelines for CSD officers to record reasons for PICs not attending matching programmes and take improvement measures where appropriate.</p>	<p>Management System (RPMS), a web portal accessible by the management for review any time. A cumulative summary similar to Table 2 of paragraph 2.8(b) of the Audit Report on rehabilitative needs identified and served is submitted half-yearly to the management and reported at the Rehabilitation Division Meetings. The first summary was submitted in August 2015.</p> <p>(e) Relevant guidelines on recording reasons for PICs not attending matching programmes have been added in the Operational Guidelines and issued to the relevant Sections of CSD.</p> <p>As the recommendations (a) to (e) have been implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p>
<p>Part 3: Vocational training and industries</p>		
<p><i>Need to follow up on post-release employment</i></p>		
<p>3.14</p>	<p>Audit has recommended that the Commissioner of Correctional Services should:</p> <p>(a) improve the documentation of the planning of the vocational training (VT) courses and the assignment of such courses to young PICs at correctional institutions;</p>	<p>(a) The records relevant to the strategic formulation, planning and development of VT courses from various departmental meetings have been properly documented in subject files.</p> <p>“Work and Vocational Training Allocation Board (WVTAB) Recommendation Forms” have been introduced for properly documenting the assignment of VT courses to young PICs at correctional institutions.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) consider conducting regular surveys to ascertain the VT needs of both adult and young PICs, and take into consideration such survey results in planning VT as far as practicable;</p> <p>(c) for the purpose of improving course evaluation:</p> <p>(i) provide more guidelines on class inspection;</p> <p>(ii) remind CSD officers to comply with the requirements in evaluating the effectiveness of VT courses for adult PICs; and</p> <p>(iii) consider extending the evaluation requirement to training courses for young PICs;</p> <p>(d) take measures to ensure that the requirement of following up the employment status of adult trainees is specified in all service contracts and consider seeking government-funded training organisations' assistance to follow up employment status of their trainees; and</p>	<p>(b) The frequency of conducting surveys to ascertain the VT needs of both adult and young PICs has been regularised at three-year intervals. The next survey for young PICs and adult PICs will be conducted in September 2015 and September 2016 respectively.</p> <p>(c)(i) Relevant guidelines on class inspection have been updated in the Manual of Industries and Vocational Training (I&VT). At least one class inspection to each kind of VT courses will be carried out every year.</p> <p>(c)(ii) and (c)(iii) All officers concerned have been reminded to comply with the requirements in evaluating the effectiveness of VT courses for adult PICs by collecting their feedback to be reviewed by the CSD Headquarters. The scope of evaluation has been extended to all adult VT courses and training courses for young PICs since January and July 2015 respectively.</p> <p>(d) Starting from February 2015, the employment follow-up requirement has been added to all trade-specific training service contracts. For generic skills courses, the feasibility of following up on trainees' employment status has been brought up to the Employees Retraining Board, which is the government-funded training organisation providing such training services, for consideration.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(e) make better use of the employment information of young trainees captured in the CSD's database to compile management information for evaluation and planning purposes.</p>	<p>(e) Reports on the employment information of young trainees captured in RPMS will be generated quarterly for course evaluation and planning by the Vocational Training Unit and the General Manager of the I&VT Section.</p> <p>As the recommendations (a) to (c) and (e) have been implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p>
<i>Need to manage stock levels of the trades</i>		
<p>3.29</p>	<p>Audit has recommended that the Commissioner of Correctional Services should:</p> <p>(a) conduct a strategic review on the trade mix (e.g. exploring the feasibility of introducing new trades that can replace the less cost-effective ones) of the Industries Units; and</p>	<p>(a) Holistic and strategic reviews on the trade mix as well as product mix of the Industries Units will be conducted at least once a year. Having obtained the annual and ad-hoc requirements from clients in the public sector on the Correctional Services Industries' goods and services, CSD has taken enhancement measures for better aligning with the market demands and coping with clients' order forecasts by taking into account the number of PICs available for work and the operational needs as well as production efficiency. Recent examples are the conversion of a shoe-making workshop to a high-end waterproof apparel production workshop in Lo Wu Correctional Institution and the merging of metal workshops and the establishment of an elderly workshop in Tai Lam Correctional Institution in 2015.</p>

Para. No.	Audit's Recommendations	Progress to date
	(b) prepare slow-moving stock reports for management review and manage the risk of obsolescence of such stocks.	<p>(b) The Excessive Stock Report and Slow-moving Stock Report are available to monitor the “obsolescence” of stocks. Such reports are also tabled for discussion during I&VT Monthly Meetings. Moreover, the slow moving situation of stocks (reflected by the inventory level of raw material and finished goods) will be critically reviewed after every half-yearly stocktaking exercise and scrutinised by General Manager. Relevant paragraph has been added to the Manual of I&VT to direct the staff to make reference to the two reports when making procurement recommendations.</p> <p>As the recommendations (a) & (b) have been implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p>
Part 4: Post-release supervision and community support		
4.18	<p>Audit has recommended that the Commissioner of Correctional Services should:</p> <p>(a) consider the feasibility of further enhancing the counselling services for CSD supervisees;</p>	<p>(a) Relevant staff will be provided with more training in acquiring counselling skills. CSD has collaborated with NGOs for providing counselling services to further help PICs rebuild family bonding, rehabilitate and hence minimise re-offending risk with family support. The counselling for supervisees’ family members has been intensified with a view to promoting a better understanding of supervision requirements. CSD has also planned to utilise resources available in the community to help</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(b) liaise with the Government Laboratory (GL) with a view to expediting the urine specimen tests to enable the early detection of relapse to drug abuse by CSD supervisees;</p> <p>(c) enhance promotional efforts for the pre-release employment services (PRES) in the correctional institutions; and</p>	<p>supervisees of the Drug Addiction Treatment Centres (DATC) programme rehabilitate and develop a more positive lifestyle.</p> <p>(b) CSD is liaising with GL to explore feasible ways of expediting the urine specimen tests.</p> <p>(c) In addition to displaying the job vacancies at light-emitting-diode boards and notice boards in correctional institutions, other available devices such as televisions will be used for displaying the vacancies. Promotions are also made during Induction and Pre-release Reintegration Courses for PICs.</p> <p>Pamphlets have been designed and distributed to PICs to promote PRES after discussion with the Labour Department and making reference to job search services.</p> <p>More trade representatives have been invited to visit correctional institutions with a view to enhancing employment support for PRES. Career talks and sharing sessions have also been arranged for PICs. Practitioners in the taxi, construction and catering industries have held talks and sharing sessions in different institutions in March, June and July 2015 respectively. CSD will continue to invite practitioners of different industries to provide up-to-date employment information to PICs in various forms.</p>

Para. No.	Audit's Recommendations	Progress to date
	<p>(d) consider organising more job fairs regularly to enhance employment support to PICs due for discharge.</p>	<p>(d) Liaison will continuously be made with interested parties for co-organising job fairs. The next job fair is tentatively scheduled for December 2015 in collaboration with the Chinese Manufacturers' Association of Hong Kong and Merchants Support for Rehabilitated Offenders Committee Limited.</p> <p>As the measures (a), (c) and (d) have been implemented on an on-going basis, we recommend deleting these parts from the next progress report.</p>
<p>Part 5: Way forward</p>		
<p>5.8</p>	<p>Audit has recommended that the Commissioner of Correctional Services should:</p> <p>(a) conduct a review of rehabilitation services provided to drug inmates with a view to improving the services, taking into account the audit findings in the Audit Report; and</p> <p>(b) consider proactive disclosure of the recidivism rates on suitable platforms.</p>	<p>(a) Academic or professional bodies will be invited to conduct a holistic review concerning DATC programme. The outcome will be reported in due course.</p> <p>(b) CSD provided PICs' recidivism rates to the media and the public from time to time. CSD will continue to release the relevant information to the public via suitable platforms such as the Annual Review of CSD.</p> <p>As the measure (b) has been implemented on an on-going basis, we recommend deleting this part from the next progress report.</p>
